



Orient Green Power Limited

Q4 & FY'20 Earnings Conference Call

June 11, 2020

Moderator: Good day and welcome to Orient Green Power Company Limited Q4 & FY'20 Earnings Conference Call.

Mayank Vaswani: Thank you. Good morning / afternoon everyone. I welcome all of you to Orient Green Power Company Ltd.'s earnings call to discuss the performance for the quarter and year ended 31st March, 2020.

We have with us today Mr. S. Venkatachalam – CEO and Managing Director and Ms. J Kotteswari – Chief Financial Officer.

Before we begin, I would like to mention that some of the statements made in today's discussion may be forward-looking in nature and may involve risks and uncertainties. Documents relating to our financial performance were e-mailed to all of you earlier and have also been posted on our corporate website.

I would now like to hand over the floor to Mr. Venkatachalam. Thank you and over to you sir.

Mr. Venkatachalam: Thank you Mayank, and a very good afternoon to all of you and thanks for taking the time out in a very different worldwide scenario that we have been witnessing in the last three months. We do sincerely hope that all of you and your loved ones are safe and healthy. I would like to take a moment to appreciate the medical workers, social workers, police and staff of municipalities and local corporations across the country for their efforts in fighting the COVID-19 pandemic.

Coming to OGPL, we are taking enough precautions as far as the pandemic is concerned. We are predominantly working from home, except very few staff are coming to office, mainly for the Board meeting purpose, etc. and finalizing a few things, but predominantly we have been working from home. Our field staff have been working from various remote staff locations and have been working round the clock since they are not in containment centers. They are far from the cities and have been working around the clock to keep the machines running, especially with the start of the wind season. They have been provided with PPEs, sanitizers and all the other required things.

Overall we are very pleased to announce that we have declared a PBT of Rs. 19.88 crore as against a loss of about Rs. 48-49 crore in the previous year. Now coming to continuous operations, it is about Rs. 37 crore PBT as against Rs. 33 crore loss last year. And this is despite what we were talking about in the first 2-3 quarters that wind was overall lower. This particular year, we had a low wind year, witnessing a drop of about 3.5 crore units. But the lower wind was definitely made up by much better REC trading that we experienced during the year. In fact, that itself has given us a benefit of about Rs. 13-14 crore. The REC trading, if you see

the overall average of the previous year was about Rs. 1,188 as against the base price of Rs. 1,000. And in the current year, it averaged at about Rs. 1,643, with it crossing Rs. 1,900 in February. In fact, March there was unfortunately no trading because that was the beginning of the lockdown in India. March, we were expecting to actually cross Rs. 2,000, but unfortunately we lost out in that particular month. But still despite all this, we have gained around Rs. 13-14 crore in RECs alone. Apart from that, we had a one-time recovery from one of our biomass units. In the past, we won a court case and we received the fixed charges for that particular unit which is in Narsinghpur under OGPL, that was about Rs. 45 crore. And the finance cost reduction itself, which you can see from the data, that reduction was about Rs. 12 crore. Overall, all these parameters have worked out towards improving the overall EBITDA from a level of Rs. 338 crore to Rs. 388 crore and we have declared a profit at the end of it all.

Now coming to the impact of Covid itself, I'm sure there will be a lot of questions with regards to the impact of Covid. Few things I would like to say, our business is not really impacted much, there will be very little impact that I foresee as far as Covid is concerned. The power off-take, if you really see during the months of April and May, the power off-take in the month of April had gone down by about 13-14%. But it has really picked up because one is it is the summer month and second is that the industry is opening up. Also with the must run status, Tamil Nadu is overall evacuating almost the entire wind power because their requirements are back to the earlier levels, which is about 350-360 million units per day and they're more or less evacuating the entire wind power. So we don't foresee any impact of the Covid. Only some of the industries are opening up now, as far as the automotive industry is concerned. IT may not open up that early but some of the sales of the power, which is a bankable commodity, will be little back-ended more towards second half of the year. So there may be a little postponement of some of the power sales towards the second half of the year. That will have a little impact as far as the banking charges are concerned, but overall, we don't see any impact as far as the overall power off-take are concerned.

A quick update on leadership changes. I have with me today Ms J Kotteswari, our new CFO. Ms. Kotteswari has over 25 years of experience in the field of Banking & Finance. She is also the CFO and a key member of the Management Team of M/s. SVL Limited, (Promoter Company) since January 2013. Prior to joining our Group, Ms. J Kotteswari was Vice President Finance and Accounts at M A Chidambaram Group. I am sure the Company will benefit immensely from her rich experience & expertise.

Mr. Kasturi, the outgoing CFO served out his contract up to March 31, 2020. During his tenure, he was instrumental in executing initiatives towards debt reduction. He has helped in implementing cost rationalization measures which contributed towards improved operational efficiency. It was a pleasure working with him and we wish him the very best in his future endeavours.

Now coming back to the Company's performance – the overall scenario as far as India is concerned, the MNRE over the last couple of months have been conducting a lot of meetings over the net with various stakeholders and various independent corporate producers including solar, the wind power producers and taking stock of what can be done to improve the situation in the power industry. As a result, they have removed tariff caps which they had in the previous auctions and we had the SECI bid which is the supply of continuous solar power plus the battery storage, which traded at about Rs.2.90 but had a levelized tariff of about Rs.3.70 overall average because the tariff increases were also provided in that particular contract. Apart from that there are two things. One is the AP outstanding, which at the end of the year was about Rs. 38 crore as at 31st March and we are quite confident that the court will decide in our favour that they have

been paying a Rs. 2.43 which is an arbitrarily decided tariff based on the lowest ever quoted discovered prices in the bids. That is definitely something we will win but it is only a matter of time that this will be decided in our favour. Similarly, the REC, which is being escrowed from 2018 March onwards of about Rs. 21 crore, the court case is yet to come up for hearing. There were definitely a few delays because of the impact of the coronavirus and there are a few things which have happened in the last few months. So that got postponed. Further apart from this, the moratoriums that we have received from the banks up to August 31st definitely help us as a group, as a company in terms of tiding over certain cashflow issues because of the AP delays in payments and also because the escrowed amount as far as REC is concerned. So overall, we are definitely looking at redoing our finances and I'm sure these opportunities will arise very soon in the next couple of quarters. Again, a little bit of delay as far that is concerned because nothing much has moved in the last 3-4 months as far as the banks are concerned. We are in active talks with the banks to reduce the interest rates by about 250 to 300 basis points for the next few years and that itself, you will see, is a definite improvement in the overall performance.

The predictions as far as wind is concerned, it looks like a good wind year as against the last two wind years that we had, we had subdued wind last couple of years. The forecast this year seems good and we hope the winds do stand by the forecast that we have seen and also should be supported by the good off-take that we have seen.

With this brief background, I would now like to hand over the call to Ms. Kotteswari, who will run you through the overall financial performance. Thank you so much.

J. Kotteswari:

Thank you Mr. Venkatachalam. Good afternoon everyone and thank you for joining us on our earnings call. I hope all of you and your loved ones are safe and healthy.

As mentioned earlier by Mr. Venkatachalam, I recently took over the CFO position of this Company. My efforts will be largely directed towards continuing the good work of my predecessor Mr. Kasturi had undertaken mostly on the lines of bringing down the debt, pruning costs and strengthening the financial position of the business.

Let me run through our quarterly performance post which we can commence the Q & A session.

Starting with the top line, total income for the quarter stood at Rs. 160 crore as against Rs. 56 crore reported in Q4 FY19. While for the year the same stood at Rs. 388 crore as against Rs. 338 crore, higher by 15%. Revenues during FY20 would have been even higher had it been a regular wind season, we also had a soft start to the season which impacted part of the revenues during the year.

EBITDA for the quarter stood at Rs. 76.5 crore while for the year the same stood at Rs. 282 crore. Margins for the quarter stood at 66% while for FY20 the same stood at 73%.

Depreciation for the quarter and year as a whole remained relatively steady at Rs.5.9 & Rs.91.52 crore, respectively.

Interest outgo for the quarter stood at Rs. 37 crore as against Rs. 9.8 crore in Q4 FY19 while for the year the same stood at Rs 153 crore as against Rs.166 crore

lower by 8%. As mentioned by Mr. Venkatachalam we have been successfully lowering our debt in recent years and are hopeful of driving it down even further. Largely, my effort will be to look at reducing the interest cost and the working capital cycle to improve the cash flow position of the company.

To conclude, I would just like reiterate what Mr. Venkatachalam spoke earlier, we will draw confidence from this year's performance wherein we performed well despite challenging macros. The near term outlook looks even more challenging now post the Covid-19 pandemic situation, where the cash flows will definitely be staggered, but we are confident that the case for Renewable Energy is even more relevant today and we will work hard to strengthen our position.

That concludes my opening remarks; we can now commence the Q&A session.

- Moderator:** The first question is from the line of Manish Bakshi, an individual investor.
- Manish Bakshi:** My question is regarding the fixed charge that you mentioned in your opening remarks, the court case with Madhya Pradesh power management. Have we received the cash of Rs.45 crore or that is just a judgment for now?
- S. Venkatachalam:** Since they were not allowing the biomass unit to run, it is a 10 MW biomass unit in Narsingpur, so over the last two, three years we have been fighting this. Now out of the Rs.45 crore fixed charge, about Rs.32 crore have come so far. In fact, one tranche actually came a couple of days back. So, as we speak, the next tranche is also being ready... actually, we should have received this entire amount by March. The corona situation has definitely delayed things a bit. Most of the Discoms adopted a force majeure kind of a clause with all the developers, in fact, both the thermal as well as the various other wind suppliers in Madhya Pradesh and various other states. After that they have started making the payments and they are making it in two tranches and we have been in touch with them and we have already received a tranche yesterday or day before yesterday.
- Manish Bakshi:** So you are saying Rs.32 crore has been received and about Rs.13 crore is left?
- S. Venkatachalam:** That is right, absolutely.
- Manish Bakshi:** And next one is on the REC trading. You said that March was a complete washout, but has April and May picked up and is it coming back to normal?
- S. Venkatachalam:** No, not really, in fact April and May have been subdued REC trading's because the supply has been far higher than the demand. This is a typical phenomenon we see in April. In the first quarter, there is not so much of pressure to meet the renewable power obligations. So we see this typical trend in the first couple of months. The Government is also pushing, what we saw in the last couple of years from a level when there was hardly any trading 5%, 6% for two years, it is going on like that and then last year we have seen most of the buy bids are far, far ahead of the sell bids that were available. That's why the prices took much higher levels. So we expect this to pick up in the next couple of quarters as such.
- Manish Bakshi:** Last one is regarding the capital reduction process. When we took the approval from the Board in January 2020 to move reserves from the share premium and offset it against the loss, something like that? We had said that it will take about 10 to 12-months for the entire thing to finish. Are we still on track to get it done by end of the year?

- P Srinivasan:** We are in the process of getting approval from SEBI. Once we get the approval from SEBI, then we will move to NCLT. We are confident we will complete the process within 15 to 18-months. Because of this COVID, a slight delay might happen in NCLT.
- S. Venkatachalam:** Normal process would be about 12-months is what we have been told for this particular process of capital reduction, but we are taking a little extra time because things have not opened up to the full as of yet.
- Mayank Vaswani:** If you could just help us on the Andhra Pradesh Discom, we have received Rs.23 crore out of the Rs.61 crore. For the balance Rs.38 crore, is there a split you can share in terms of the amount which is not disputed as such and the other amount for which we are awaiting the judgment, if you can split the remaining Rs.38 crore?
- S. Venkatachalam:** There is no dispute as far as we are concerned of the entire balance Rs.38 crore, because they have been paying arbitrarily at Rs.2.43 and that too with a big delay. So, if you really see Andhra, the entire Rs.38 crore is due to us. Because it is a sacrosanct PPA that we signed, it is a sovereign document, we do not see how they can even push this through and the central government also has been pushing a lot as far as the Andhra Government is concerned saying that they will impose a lot of these conditions on them. See, the differential amount itself is about Rs.21, 22 crore out of the Rs.38 crore. So the differential amount is between Rs. 2.43 and Rs. 4.70 that we should actually receive.
- Mayank Vaswani:** And the next question, I just wanted to share for the benefit of investors, which is for Ms. Kotteswari. If you could just give an outlook on the depreciation for the next couple of years and separately on the interest costs because we have seen actually interest cost has significantly declined, so if we were to go on the same run rate what would be the interest cost for the next two financial years and if we were to achieve maybe 100 points or 200 points reduction in the finance costs, how low could we expect the interest cost to be for the next two financial years?
- J. Kotteswari:** On the depreciation, it will be same Rs.91 crore around that because we have extended the life of the machines and which is already explained in our notes to account. So it will be around the same. While interest cost, that is the current FY'21, we will have only Rs. 13 crore or about reduction with 100 basis points if we take optimistically for the second half of the year there will be a reduction because we are incurring additional interest cost due to the moratorium which have been extended which would otherwise have reduced the debt in the current year. In the first six months the principal has been given a moratorium to be paid at the end of the year which is coinciding with my cash flows as well because of takeoff. So the interest reduction will be around Rs.8 crore on a consistent basis due to the reduction in the interest rate of 1%, 100 basis points will be there year-on-year. The rest around Rs.10 crore will be due to normal reduction of payment of principal over the period year-on-year. So overall it will be close to Rs. 15- Rs.16 crore going forward but in the current financial year it will be slightly lower due to additional interest cost carried over in the first six months.
- S. Venkatachalam:** I would like to just remind you that the Group has waived the interest over the last couple of years. So that is another we were at least getting that particular benefit. Really speaking the external debt is a real debt for us.
- Mayank Vaswani:** The REC has become a very regular revenue stream. So just could you also share for the benefit of the investors, the number of units that we could look to generate, I mean the number of certificates and if we maintain an average of

Rs.1,600 as we did in FY'20 for the next maybe one or two fiscal years, what kind of revenues would we settle at just from the REC trading?

S. Venkatachalam: See, basically we sold close to 3 lakhs REC unit in the previous year and Rs. 1,643 is the average price that we sold the 3 lakhs REC. Last year was about 2,94,000, this year probably it will be a little extra on that. Of course, it depends a lot on what is the average realization of the traded price which as I said in the next couple of quarters it should definitely improve. Normally, the first month you find a subdued trading and plus because of the shut down in various industries, there are not many buyers at this point in time and far more sellers at this point in time. So at least 3 lakhs RECs we should be able to sell if not more depending on the wind that is generating in the Tamil Nadu assets.

Moderator: The next question is from the line of Vijay Kumar from TrustLine Holdings.

Vijay Kumar: Currently, our total debt is Rs.1,350 crore and we have a market cap of Rs.230 crore which gives a total enterprise value of something like Rs.1,581 crore, so let us say Rs.1,600 crore. We have a total capacity of 421 MW. If I look at the greenfield or replacement cost, between Rs.4 crore and Rs.5 crore it comes to something like Rs.2,000 crore and considering that assets are old... machines are running for more than 10, 15, in some cases 20-years, if we assume that you give some 25% to 50% it comes to something like Rs.1,000 to Rs.1,500 crore. Now as an investor, where do we expect a value creation? Is there anything I am reading it wrong here because I feel currently our price is, we are overvalued as an enterprise value of the company, then considering the value of our assets, any clarifications you can give because...?

S. Venkatachalam: Basically you have to look at a couple of things -- one is the EBITDA potential which is between Rs. 250 and 300 crore is the overall thing. See, the older assets were also bought at lower capital cost. So it cannot be equated with the newer assets which have been bought at higher capital cost as such. We can put a particular EBITDA multiple and then look at the overall debt. Now the overall debt as you said is about Rs.1,400 crore of which about Rs.350 crore to Rs.400 crore is a group debt itself. Now since we are not paying the group debt, you can always factor only the external debt as such, I mean, you can work it out that way, I would not like to give a forward thinking on that particular thing, but if you look at it that way and look at the EBITDA multiples, you yourself can probably work out the kind of trade values because there is something like 75 crore shares which are there. So it can be worked out. Definitely, in my opinion and I guess with the EBITDA potential and with the kind of support that the centre is giving... okay, there are intermediate hiccups you find from state-to-state and in between, but I definitely see a much higher potential, I would not like to put a value to it because it will be definitely a forward-looking statement but at least my personal opinion is far, far higher.

Vijay Kumar: Just to get an idea of how much will it cost to put 1 MW unit currently, what is the Greenfield...?

S. Venkatachalam: Solar is going down to about Rs. 4.5-5 crore per MW, that is why solar tariffs are going down significantly. Wind, when the bids came at Rs.2.43 itself, they had assumed something like Rs.5.25 per MW and they were not able to buy the machines at those prices. Therefore, wind, more or less there have been no bidders and there was also a cap on the bidding prices that was imposed by the central government MNRE or the SECI bids had a cap. Now, ideally wind is definitely around Rs. 6-6.5 crore, in fact we have been in touch with the various majors like Gamesa, Suzlon and Vestas who are the main wind energy suppliers, they are saying that if people are quoting at Rs. 5.25 crore, it is their bad luck, I

mean we cannot supply at anything less than Rs.6 crore and at that point in time when the bids had reached an all-time low, there were instances where they got much lower quotes because there was a big stock build up at that point in time. But they are no longer willing to sell it at less than Rs.6 crore per MW.

Vijay Kumar: Out of our 421 MW of assets now, how many do you think we will need replacement in the next five years or it has become pretty old or it is not giving the enough PLF, so you have to change it or what percentage do you think you will need replacement in the next five years?

S. Venkatachalam: At least 50, 60 MW should come for replacement in the next couple of years or three, four years because they have lived over 25-years of life though it can be run a little longer also but we have got some of the best sites in the country that is southern part of India, Tamil Nadu, that is Muppandal, closer to Kanyakumari belt, where there are two excellent parcels and some of the best wind sites in the world exist with us. There are ample opportunities for repowering but then we await a repowering policy and at least the tariff should pick up a bit. I am sure in the next couple of years, there will be some ample opportunities for expanding in those sites because all these repowering sites are in Tamil Nadu itself.

Vijay Kumar: When you repower in these sites which have got a good wind power potential, do you need to still have to spend that Rs. 5- Rs.5.5 crore for replacing the machines or there are places offer you some competitive edge over the others because you got it earlier, so somebody has to buy that, they to pay more. These kind of economics work or is it just that you still have to pay that Rs.5.5, 6 crore for a megawatt or whatever it is?

S. Venkatachalam: The development of the land part you do not have to bother. But there are a few aspects of repowering which I would like to highlight here. In 250 KW machine, the blade size is about 25 to 30 meters whereas when you go to the megawatt class about 2 MW and more which are the ones which are prevalent nowadays, you will have something like 100, 110 meters is the blade span that you find because the swept area that you see in the power generated is directly proportional to Pi R Square which is why you see if you double the radius, you will actually see it 4x the kind of generation from the swept area point of view. So when you repower, there is also an aspect of the distance between wind mills that need to be maintained. Earlier, there is a 5x diameter in the sideways direction and the back direction there is something like a 7x diameters; 5D and 7D is what it is called. So when you have larger blades you will have to relocate the placement of these machines, you cannot place them as close as you had placed the 250 KW machine. So people have got various models for this. That is not a big challenge if you have the land parcels available with you. You can always place them according to the new blades and blade diameters, but you can definitely save a lot as far as the land prices are concerned.

Vijay Kumar: Another one I saw recently a bulk deal wherein an entity sold some of the shares to some Chennai-based entity. Is it part of the promoter group entities or it is not a promoter group entity?

S. Venkatachalam: No it is not a part of promoter Group, it's an independent entity.

Vijay Kumar: How is this year wind season looking and can we expect this kind of an earnings to be maintained this year because we have been listening to you and you are always optimistic and we stick on to this share but somewhere there is eventually ... I am not blaming Orient Green Power, but I do not know the government policy or something like that, the sector will always face new challenges every time and

by the time we get out there is something else comes in, but how do you see the next one, two years?

S. Venkatachalam: You rightly pointed it out. See, as I mentioned, this promises to be a good wind year as far as the forecast are concerned, good monsoon year and so on and so forth. In fact only there are rare instances when a cyclone takes away some of the wind which we hope will not happen. But these challenges will remain kind of federal structure. For three, four years we went through the grid back down challenge in Tamil Nadu which we overcame. In the last three years we have been seeing a consistent evacuation of over 95% from Tamil Nadu. That is one which we solved by working closely with the Tamil Nadu government. In the meanwhile, something new came up as far as the Andhra Government is concerned. They use their own judgment as far as the PPAs are concerned and they try to renege on the PPAs which is definitely wrong. So let us hope these challenges do not come up in future. I am quite sure that the central government is quite bullish and they want to promote renewable energy in a big way. They already made various commitments. But we only hope that the state governments do not fall back. This challenge will always exist in industries and various sectors such as ours.

Moderator: The next question is from the line of Chintan Ramakrishna, an individual investor.

Chintan Ramakrishna: There is one bulk transaction in the March month around Rs.2.6 crore. Could you give any insight what was the group that was...?

S. Venkatachalam: It is definitely not related to the group. Mr. Srinivasan, our Company Secretary will further throw some light on that.

P Srinivasan: The bulk deal has happened outside of the privy of the promoters. It has happened in the last week of March. That is not related to the promoters group.

Chintan Ramakrishna: Could you tell what was the month that we have applied to SEBI and is there any change from face value of Rs.10 to Rs.5? I remember earlier we were expecting the timelines of 12 to 18-months?

P Srinivasan: We are going to apply only next week to SEBI. Hopefully, within a month, we get the approval from SEBI.

S. Venkatachalam: Because of this pandemic, things got delayed. We were supposed to apply a couple of months earlier. We got all the legal advice in the meanwhile and that got a little bit of delayed and then we further took it up in the Board meeting yesterday. And we will be applying to SEBI. Now, everything is clear. Things got delayed only for the last two, three months because of this, which should have happened before March.

Chintan Ramakrishna: And after that, once we have the SEBI approval, we also need to go through the stakeholders approval?

P Srinivasan: No, actually we have to move with the NCLT. NCLT will convene the shareholders meeting and creditors meeting. It is a court-convened meeting.

Chintan Ramakrishna: When we say that 12-18-months, that is May, June, but in general assuming everything goes good, what is the reasonable time that we may expect this one sir?

P Srinivasan: Actually, we are targeting to complete by 12-months. If at all any delay, maximum is another three months because we cannot expect NCLT to move fast because of the COVID-19.

Chintan Ramakrishna: Sir we have already lost two months of the current fiscal, we are now almost in middle of June, so how do you think the Wind season and our performance will shape up for this fiscal ?

S. Venkatachalam: Yeah, wind, really speaking starts by third week of May, etc., goes on till October middle. And that is the peak of the wind season wherein we generate about 70% of the power for the year. So it started off pretty well, in fact, patterns have been fairly decent over the last few weeks, evacuation is also good and hope and pray that this sustains over the next few months. The forecasts look good, but I really hope and pray that everything stands by the forecast.

Chintan Ramakrishna: By any chance do we have any plans to delist from the stock exchange sir?

S. Venkatachalam: Not even a thought in that direction as of now.

Chintan Ramakrishna: And the amount that we are supposed to recover from the state governments particularly the AP government, do you expect that will be recovered in 2020?

S. Venkatachalam: Yes, definitely, in fact, we are only waiting for the Supreme Court... recovery also depends on the finances of the state Discoms. AP, Telangana, Maharashtra, Tamil Nadu are in pretty bad shape. Now the centre had offered Rs.90,000 crore kind of bridge for just to at least help them tide over and make payments only to the vendors or the power suppliers. They made this announcement when they made that Rs.20 lakh crore announcement that Rs. 90,000 crore is going a little back and forth over the last couple of weeks because there are certain terms and conditions which the center would like them to comply in terms of the transmission and distribution AT&T losses and also that they have to be profitable within a year or two. These conditions have always been there whenever the centre give some kind of helping hand. So once these disbursements take place, definitely, AP and others will have to pay. In fact, we have been telling the centre that the AP has to pay at the full rate and they cannot go back to Rs.2.43 rate and still assuming that it is only Rs.2.43 rate. So, we are putting pressure with various associations through the center as well for this. Definitely, there is no going back. The courts have to decide in our favor. It is a sacrosanct power purchase agreement. It is a sovereign document. But then after that it comes to the state finances itself.

Chintan Ramakrishna: Another Supreme Court final judgment we are waiting on the REC is the Rs.500 amount that we are holding. Any timeline on that one?

S. Venkatachalam: The judgment, we were expecting that to happen at the end of March. Things got delayed. Now, we are awaiting fresh dates for the Supreme Court hearings on the same matter. In fact the associations have been following it up rigorously and very closely with the central government saying that "You please decide this fast" because this cash which is available in the system which is blocked at various ends.

Chintan Ramakrishna: On the bank interest rates and extending our loan terms I think we have got some improvements but this is one of the things I t looks it has been going long and long. Is there any timeline that we are going to complete this exercise?

S. Venkatachalam: As you rightly pointed out, interest rates have been going down. Our ability to pay has been improving. The central government has given us a moratorium till

August. So those things definitely help. But at the same time, the cash flow inputs depend on Andhra, depends on REC, it also depends on the opening of industries which as I said is a little back ended. Instead of being an (SMA) the Special Mention Account, zero or one or two, so I am hopeful that we should be able to close it by September.

Chintan Ramakrishna: I think after many years first time we got the net profit for the quarterly wise as well as the year end results. We are happy to see. From now onwards, can we expect that every quarter we will be able to deliver net profit?

S. Venkatachalam: We only hope year-after-year we sustain this. From our side, we are putting in every effort. Okay, wind patterns may change but this also looks to be a good wind year but every year some new challenges come up... as I said the Andhra challenges had come up, now there is this corona challenge which has come up in terms of the industry. But barring these challenges I am quite hopeful that we will put up another good performance for the coming year.

Moderator: The next question is from the line of KP Singh from HNI Investments.

KP Singh: What is the real impact of corona on Q1? My second question is you have already previously discussed. Regarding 70 MW that Tamil Nadu the best sites of the world brings on the wind side. So there you are marking 250 KW machines in 2020 or 2021. So what is your plan to repower or will they continue for two, three years or not? And my third question is related, you have already given Rs.110 crore three, four years back to your parent company to establish the wind farm in Andhra Pradesh. So what is your plan please and clear around these three questions?

S. Venkatachalam: One is the repowering of wind over the next few years. We are also awaiting a clear repowering policy and the potential is immense because we have got some of the best wind sites as I had mentioned as far as the repowering is concerned and we already worked out some plans and as I said the repowering changes the dynamics in terms of the spacing between the machines from 250 KW to the megawatt class machines, the spacings, etc., will have to change. We already worked out these preliminary things and we have got the plan ready but it is too premature to discuss because it is still about three to four years away.

KP Singh: Will this continue up to three, four years these old machines?

S. Venkatachalam: Yeah, in fact, really speaking, these machines can run for another seven, eight years if necessary, in fact these are all very sturdy machines which we have got.

KP Singh: Are you the land owner?

S. Venkatachalam: Lands are with us. So especially in the Tamil Nadu part and even the Andhra part where some of the machines are getting little old, the Bharath Wind Farm of about 25 MW, those land parcels are...

KP Singh: This Andhra Pradesh, Tamil Nadu sites are very nice and wind flow is also good. So it is positive for you?

S. Venkatachalam: Absolutely, you rightly mentioned that this is a very positive thing as far as wind flows are concerned. These are some of the best sites in the country which we captured round about 2010...even some of these machines which we bought at that point in time which were already running. So, definitely some of the best wind sites as you rightly pointed out. So we can definitely capitalize on this at some

point in time and we have already got a plan in place but we are waiting for also a proper kind of scheme to be announced by the government of India on the repowering process itself. As far as the Rs. 110 crore which you are talking about, lend to LSML LEITWIND which is for construction of these machines, at least the land part of it we have capitalized. The others we are still hopeful that we will be able to put the project. Through an expected credit loss, we have made some provisions in the current year and which will carry forward. These land parcels are very good land parcels, we can monetize the land parcels or we can do something in future if things open up. So these options are always there with us...

KP Singh: Your biomass plant is near to Jaipur in Rajasthan, Kotputli. So have you sold that plant or is it still on the books?

S. Venkatachalam: No-no, basically there was IL&FS loan which was sitting on that. Once we clear that, IL&FS has to give us the NoC... we were supposed to meet them in the month of February, March, that got delayed because IL&FS...

KP Singh: It has been pending for three years?

S. Venkatachalam: Yes, I agree, because IL&FS in the last two years has gone into a different kind of a mode. Had it been the original IL&FS, with whatever shortcomings they had, it would have been a sail through, but then the IL&FS right now has its own set of problems. So, we have to really wait and see what IL&FS tells us. We have given them a settlement offer also but it is not moving forward from their side because in my view they have got far bigger cases.

KP Singh: It will take another one or two quarters?

S. Venkatachalam: Yeah, at least one or two quarters, but we have been pushing them to finish it off first, but each case is in the order of Rs.1,000 crore or Rs.10,000 crore multiples thereof.

Moderator: The next question is from the line of Manish Bakshi, an individual investor.

Manish Bakshi: Last year in Q4, IL&FS has taken their bid assets to ORIX at about Rs. 5.5 crore per MW. Now since we were talking to IL&FS for a merger, can you throw some light on when we were exploring the merger, whether our wind assets were comparable to theirs so that I can get a sense on the valuation or whether at that point in time as well their assets were superior as a result of which the explored merger ratios will not actually be 1 MW of ours is equal to 1 MW of theirs?

S. Venkatachalam: There are a couple of aspects to it. They had something like 775 MW which they were planning to merge with our 425 MW at that point in time. Now, of course, you cannot compare because the entire 775 MW was one class of machines from Enercon, that is the Wind World as we call it in India which okay later got remerged. So they were all Enercon machines of 850 KW capacity. When we went through the assessment, in fact, we immediately realized that their machines wouldn't be able to match their projections. So it was not a workable this thing...and of course, our machines are a different class, you cannot count the 425 MW in a similar fashion because 180 MW of that is lower class of machines which have got different levels of PLF between 15% and 20% and the megawatt class machines are definitely about 25% to 30% PLF. So it is a mix of all that. And their PLF we did not see how they would... because they have not achieved those kind of PLF in the past. So the ratios were not working out. After a few meetings that we had with them, IL&FS went to its own issues and the whole things were shelved after that. In any case, we would not have gone ahead with IL&FS.

- Manish Bakshi:** Given that ORIX own all those assets, we are looking at exploring a merger with ORIX or any other such company?
- S. Venkatachalam:** See, we are definitely exploring various options with various companies. Nothing that we can really talk about, in the sense many of them are in very preliminary stages. In fact, if you really see the investors over the last couple of years, have been in a kind of wait and watch mode. Reason being the tariffs discovered in the bids are between Rs.2.43 and the best was about Rs.2.75-Rs. 2.80. So, the potential investors also do not see how this tariffs will really stack up in the long run because they really do not see as to how people are bidding these kind of tariffs. So once the tariffs firm up a bit, I am sure a lot of investors will definitely come forward and our tariffs are on an average of Rs.4.70 and above after all the charges in Tamil Nadu. Gujarat is at Rs.4.15 plus GBI, Andhra is at Rs.4.70 plus GBI. Okay, they may dispute it and pay only Rs.2.43 but then that is definitely a dispute, not valid. In Tamil Nadu, average is above Rs.4.70 net. So we have got good tariffs, we have got good set of machines; we have got a good, experienced manpower, a lot of positives. Only these challenges which keep throwing up from time-to-time set you back year-after-year.
- Manish Bakshi:** Just to clarify, these low tariff were basically for new capacity, right, but when we already have the existing PPA, then for acquiring assets like ours, why would investors want to wait and watch?
- S. Venkatachalam:** See, the Andhra issue also is a setback. Foreign investors were quite taken aback when a person can really relook at your PPA and say that you come here and we called all the investors almost at you can call it gun point or whatever. If one investor had signed Rs. 2.43 or whatever rate they were talking about, it would have been a disaster for the industry. Luckily, nobody signed and these are definitely not negotiable and that kind of thing has really set back the investors. Otherwise, we would definitely add some more investors interested in our kind of business where things are at much better prices and definitely far more workable model in my opinion.
- Manish Bakshi:** My last question is for Ms. Kotteswari. Since it was mentioned that she has joined from our promoter group, is it possible to get some insights on how is the promoter thinking about in terms of Orient Green Power, for example, whether they plan to convert their loans into equity and if yes then what is the kind of valuation they would be looking at – would it be at around market price or at par because she has been an integral part of the management team there, I am sure she has been involved in those discussions?
- S. Venkatachalam:** To start off before she takes over because see, various proposals are being worked out, definitely, one is as you rightly pointed out the loan can be converted to equity and right now also it is like an equity only that we are treating it because we are not repaying any of the loans or we are not paying interest which is subservient to the interest that is to be paid to the bank. Now, converting loans to equity also has its own kind of challenges, in fact, it breaches the 75% mark and various other challenges are there. Now I would like her to further elaborate. So many of these proposals are on the various stages. Management is very keen on definitely taking this company further.
- J. Kotteswari:** Promoters are committed to this company and to grow in future. That is the reason that last two years we have waived the interest on the promoter loan which is around Rs. 30-35 crore of benefit which has come to the equity shareholders overall while the promoters have taken a hit. And wherever it is required in future for the growth of the company, the promoter group is fully committed and continues to support the company to grow and enhance the shareholders' value in

turn will obviously increase our shares as well as we are closer to 50% of the company's investment. So, whatever benefits which we have to derive and what needs to be done, the promoter group is fully committed to the company.

Manish Bakshi: We have already discussed the bulk deal in end of March. So Edelweiss has sold about 6.6% in the Company. Before they sold the stake, was there any discussion with them to get a sense of why are they looking at because they bought it at Rs.14 and they sold it at Rs.1.4. So what is the concern or did they try to get more information about the operations or anything or they just went in?

J. Kotteswari: See, Edelweiss also you see a lot of market news. Their cash flows they have to manage and whatever in their wisdom they have exited, but they have not consulted us while investing as well as exiting.

Moderator: The next question is from the line of Chintan Ramakrishna, an individual investor.

Chintan Ramakrishna: Are we talking to any other companies on the merger plans like IL&FS we thought we are still continuing looking for the opportunities?

S. Venkatachalam: Over the last couple of years which I mentioned in the last participant, overall the promoters are looking at something that will improve the value to the shareholders, that is the overall objective. Now if a promoter can infuse some funds and help us reduce interest by about 250 to 300 basis points, definitely that is about Rs.25-Rs.30 crore to the bottom line which will help us a great deal. So, we have been talking to various investors and as I said the last couple of years the investors have been in a bit of wait and watch mode especially because what happened in Andhra kind of setback they are thinking and also the kind of low tariff that were discovered, and everybody is wondering as to how people can even put up machines at those kind of low tariff and many of the projects have not even come up as a result of this low tariff for various reasons that you would know in terms of availability of site, nobody is willing to supply machines at those low tariff that they had assumed in their capital cost and so on and so forth. We have continuously been in touch with various investors and various groups. But it is only a matter of time that we will have to see help as to how the interest pans out, but definitely we are looking at something which will enhance the value to the shareholders.

Moderator: Thank you. I now hand the conference over to the management for closing remarks. Over to you.

S. Venkatachalam: Thank you all of you. And in these difficult times and I am quite glad that there were a number of questions and I am really very glad that we have had a profitable year that we have been able to come up in a very positive way and with a good wind year and despite a few challenges which in terms of back ending of the offtake due to the coronavirus, I am sure the things will be pretty good, we have been working very hard to ensure that things are positive for all time to come and we are hopeful that there will be no further challenges and we are hopeful that the supreme court judgment as far as the AP case as well as the REC case definitely go in the favor of not only us but all the other wind investors as well. So with those remarks, I am quite positive and I look forward to a good year ahead and look forward to good value to the shareholders. Thank you very much.