PTC India Limited
Annual Analyst Meet for 2018-19
May 16, 2019

Moderator: Welcome participants for yet another event of Annual Analyst Meet for 2018-19. We have entire PTC India's top management sitting on dais led by Chairman Mr. Deepak Amitabh to take you through the results. Presentation will be taken by CFO Mr. Pankaj Goel, and post that house will be all yours to ask questions to the management. Now I request the Chairman Mr. Deepak Amitabh sir to start up which is addressing to the public.

Deepak Amitabh: Good afternoon ladies and gentlemen, on behalf of each employee of PTC and the top management of PTC welcomes you for yet another analyst meet discussing Q4 FY19 and full financial year FY19 results.

Let me just summarize the year which we have completed what has been our approach as market leader which we have demonstrated that in spite of certain uncertainties prevalent in the country, we have been able to give again stable performance. What is the essence of our stellar performance or a stable performance I will say that we follow and approach of a business mix which we have always been saying and have been moving on a continuous basis. To have that, lot of liquidity through a short-term market but where there is uncertainty of the volumes as well as the margins and there is a stable medium-term and long term where there is a certainty of volumes other than non-scheduling by the buyers. So, there is a much certainty and much certainty of the margins. Along with that, the profitability is also much better.

So, our aspirational risk has been always 50/50, but the challenge which we face and it is not a challenge. The challenge is there is an opportunity which we are able to convert out of the challenges that we are not letting our short-term volumes constant. We have been continuously grabbing all the opportunities which we see on all the sides keeping our manpower intact. So many years back also, we had those 90-95 employees that they also the number is almost similar and we have been able to register a growth in the short-term volumes also on a continuous basis and in long term and medium-term. Medium-term was our creation which we started 4-5 years back and which is now finding a flavor of the market. And I have been always talking on this thing that the future belongs to these types of lesser tenure terms, and internationally also, long term is supposed to be 7 years plus, etc.

So, this nimble-footed management has been able to always convert capturing what is we are sitting at a place where on one side we know the challenges and the opportunities of a buyer that is utilities or through our retail business which we have started so many years back which caters to lot of these industrial consumers and one side on the assets, the generator assets many of them keep undergoing stresses.

We are transmission company also. So, we have complete eye on what is happening in the transmission sector and regulators and their states because they are always in touch with all the state regulators.

So, we get a decent view about the challenges, and from that, we are able to generate the opportunities which we have been able to deploy this year in a much more effective way and if you see how we have been able to play the game of risk, rebate, surcharge, volumes, and when you understand the whole bouquet, you will be able to appreciate what we have been able to do and why such type of stable performance also in spite of so many uncertainties which have been there in the market.

So, my team has steadfastly. We maintain initiatives and diversified business and product segments and that is the reason you have seen many firsts including first short-term trading with power. Earlier, credits were not there in the anvil by generators and the entities which were there. Through our continuous interaction with the policy makers on one side and the buyers on the other side, we got into in between when we did the first trading business between the PPM and PSA of that 1000 megawatt of wind long term, out of which I think 700 plus megawatt is already operationalized.

Then, last year, we saw the need to get how do I provide further liquidity to that and that is the reason we could start a short term also. It is just a demonstration that 280 megawatts of a short-term surplus of the state. When I say surplus, there is an RPO obligation there but they may have done more PPA because there are very few states which have wind. So, there was a need, they expressed that need, and we also know the needs of non-windy states who have to also meet the RPOs etc., of non-solar. So, our job is to continuously evolve products, combine these needs, backed by some financial muscles which we have - we have a very small thin muscle - leverage those things which generates into more volumes also and as well as risk is continuously mapped and how do I become more and more profitable.

So, the performance that is possible because of our balance mix and our approach towards hi-tech business solutions which we have demonstrated whether it was stressed assets, that 1900 megawatts or the wind asset which I have just now talked about.

This has been supported also by growth in fees-based income because a couple of 2-3 years back when I said that because we are in to the needs and especially my retail business gave us the need of so many of these large consumers, whether they are refineries or whether they are SEZ or the port trust, etc., we have started capturing them slowly and slowly, we don’t jump into them. The scope may be tremendous but a brand name of PTC is also involved. So, we have been cautious, slow in our approach and today whether it is Bombay

Porters, Kandla Porters or some of the SEZ or some of the refineries, they are our clients and we have more than 100 crores order book and obviously consultancy income this year we have got it to the double digit now which is the beginning of the double digit which should increase over a period of time.

So our business initiatives have helped us weather a year when the credit environment was not so strong and cash flow challenge for distribution entities continued. So, stress cash flow of the distribution entities through the rationing of liquidity to the generation units. It is a spiraling cycle which goes on. So, the generation units PLF falls, ultimately the ability has to when they have to give the money because of their weaker this thing, they do ration there again. They say okay generators are there, let us try to give them for the pole which is essential or the point M, etc. and the cycle goes on. That is where we came and we have injected small liquidity to a very limited transactions based on our deep understanding of the buyers, their health, and the generators and their capacity. And for doing this, my marketing people or the business people have to be commercial people who have to be continuously not in touch with the generation but also their lenders, etc. So, we play a key role in interacting and finding a business solution. So, more importantly, operational metrics in the year show near double digit growth that gives the reasons, etc., we will take up in question and answer why there is apparently from the books whatever you have seen that looks like PAT has reduced on the volumes in the quarter has reduced overall we have gained. All those details, we will answer CFO in his presentation as well as in question and answers. So, on a summary basis, trading volumes have grown a 10% growth in spite of the challenging environment I mentioned and increase has been the strength of the balance in our portfolio and as I said, 45% by long term, medium-term, and about 55% still the short-term. The main thing which I wanted to point out, we have a total operational income of Rs. 491 crores. That is ultimately the crux of any business, and there I have seen that compared to previous year, we have shown an increase of (+12%) there, total operational income going to 491 crores.

PAT lower obviously, e have discussed many times on that in this conference at the earlier 6-monthly conference also that a dividend from my main subsidiary reduced by 54 crores. So, that had impacted my overall full year PAT.

Net average margin: Because short-term margin has a volatility, margins are always under pressure. In spite of all those things, on only a pure margin play, still we are maintaining that 4.05 for the whole year and if you include the rebate and surcharge, etc., in my operational margin income, then it is obviously healthier, more than 7.5 paise.

As I have already talked about that on 1150/750, I am not going to repeat them again. And once again, I just wanted to say that in spite of lower profit after tax whatever the reasons are there which are well appreciated by everyone, but we have still gone our dividend payout ratio used to be in 30s just 2 years back. Last year, we increased it to 40s and this is the one time where we took a decision that time has come to get into the 50s also. The dividend payout ratio the exact figures, etc., CFO can give, but I think it has gone….. So, once again, I would like to emphasize that we are mindful of value metrics for our shareholders and the trajectory of dividend payout ratio despite a lower PAT and a challenging year speaks for itself. In the coming periods, really, we even more closely focused on this aspect because ultimately we believe that we are the professional managers appointed by the shareholders and their value and their expectations, there has to be a fine balance between their expectations and the values which they get. To reiterate, PTC will continue to provide solutions that help in kickstarting positive cash flow for participating in the market. With this, I will request my CFO – Mr. Pankaj Goel to make the results presentation and with that your questions after the presentation. Once again, I thank you all for joining us today for this event.

Pankaj Goel: Good evening everybody. Now, I will take you through the financial results of Q4 and FY19 for PTC India Limited. As you can see that total volume in this quarter has decreased by 9%. The optional income has increased by 2%. PAT has decreased by 60%. However, the total comprehensive income has increased by 25%. For the year as a whole, the volume has increased by 10%, the value from operation has increased by 12%, PAT has decreased by 7%, and the total comprehensive income has increased by 4.46%.

As far as the physical performance is concerned, there is balanced trade rates. The short-term trade we have 53% in comparison to 58% last year, medium-term is 3% in comparison to 4% last quarter, and the long-term trades is 44% in comparison to 38% last quarter.

For the year as a whole, the short-term trade remains at 55% in comparison to 53.6% last year, medium-term trade at 3% in comparison to 5% last year. The long-term trades is 41% in comparison to, it is almost same I can say, 40.8% last year.

As CMD has already explained that this time we have done a first transaction of interstate tradable wind power of 280 megawatts as an aggregate around 2500 megawatt for stressed asset. The 1900 PPA has already been executed and out of that 1150 megawatt has been operational. Further, we have also operationalized the 750-megawatt of wind power and remunerative scheme. The long-term supply of 100 megawatt from the Teesta Urja Project has been operationalized to Rajasthan and medium-term and long-term supply of power of 200 megawatt has started with Bangladesh.

Consultancy business in this year, we have added around 50 crores of orders which is taken to as a whole 170 crores for the total consultancy business.

Now, as far as the full numbers are concerned, for the quarter the revenue from operation has increased from 2078 crores to 2567 crores, i.e., an increase of 23.5%. Other operating revenue has increased, is almost same, 83 crores. The other income has increased from 17.5 crores to 21.96 crores, i.e., an increase of 25%. The expenses has increased from 2000 crores to 2492 crores. The operating expenses has decreased from 48 crores to 44 crores. Employee benefit expenses have increased, a slight increase from 7.68 crores to 7.92 crores. Finance cost has increased from 12.7 crores to 30 crores and the depreciation is almost same. Other expenses have increased from 10.5 crores to 13 crores.

The PBT decreased from 97 crores to 83 crores, i.e., a decrease of 40%. Net profit has decreased from 64.3 crores to 53 crores and the total comprehensive income has increased from 49 crores to 60 crores, i.e. an increase of 21.93%.

Now, for the full year, the revenue from operation has increased from 11,000 crores to 13,000 crores. Other operating revenue has increased from 350 crores to 331 crores. The other income has decreased from 203 crores to 131 crores. Expenses have increased from 10,689 crores to 12,804 crores. Operating expenses have slightly increased from 189 crores to 199 crores. Employee benefit expenses have increased from 30 crores to 33 crores. Finance cost has increased from 170 crores to 143 crores. Depreciation is almost same. Other expenses is also almost same from 44 crores to 46 crores.

The PBT has decreased from 444 crores to 397 crores. The main reason is as CMD has already explained that we have received a low dividend from PFS, our subsidiary. The net profit for the period has also decreased from 390 crores to 262 crores. The total comprehensive income has slightly increased from 238 crores to 249 crores, i.e., an increase of 4.46%.

The net rebate for the quarter has increased from 24.27 crores to 33.77 crores. Net surcharge for the quarter is almost the same at 32 crores. Margin per unit including rebate, surcharge and all has increased from 9.27 paisa to 10.09 paisa. And margin per unit without rebate and surcharges has decreased from 4.48 paisa to 3.9 paisa.

For year as a whole, net rebate income has increased from 64.66 crores to 106.61 crores. Net surcharge received is almost same, i.e., a small increase of 2 crores from 114 crores to 116 crores. Margin per unit has slightly increased as a whole from 7.45 paisa to 7.62 paisa and without rebate and surcharge, margin has decreased from 4.31 paisa to 4.05 paisa.

As CMD sir has already explained that regarding the dividend for the year, we have declared a dividend of 40% in spite of decrease in our PAT. So, we have just increased from 16-17. So, we have increased the dividend payout ratio by 10% and 17-18 to 18-19 also, we have again increased the dividend payout ratio of around 10%. So, we are now at around 54% of dividend payout ratio we are giving a dividend of 40%.

Moderator: Now we are open for question-answers please.

Participant: In the last few quarters **(Inaudible) 19:48** paid about 120-130 crores as dividends. So, we are left with 120-130 crores and as a result, for this net working capital increase, our debt has also gone up by 300-400 crores. So, I am just wondering that as a business strategically going forward for the next 2-3-4 years when the volumes go up, is there any way where the incremental working capital will be much lower as compared to what we have been doing? Is there a thought process on that?

Deepak Amitabh: I will answer in a general term and CFO can supplement me. What we have missed total revenue 18,000 crores was last year, and this year total revenue I am saying including all exchanges, etc., because what you see in the books are as per Indian accounting standard whatever it is there but 18,000 crores has become 22,000 crores. So, with a base increase which is 22% or 23%, our debtors have just increased by 750 crores. Normally, 700 crores looks like there is an increase of 700 crores, but the total sale also has gone to 22,000 crores and which will keep increasing also. So, other than the 750 crores, we have collected that balance of 21,000 crores in time. So, 80% to 85% is always we are getting in time and we are maintaining a very strict where my commercial, finance, and risk, all three of them are clearing every transaction that do we make the payment, to get the rebate surcharge, or we sacrifice that rebate and stick to 60 days period here and 60 days period here. We have gone granular to that extent. So, that's the overall scenario that it is a part strategy it is being well thought and CFO can answer but average working capital at a given point of time which has been normally consumed may have been 600-650 crores or so which is very well within our net worth conditions and every types of things. So, we have taken some loans. There are some interest incomes which have come into this thing but if you see the overall, rebates plus all those issues combined together with the leveraging which we do very for a few days only, we are much better off.

Pankaj Goel: I would like to supplement with the numbers actually. As you were rightly saying that the working capital has increased by 700 crores, but if you see that as sir has already explained that the turnover has also increased. So if we take into account the turnover increase, the 250 crores is required in any case actually. So, we are left with the balance of around 500 crores but that 500 crores has gone into repaying our generators actually for which we un-rebate actually. So, when you make a payment within 7 days, you earn a rebate of 2% and the due date is 30 days. So, you get money from DISCOM within 30 days. It means you are earning 2% rebate for a period of 23 days which actually converts into 25% to 26% income. So, as sir has already explained that because of this investment of another 500 crores, we have increased our rebate income for the year as a whole from 64 crores to 106 crores and the surcharge as you are seeing in the top line is 114 crores for the last year and 116 crores for the current year, but in this 114 cores, the last year the surcharge around 85 crores pertains to the earlier year of 11-12 actually but in this year when we have earned a surcharge of 116 crores, 95 crores of the surcharge pertains to this year. That is the impact we have made by investing you can say another 500 crores. And actually, the business of PTC is like that, that because the generators come to PTC for getting these payments and all that, we have to make early payment and we have to do a transaction to transaction-wise analysis that for which DISCOM we are taking an exposure and what is the rebate, surcharge, what are the risks involved.

Participant: I exactly understand what you are saying. My question was not particularly to the year that passed by. My question was more to looking ahead. What I am saying is that today if we have 2500 crores of net working capital and if we have 250 crores of profit that we have generated, it is roughly 10% kind of a return on our core assets that we have actually deployed in the business. So, incrementally can we do something where – I understand that the generators come to us because we give them that finance and all of that but can we do incrementally where the profits grow a little better as compared to in sink with the net working capital. Only then, this 10% can actually go better. That's my only point, incrementally.

Deepak Amitabh: What we are saying that is in our heart that obviously all those things are being done to increase the profitability. So, your question is very good formulated question and I am sure if you keep watching us for next maybe couple of quarters, you will be able to get the answer also.

Participant: Sir, two observations. In Q4, your finance cost has gone up by 142%. It was virtually 12.7 crores, it has now registered 30.8 crores in Q4. And the second observation is your margin has come down from 4.42 to 3.98. Can you explain these two aspects?

Management: On a quarter-to-quarter basis you are asking finance cost?

Participant: Yeah.

Management: It has increased from you are saying 12 crores to 30 crores actually. I will give you the reason. You remember that last time also we had explained that in that finance cost, this Ind-AS entries are also there which has a contra-entry that is included in the expense side also. So, I will give you the breakup of the Ind-AS entries and the actual finance cost. The actual working capital finance cost has increased from 0.8 lakhs to 9.95 crores. So, interest we have paid to the bank is 9.95 crores and balance is the Ind-AS entries which has increased from 11.6 crores to 20 crores actually. So, that 9 crores increase is towards this Ind-AS entry which is already compensated on the other side of the P&L account.

Participant: And the margin has come down this time.

Deepak Amitabh: I will give you again a top view and let the marketing is there to answer the details. As I have said that short term is something where margins are under pressure and will continue to remain under pressure. Now, the margin also includes our working through exchanges. So, when I am selling through exchange, even if I get a 0.1 or 0.2 paisa because there is no risk. The payment risk is completely covered by the nature of exchange business. So, if I am on the sell side, even if I get at a 1 paisa or half a paisa or even 0.1 paisa, it makes sense till the time I am covering by administrative cost. But when you are on the buy side of the exchanges, obviously depending upon there are different type of customers. One is which gives money to us in advance. Obviously, there again I will charge a very less margin because if I am being covered for credit cost. But there are people who want 7 days or 8 days of credit time, so accordingly short-term market this play is on a continuous basis but long and medium-terms are always sustainable. Now, in the last quarter, one of the main sources is long term whether it is Teesta or whether it is Bhutan the country where is just tickles down because that is the peak of winter season and January to March is one of the lean periods. So, obviously long-term margins also will come down because long-term volumes come down in the last quarter. So, these are the top of the approaches but Director of marketing is there to explain if he wants to supplement it.

Management: Positive side I would like to say first and then I will come to the why it has come down and all. Positive if you see the trend, one thing from the last financial year to this financial year, the long-term share has gone up by 2% and that is what we always say is something which we look forward to because medium-term and long term if you see the margin also has gone up and that is something which is very interesting for future as well because you all know our Chairman has just mention that 1900 megawatt out of that 1100 megawatt has already been operationalised and the rest of the quantum will be operationalized soon. Then the wind 1050 megawatts, 750 is already operationalized. The fruit of the operationalization we expect in this financial year. So, both have better margin than what we have seen but if you are asking a specific question about the quarter 4 and the short-term margin why it has gone down, you have to be very competitive in the market because the volume has to be there. As the market leader, we need to remain market leader and if you see the kind of margins our competitors are expecting, we are better than that. You take number 2, number 3, number 4 whether it is NVVN or Tata Power Trading or anybody else, we are much better when we have retained our short-term trading margin also better than our competitors but that's not the point which I would like to make. I would like to make it very clear that our focus is to shift our short-term volume towards medium-term and long term which we have done successfully in the previous year also, and we expect that with the operationalization of this entire 1900 megawatt and 1050 megawatt wind, substantial volume is going to come in the medium-term and long term which is going to again skew the percentage towards medium-term and long term and we will be getting a better margin.

Participant: Sir, going forward, that means we can safely assume that your margin will remain at 4 paisa plus?

Deepak Amitabh: That’s the reason if you hear my opening remark, that is the CEO’s dilemma. I always presume when I say that, that wherever we are in short time, we are not going to grow, but in the market, our job is to keep creating that liquidity also. So, if the volumes keep coming in short term, we have to capture that also because the risk is you do a 7 days power, 10 days power, etc., the risk is very minimal. Therefore, the margins are going to be very, very and as he rightly said because most of the other traders, they are mostly into short term only. Whether it is large traders which he has mentioned or there are small traders also, we are very, very active and they have done well also in the exchange businesses. So, that thing is going to be there but I cannot say that okay we will not increase our short-term volume. So, believe what he is doing he is right and you see if you just do a plotting of my medium-term, long term, and the short term and see the graph for the last 10 years or so, then you will get the answer yourself, which we will put up the next time when I do the presentation.

Participant: We have been planning to start an exchange along with a couple of other people, a promote and exchange rather I would say. One of the thoughts is and please correct me if our thinking is wrong that by doing this, a lot of volumes that what we are doing today on IEX because we are nearly giving them 40% of the business, that can shift to this new exchange if that one starts operating and will that help us in our short-term margins? Is that a correct thought process?

Rajib K. Mishra: Both are two different platforms. Trader with a trading licence, we have separate mandate and we have to give the best value to our customers. That is our own mandate as a trading licensee, but if we are one of the participants in the exchange, naturally the mandate there is something different and preferably we should not mix the two.

Management: I just want to add something to what Dr. Mishra has already explained on this. It is a little related to your previous question that how do you do something to getting a product which is more profitable and you actually invest less for working capitalizing. That is the jist of your previous question. The question you now asked is abridged to that. You have an exchange. It has been around for 10 years plus. It has got 90% of volumes of a certain segment but that's it. We have not moved beyond that segment. So, it is not as if that 5% or whatever share we can hold is going to add to our profitability or do something to adjust our volumes. The fact that you can have options which allow you to structure short-term products which is what we are supposed to do, and beyond that at this point, we will not like to share too much. But I think that's the reason why we are investing strategy capital here.

Participant: In the last 4 years, the share price has not grown that much and I will give one of the reasons I feel is that the investment has been pathetic. PTC invested 310 crores at 39 per share in PFS and what is the price of PFS? Rs. 15.60. And if I see the performance, I think that it will go in single digit. And last maybe 2 weeks back, there was an analyst meet and I attended it. The company wants to go everywhere and you are one of the major shareholders; road construction, STP, sewage treatment whatever it is and they claim to focus on core competency also. So, as a majority shareholder, would you control the absolute value destruction of this company because it is affecting PTC also and what actions you plan to take to streamline these operations? Will you do postmortem of the previous decisions and streamline so that the profitability of both PFS and PTC will increase? Because in the last 4 years, meet after meet, I have been hearing the same things. The value about 4 years back of your face was around Rs. 60, it is now 50.

Deepak Amitabh: I am sitting in the analyst meet for PTC and I will be very happy to take any questions on PTC, but PFS, yes, we are the largest shareholder. There has been a change of management also. We have analyzed to a great extent where the challenges are there, how the cost of funding has gone up. Because they were very good assets, obviously they don't give you return. What to do with that, how to churn out the existing one, etc. So, separate management is there, we are in dialogue with them as the largest shareholder also. So, I will not like to comment and offline we can obviously discuss any such type of suggestion what you are because I don't come to attend the PTC financial analyst conference which you have been attending and I will be very happy if you can give me the feedback which you have given in the abstract term. I like to get more granular input from you if you can. That will be very wonderful. But we are conscious about that and we are through our nominee directors there. We are evaluating what PFS should be doing and how it should be doing its business. Share price, etc., I will not like to comment because it's not only PFS as an NBFC, most of the NBFCs have post IL&FS problems which have occurred but I will appreciate that PFS in spite of all the headwinds which have been there for any NBFC has been able to always continuously service their requirement. They were bold enough to take when the Ind-AS was introduced. There have also taken a haircut of a big amount because of which today my profitability for last year has suffered that 54-crore dividend which we didn't get. There are lot of issues which are interlinked. So, as a largest shareholder, we are working out that what should be the outcome over a period of time, but one thing, as a PTC, we had taken a conscious decision which we have explained before this August gathering of analysts and which we have repeated continuously that we are not going to put any further equity into that whether it is PTC Energy Limited or PTC Financial Services and we are working on certain things which we would like to come back maybe in the next analyst conference when we do it.

Participant: Thanks for the response sir. I understand the current NBFC scenario, but it has been for the last 4 years and as a majority shareholder, would you put strong controls on PFS since you have nominee directors over there? You have a strong control over there. It would also help PTC. It is not that they are stand-alone. It is affecting our profitability also. So, it would be very prudent if you can put in strong controls and I don't see that happening from attending the analyst meet. That is my observation.

Deepak Amitabh: Because you have asked a question and we have a group CRO also, he wanted to make a comment about this very positive observation of yours.

Management: I heard a couple of worried words from you. One of them was value destruction, the other was postmortem. Sitting on the dais for the entire team and the way we work or engage with PFS, I would only say that we don't believe in postmortems. We are a positive team which is engaged even as we speak on what the strategic direction of PFS should be. We are not in denial on the headwinds in the NBFC sector which you also recognize. At the same time, I would say that the way we are engaging, I cannot cross the line and tell you what's going on in the governance system there, but rest assured, PTC as the principal shareholder is fully on top of what the strategic direction should be. If there is something which has given a discomfort, we will probably take that as a feedback. As of this point in time, we can tell you that the headwinds that have come even in the renewable sector. Therefore, on the asset side, we are mindful of what's going on there. Remember that this is an investment which started in 2008. The initial thought process was that it is going to be funding partly projects in which PTC takes exposure. We have moved away from that when we thought that cross exposures would have a cascading effect. PFS is not only taking PTC-related exposure. In fact, it has moved away from that. Having said that, there are two parts of it. The renewables as it stands today from a project financing standpoint where there are and NBFCs as they are taking headwinds. But the strategic direction that you may have seen of 2016, that's not where the management team is living today, right? That's the point where I would like to leave it.

Participant: As I see, we are supposed to be the experts in the power sector. I will cut short. When I attended the meet, we are going to finance road projects. Now, where does that come from? Because as I see, that itself, HAM projects are 50% of them don't have financial closure in 2018 and the company says we are going into financing of those projects. It's like you can't even cook dal and chawal and now you are going to cook biryani and pulao. It's like that. And as an investor, when BSE 500 has given 40% in the last 4 years, here it has been 66% value destruction and that is affecting everything; our company or subsidiary, everything. I don't see that management when they come, they are very serious enough about the strategy and about the postmortem whenever we as a company or when I go to the doctors' conference, we always have postmortems because we know on what basis we did something and right now what is the result. So, postmortems are very essential. If you see, FMCGs always do that. PNG does that. If we don't do postmortem, how will we know exactly what happened? Maybe you have a different way to analyze definitely as a company you would have, but when we see as an outsider, the total destruction of 60% to 70% compared to BSE 500 index, then there is a very serious value destruction if you see, and we are investing our own money.

Management: Just let me again clarify this. When you said postmortem, I am not denying that you need to take lessons from the past. I am not denying that. What I heard you say was that instead of looking forward or being proactive, you are only in a postmortem mode. That's what I heard and therefore I responded to that. That's not where we are.

Management: Just one more thing. From PTC management and the nominee directors' side, we can reassure you that all the issues what you have raised are being taken very seriously and not only what they have done in past but what they need to do in future are being reviewed both from the tactical point of view and the strategic point of view because it is something which is very serious business and we all know that NBFCs are in some kind of a trouble right now, but keeping that in mind, everything will be taken care what you suggested.

Participant: Sir, this stressed asset PPA Trans-1, I think the bid was conducted in July somewhere in 2018. Now, we are already in May 2019. Why there was so much delay and out of 1.9 gigawatt, we have 1.2 gigawatt operationalized, I believe this from April '19, right? Why there is so much delay and out of 757 megawatt which is pending, is it awaiting regulatory approval or transmission evacuation issues? Second on Trans-2, we lost on Trans-2 to NHPC. Was it purely on commercial and have you heard of anything on Trans-3 in the works? Macro level?

Deepak Amitabh: As we have said and as you have seen, you are a part of the Indian whole power sector scenario that bidding in so many other renewable sectors, when did that take place and how much that has got converted into action. If you see the percentage thereof, we are one of the fastest tracks whether it was 1050 of wind or this 1900 megawatt of the thermal also. When you create a new product, when we started doing trading in 2001-02, to explain to the participants, ultimately you cannot work in isolation, you are just an intermediary. To explain that what is a fixed cost is a sunk cost and therefore as a buyer who is paying fixed cost and not scheduling, if he schedule then what is the additional cost you have to do is to do a variable cost and anything you get more than variable cost is a plus, plus which goes to service the fixed cost which is the sunk cost. It took us more than 1 year. So, when you work in an ecosystem, whenever you create a new thing, it is going to take time and that is the beauty of PTC when we do a thing, we do it thoroughly even if it takes time that it gets concluded and whatever has been contracted 1150, the balance is not being contracted or it had not been scheduled mainly because they are all stress assets where I have so many of the bankers who understand every word I say but they cannot act because of so many things in this country which is going on which I don't have to say in the video conference. Therefore, we have to step into find solution for that also, and that is the challenge. Second thing you said that losing a bit, we created the document, we created everything but we are not there to work on something which is not acceptable in the commercial terms because in a bidding, we are the people who have seen when the thermal also bidding started and we were seeing in the supercritical also what the others who really understand the market bidding at a price and someone bidding at such a price that Rs. 120 or Rs. 140 or Rs. 2 and so many stressed assets, we understand these things. So, we will bid within the rationality, and if I could have concluded this bid which I could have also done, the question which my friends were asking that 4-paisa margin, where it could have gone? So, I have given you in a very general and a very top cloud view and Director of marketing can answer anything else.

Management: The 1900 megawatt what you mentioned, the PPA was signed in the month of October and in any long-term open access or medium-term open access, 5 months time is taken. So, by any means, by normal standard, it should have been in the month of March. _____52:08_____. Always believe that we would like to do something faster than what others can do, and that's the reason why we said that in the 4th quarter, you will get the benefit of the entire 1900. So, first thing is all the regulatory approvals are in place right now. All the state regulators have approved it. All the MTAs have been taken. All the PPAs and PSAs are now ready for offtake. 1150 is being scheduled for the last 2 months, the Bihar one will be operationalized this month, and the last one that is Telangana 550 will also be operationalized and it is not stuck up because of any other reason but some working capital of one of the stressed project in Chhattisgarh. That was the reason we could not get the benefit of this 1900 megawatt in the last quarter of last financial year but hopefully everything will be operationalized this year. That is point number 1. Point number 2 is if you ask about the 2500-megawatt scheme which you must be knowing the numbers. Whether the final price which was discovered is sellable by the state in the aggregation scheme is the skill set of the trading company. Now, I am not saying that whether that will be done or not done, we all have to wait because the response what I know from the states are not so…..

The most important thing is the trading margin. You must be aware of because it comes in the newspaper, it is in the public domain, nothing to hide. Somebody who is new in the business who has taken a licence very recently has gone for a discount of 91% on what we were operating. If somebody wants to do a suicide, you as an investor will not suggest us to commit the same thing. So, let us hope that wisdom will prevail and things will settle and the future will be better than what they did in the last bit.

Participant: My second question is regarding Bangladesh PPA. We have seen that the offtake is pretty bad compared to the earlier contract. At the same time, the NTPC, the NVVM, I think the PLFs are quite higher enough compared to us contract.

Pankaj Goel: Actually, there are many things related to it. I will not like to discuss it why that one is higher, this one is lower. Bangladesh is very smart offtaker right now. So, they know from where to offtake maximum. Bangladesh had the elections in the 3rd quarter and they required power at some point of time. After that, they have started in the last quarter of previous financial year, they were not taking that much scheduling the full power, and they knew which one is in the merit order, which one they should take first. So, this is obvious thing that where from they took it more. Bangladesh requires much more than what they are drawing right now and we should not worry too much that how much it was scheduled in the last quarter. Of course, the election phenomenon was one of the reasons why it all happened.

Participant: My last question pertains to PTC Energy. Can you share the PLF revenue, EBITDA, and PAT for FY19 and FY18?

Management: This time in PTC Energy, we have achieved the total generation of 615 million units compared to 488 million units last year which is 26% higher. We have seen increase in around 21%. So, weighted average PLF is around 24.31% and generation is to the level of 85% and we have a PAT of 51.62 crores against 8.5 crores last year.

Participant: What is the EBITDA number?

Management: EBITDA was around 303 crores roughly.

Participant: Is there any dispute pending?

Management: There is no dispute as such but unilaterally AP DISCOMs have filed a petition with APERC to reduce the tariff by 50 paisa which is the GBI value. APERC has passed an order but which has been stayed by the AP High Court.

Participant: Are we being paid that 4.72….

Management: The High Court order came in the month of September. So, they have started paying after September the full tariff 4.84 but prior to that, till the issue settled in High Court or APERC, they have not yet released that amount.

Participant: Just a quick outlook for the current year FY20 in terms of volumes and other operational parameters and in terms of profitability margins if you have given any? Secondly, again touching upon the aspect of shareholder value creation that somebody else asked earlier. As a company, of course we have been a high dividend paying company which is a shareholder friendly measure you are having these analyst meets every year and answering all these questions which are all very shareholder friendly but the bottomline is that we have been very poor at the PTC level also, the parent level in terms of value creation. Any thoughts on why our valuations are so low as they are trading at a 5 P/E and the market doesn't seem to be interested?

Deepak Amitabh: What we have discussed for quite some time has been that impact of 1900 megawatt should be coming full year this time. The type of wind sale which we did, we should be able to do some more transaction this year on a short-term basis also. The 1050 megawatt out of which 750 megawatt was operationalized should also see this wind season. So, we can't give you a guidance because short term is again a very volatile. Last year whatever we had done short term, we can do more than that or less than that also because short term is not in our hands. It is through the bidding process and on a continuous evolving basis, but we should be growing in double digit. That is something which looks like very clearly. Profitability if the way my commercial, finance, and risks have managed the things and with more and more of these long terms which he talked about Teesta, first year it was UP which got commercialized, then Rajasthan also 100 megawatt has, and we are working out on Haryana if I am correct. So, more of more such type of things get operationalized, so move from a 1 paisa margin immediately to 5 paisa margin if it comes in the long term because long term our margins are between 5 paisa to 8 paisa except for the cross border where we get 4 paisa margin. Cross border when I say, from Bhutan trajectory because others Bangladesh, etc., ask my Director of marketing to give a view on these particular things. We see that profitability should increase because from a very simple metrics that though a lot has been talked about PTC Financial Services where we have to get back into lot of nuts and bolts which we are doing it, they declared a dividend of some amount by which more than about 30 crores should come so that what we lost 54 crores, gets suitably compensated in the current year provided subject to shareholders agreeing to that. These are the things which indicate that profitability should be much better in this current financial year where we are going.

Management: My Chairman has also already mentioned the major medium-term and long term which we are expecting to be operationalized this year and we are just beginning of the financial year and we can get the benefit of the entire year for all these transactions. So, if you convert it into the numbers, naturally it will give some double-digit growth for us. And as far as margin is concerned, certainly if it is all medium-term and long-term transactions getting converted, naturally the margins also will be having a better on whatever we have done in the past. So, both the things seem positive at this point of time but rightly said so that short term we need to have a very close watch throughout the year and how things are panning out and particularly the competition with the smaller traders but of course in this meet we can say that this year seems very interesting for the training market.

Moderator: Sir with no more questions further, I take the pleasure to thank all the participants for our analyst meet and request you all to join for a high tea. Thank you very much.