

PTC India Limited

Q2 FY'21 Earnings Conference Call

November 11, 2020

Moderator: Ladies and gentlemen, good evening and welcome to the PTC India Limited Q2 FY'21 Earnings Conference Call. Representing the company and to answer your queries, we have with us on the call the senior management team led by Mr. Deepak Amitabh -- Chairman and Managing Director. I may draw attention to the process that all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '**' followed by '0' on your touchtone phone. Please note that this conference is being recorded. At this time, I would like to hand the conference over to Mr. Deepak Amitabh of PTC India Limited. Thank you and over to you, sir.

Deepak Amitabh: Thank you very much. On behalf of PTC senior management, I welcome you all to the conference call for the Q2 of FY'21. Along with me today are my two Whole-time Directors, Dr. Rajib Mishra who is Director, Marketing and Business Development and Dr. Ajit Kumar who is Director of Operations and Commercials. We also have Mr. Rajiv Malhotra who is the Executive Director and CRO and Mr. Pankaj Goel who is the CFO and Anand Kumar also there who represent the Corporate Communications team of PTC.

In the beginning, I am going to talk about the standalone result of PTC. So, a very satisfying quarter and especially in the backdrop of Q1, where there was an uncertainty, business environment was also very dampened and Q1 was really subpar for everyone not only in India, but the whole world because of the pandemic which was there. However, our Q2 business volumes are higher, mainly on account of increased supply from hydro and renewable sources, and the increased supply could find corresponding growth in the demand, growth of demand has been higher due to a spillover from the first quarter, that is pent up demand coming back after the gradual unlock of commercial and industrial activity. We have also seen good amount of liquidity infusion coming into the distribution companies; a) under the Atmanirbhar Bharat Scheme, and supported by a softer monetary policy by RBI, which has also helped the industry in managing the liquidity and keeping operations on track.

Longer-term effort for reform and obviously improving financial fundamentals have remained on the anvil. And we believe that it is a matter of time before they are implemented. We expect that fiscal intervention in the short run is going to help boost the demand going forward as generally, there is a time lag between the intervention and the actual demand creation. We

remain confident that all policy efforts including development of industrial infrastructure, will keep the demand for work going forward.

The reforms in the sector will be key events to watch for, particularly the market design and intervention tool. As we have maintained the stance, we remain cautiously optimistic and we will continue to take a shift for consolidating our leadership position. For us, the period has been a time of focusing on the fundamentals, the simple building blocks of our core business, and the respective processes for divestment of our stake in the subsidiaries remain on course.

Now, what we have seen with easing liquidity and renewal of demand, our operating cycle has started towards normalcy. And this reflects in the volume and the contribution breakup from the major business segment. Both in the quarter and the half year our volume mix shows that short-term volumes have remained between 44% to 45% and the long and medium term trades now give us more than the aspirational 50%. We have seen the margins in the short term. Please have no doubt they have been and they will continue to always remain under pressure for some time, you can get sometime more, sometime less, the short-term is very volatile as we stated from 2004 onwards, the volatility continue. However, margin including the secondary income that is rebate and surcharge has been healthy and we have been able to maintain that or so.

Similarly, as we had stated earlier that PTC while doing this capital allocation that we are going to be focused on our main PTC business and we should not be giving further financial support to the two subsidiaries, so, we continue with that and as we have explained that we have begun the subsidiary divestment process, and as I stated earlier, we are hopeful of achieving the desired result by the end of the financial year, and we have been communicating even to the stock exchanges also whenever any substantial thing happen and we will continue with the same practice. And we have also been able to do quite well in the exchanges real-time market was started where we keep capturing the maximum market share coming out of that transaction also. And the market is also catching up slowly and slowly, so, we are present there also. So, in nutshell this has been our second quarter performance.

And obviously I will turn the mic now to Pankaj Goel who is our CFO to give his briefing about the number. Thank you.

Pankaj Goel:

Thank you, sir. Good evening to all. Now, I will go through the quarter and half year September '20 results of PTC India Limited. For the quarter, volume has increased by 20% to 26.2 million units from 21.8 million units. Total operational income has increased by 32% to Rs.224 crores from Rs.170 crores. Profit before tax has also increased by 34% to Rs.216 crores from Rs.162 crores. Profit after tax has also increased by 23% to Rs.166 crores from Rs.135 crores vis-à-vis the corresponding quarter. Likewise, the total other comprehensive income has increased by 23% to Rs.166 crores and Rs.135 crores. Earning per share for the quarter stood at Rs.5.65 compared to Rs.4.56.

Now, I will go the rough the half yearly results for the standalone. Volume has increased by 10% to 45.1 million units from 41.1 million units. Total operational income has increased by 15% to Rs.340 crores from Rs.296 crores. Profit before tax has increased by 19% to Rs.308 crores from Rs.258 crores. Profit after tax has increased by 18% to Rs.234 crores from Rs.198 crores. Total other comprehensive income has increased by 18% to Rs.234 crores from Rs.198 crores. Earning per share for the half year stood at Rs.7.9 as compared to Rs.6.68 in the corresponding half year.

I will go through the consolidated results of the quarter. The volume has increased by 20% to 26.4 million units from 22.1 million units. Profit before tax has increased by 3% to Rs.266 crores from Rs.257 crores. Profit after tax has slightly decreased by 4% to Rs.194 crores from Rs.201 crores. Total other comprehensive income has decreased by 3% to Rs.194 crores from Rs.200 crores. Earning per share for the quarter stood at Rs.6.17 compared to Rs.6.28 in the corresponding quarter.

Now, I will go through the half yearly consolidated results. Volume has increased by 9% to 45.5 million units from 41.6 million units. Profit before tax has increased by 3% to Rs.407 crores from Rs.397 crores. PAT remains flat at around Rs.294 crores. Total other comprehensive income also remain flat at Rs.295 crores. Earning per share for the half year stood at Rs.9.3 in comparison to Rs.9.4 for the corresponding half year. Thank you.

Deepak Amitabh: Thank you very much. We have given the basic number and I have given my basis. So, we can keep the floor open for question-and-answer.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Mohit Kumar from DAM Capital. Please go ahead.

Mohit Kumar: Two questions. The first is on sir, is there any timeline for divestment or something which you can update which has happened in the quarter? We believe that this can be completed by Q4 either of the PTC Energy or PTC Financial?

Deepak Amitabh: Both the processes are going on and they are at a good stage, that is the reason we said that we should be able to come to this thing by the end of the financial year because you know these things take time. So even if the share purchase agreement has to be brushed aside, there are many legal entities which are involved, so it takes time. And that is the reason I said that we are at an advanced stage and by 31st March, you will certainly be hearing for us. when I say by 31st March, on April 30th we will come back to you.

Mohit Kumar: And secondly on PTC Energy, is there any development on the tariff side, where is the process right now, when is expected to get resolved?

Deepak Amitabh: The issue is COVID has hit not only Delhi or Bombay, but also Andhra Pradesh high court, etc., And PTC Energy is having 188 MW only. There are people like ReNew and Benco, etc., who are having thousands of megawatts. So everyone is trying to push through the things and we

believe that now things normalizing the court should be taking up the matter. But nothing concrete has happened which we like to say just now because it is a judicial process.

Mohit Kumar: What is your market share on real-time for the volume till date?

Deepak Amitabh: We have maintained the same market share what we have in the exchanges; it is around 35% to 40%, but if you ask me specifically on each day, it varies because some day the clearance is much more, so we have reached a level of 52%, 53% also on some day, but on an average if we see since June is around 35% to 40%.

Moderator: Thank you. The next question is from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.

Sarvesh Gupta: Sir, first question on the transaction timeline. I think for PTC India Financial Services, there was exchange notification on 11th of September and you have received the non-binding interest. And I think in the last con call it was also mentioned that when the due diligence is already over to expedite the process, now given that we are already two months away from receiving of non-binding interest, should it not be assumed that there is not much of an interest to take the transaction forward by the prospective buyers because two months is a long enough timeline for moving from non-binding to binding stage?

Deepak Amitabh: That may be your personal call. I will not like to comment there. You are drawing of conclusion that there is no interest, I would not like to comment upon that, because that is a personal conclusion, but the things are going on, and between the non-binding even if we have done the due diligence, the parties who are involved, they also doing their own due diligence, legal, financial, all those commercial, so many unions which are there and then that will be followed by the management meeting, etc., the share purchase agreement, because binding offer will come and everything gets frozen. FPA will determine the prices also. I will not like to comment because the nature of transaction which may be there. It is the listed company transaction which we are talking about.

Sarvesh Gupta: Secondly, I think this quarter, we saw very healthy growth in the volumes. So, in the long-term, my assumption was that we should be growing in line with the market growth of maybe power consumption. So, if you can explain what led to this higher increase in the volume for this quarter, and what should we expect as the sustainable future in terms of the growth rates in volume that we can achieve?

Deepak Amitabh: As I said in the in the beginning, that the growth in business volume during the quarter has been led by the demand spillover from the first quarter, and secondly, the pent up demand arising out of the gradual unlocking of the commercial activity from various segments, including industries, commercial, domestic, agriculture, etc., to have contributed substantially to the same. And thirdly, the demand side and supply side also, because there were a good hydro, most of the hydro comes in the Q2, traditionally also if you see for last 14, 15 years data

because we have been listed for that much years that Q2 generally gives one of the highest volume because the supply is also there.

Sarvesh Gupta: So I understand seasonality and the pent up demand from Q1, but I am looking at volume growth YoY. Last quarter to this quarter, we are up 20%.

Deepak Amitabh: I am coming to that. This was because of pent up demand and the unlocking which happened during the quarter. So obviously, this was an exceptional thing. So we believe that as we are maintaining the growth in the last year which may be related more to overall consumption year-on-year, we will be able to maintain that.

Sarvesh Gupta: If you can give us some comment on your payable and receivable? I think this quarter again we were hoping that it can come down because of various government schemes and package and all that, but I think our receivables have actually gone up by 1,200-odd crores and our payables are also up by almost 2,000 crores. So if you can comment on what is happening on these two fronts?

Pankaj Goel: You are right in your question by comparing it with the March '20 results. As Chairman sir has also explained seasonality nature of the trading, so from December to March, our hydro season is low and other this thing is also low. So because the outstanding debtor in that period related to February or March, because in that period, the supply was low and all that good, so debtors remain low. But if you really want to compare the September '20 debtor, then it has to be compared with September '19 because in September '19 there was hydro season and all. So I will give you just a snapshot, in September '19 to September '20 if you compare, so there will be an increase of only 500 to 600 crores is the debtors and that is because we have only two projects which is going on, so in September '19 the supply come only for one month, but for this quarter, the supply come for three months, and there are other new supplies which have been started between the period September '19 to September '20. So if you take into account the factor, so debtors are very well under control. And as you can see that we always compare our net debtor and creditor, so our working capital has also gone down to that direction.

Moderator: Thank you. The next question is from the line of Gaurav Jhanwar from Systematix Group. Please go ahead.

Gaurav Jhanwar: I just have one question like as with the previous participants do you think that this kind of volume growth would be sustainable going forward? And my second question on PTC Energy. So what was the revenue impact in the current quarter of PTC Energy?

Deepak Amitabh: First question that you asked, I answered last time that if you see year-on-year, the way we have grown in FY'20 from FY'19, we should be able to maintain the similar type of pattern. Now about PTC Energy Limited, Rajib Mishra, Managing Director, PTC Energy Limited, is going to answer the question, but just to give you a background, this year, the whole wind industry there has been a real shortfall because of wind pattern itself. So about 40% shortfall in the

generation because of wind factor itself which is unprecedented. So, we hope that the worst is over for the wind industry. I will ask Rajib Mishra to give the figure.

Rajib Mishra: You asked a very pertinent question. There are two aspects of the seasonality; one is wind, the other is monsoon. If we have a good monsoon, hydro generation will be better and so is the case with power generation volume growth in PTC, because in our portfolio, we have a lot of hydro generation including a new 720 MW Mangdechhu, which has come into operation for this monsoon year. Secondly, PPAs which are operational could supply the full quantum during this monsoon, and the monsoon in this year was extraordinarily good, whereas the wind this year was almost 30% to 35% lesser compared to previous years, so, that has reflected clearly a fall of around 30% of energy during this quarter in the wind generation, and this is also endorsed by the global report and the industry report that the wind this year is around 35% less compared to the previous year. As far as the PTC Energy number is concerned, last year Q2 the PAT was Rs.70 crores and this year it is Rs.20.5 crores, so, this is almost 70% fall from the previous year.

Pankaj Goel: Revenue from operations for PTC Energy for the quarter was Rs.90 crores in comparison to Rs.129 crores for the last quarter, and for the half year it is Rs.168 crores in comparison to Rs.216 crores for the last half year.

Moderator: Thank you. The next question is from the line of Basil Varghese, individual investor. Please go ahead.

Basil Varghese: Actually, it has been three years since PTC India has been priced at Rs.121 per share and it has been down to Rs.32 three months ago, so it has been falling. So, what is company planning to safeguard the interest of the investors to reduce the capital erosion?

Anand Kumar: Market price is a function of so many variables wherein management may have limited to say in terms of guiding and giving a guidance on the numbers. As part of management representations and the financial numbers we are reporting, we are a strong growing company. I think as an investor you will be appreciative of the fact that increasingly we have been trying to strengthen the shareholders reward, trying to capture in how the profit can be shared with them. Since price cannot be controlled by the management, we will refrain and we cannot answer this question.

Basil Varghese: We are really thankful for all the dividend the company is giving, but on the percentage of what dividend is issued to the investors, the share has not been growing and you think there is something happening in the market or people are not noticing the growth of PTC India?

Deepak Amitabh: See, we have a corporate communication, they are continuously interacting with analyst like you all and because of COVID this time, otherwise people generally were going out, explaining the meeting to CC, this has been slightly reduced but we have to find pathway and as a management we are continuously traveling on the projected path. That is what I can say. Our capital allocation, capital reallocation, everything we are now doing whatever we have right

now, we are working out on that way. I cannot comment beyond that about the market price, etc., because you are the person who can take the decision.

Moderator: Thank you. The next question is from the line of Channamallu Hargodi from Maurya Academy. Please go ahead.

Channamallu Hargodi

Maurya Academy: My question is related to the divestment process. For many times, you said the entire process will complete in this financial year only. But can we expect approximate timeline for the beginning of binding the process and open offer price announcement sir?

Pankaj Goel: I will not be able to give comments. As I said, we are already in November, so financial year get over in four months, so you have to be slightly more patient, that is all I can say. If there is any substantial this thing which we will have to announce to the world, we will certainly announce to the world.

Rajiv Malhotra: Just supplementing what our chairman has just responded to you. Beyond what we have already communicated to the stock exchanges and is in public domain, you will appreciate that it is only at a particular point on a substantial development that we can go because when a process like this is one we are bound by confidentiality agreements and all that which comes with it after both the companies are listed. So understand that and you will be able to appreciate the position we are communicating at this time. That is all I needed to add sir.

Moderator: Thank you. The next question is a follow up question from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.

Sarvesh Gupta: On the dividend thing, I think this was the first year when we have also announced interim dividend and thanks a lot for that. But going forward, how are you thinking about it, is it like an aberration because earlier we used to give only one dividend every year and this time we have received an interim one as well?

Deepak Amitabh: See, we believe that our detail dividend policy came only in February of this year and the guidance are only with the dividend policy which we have stated. So, we are going ahead whatever policy has been adopted by the board, we will be in line with that.

Sarvesh Gupta: And given that we have some borrowings also in the balance sheet, how are we thinking between the dividend and the borrowing, any thoughts around that?

Deepak Amitabh: If you are seeing my consolidated balance sheet, obviously I have a listed company of NBFC and the (Inaudible) company, they (Inaudible) also commented on my balance sheet. But a standalone balance sheet, we do not take any long term loans and even if some temporary this thing is done, so that is the usual process which we have been doing since the last 20-years of our inception.

Moderator: Thank you. The next question is from the line of Ashwini Agarwal from Ashmore Investment Management. Please go ahead.

Ashwini Agarwal: I had a question on the PTC Energy side. The decline that we have seen in the profitability, how much of it is led by the wind volumes coming down and how much if it is because of the PPA being unilaterally rescinded by the AP government?

Deepak Amitabh: First, PPA has not been rescinded. And we are sure that we will keep getting the 484 or whatever the numbers are there, number one. Number two, see, whenever we took up these generating assets, PTC Energy... and M.D. is there, he will explain in detail if required, then there was a O&M expenses also. So the construct which was there that initially two, three years, the O&M was not charged. Now just a chance that the work for wind in a year has coincided with the year when the O&M expenditure has started. So it is a double-whammy. That is why I am saying, this will be the worst case of PTC Energy Limited and we believe that next year onwards, it should be much better.

Management: The numbers which you are interested, we have the generation loss was around 22% year-on-year compared to the previous year for six months and this is unprecedented in the last four years and we see industry reports as well as our peer generation company and they have also lost similar kind of generation. As Chairman has explained that the effect of the tariff of Andhra Pradesh, we are not taking into account because this is the PPA which is sacrosanct, and we feel that at any point of time in future once it is resolved we will receive that amount.

Ashwini Agarwal: So you are booking the revenues at 484 rate which is the PPA rate?

Management: Yes, yes.

Moderator: Thank you. The next question is from the line of DD Sharma from Risk Capital Advisory. Please go ahead.

DD Sharma: I just wanted to give a suggestion because someone earlier asked the question, how to improve the valuation of the stock. You can go for buyback also because you see nowadays PSU companies are also going for buyback to improve the shareholders value.

Deepak Amitabh: There are certain things which I cannot disclose, but there are certain issues which are being discussed and debated by management and the board also. So I cannot comment anything further than that. Thank you, DD.

Moderator: Thank you. The next question is from the line of Thanima Nath, individual investor. Please go ahead.

Thanima Nath: Sir, a question with regard to the **(Inaudible) 32:25** in last concall I think you have given the timeline of in three, four months' time, and now that the timelines have been extended to **(Inaudible)**.

Deepak Amitabh: When we say, year, we always go by financial year, and as I said last time in August **(Hindi)** 33:04

Thanima Nath: Are there any chances the timeline of March '21 also getting extended?

Management: **(Hindi)** But in normal circumstances, when I made a statement that should be the thing.

Moderator: Thank you. The next question is from the line of Rajendra Shah from Rajendra Shah & Associates. Please go ahead.

Rajendra Shah: As we are moving for the divestment of PFS, like that are we thinking for the PEL or not sir, to come out and concentrate onto the PTC as a core business sir?

Deepak Amitabh: Yes, you are correct, Rajendra bhai, we are looking at both.

Rajendra Shah: So, ultimately afterwards there will be a compulsion for us to have investment whatever we received into the growth of the PTC or underline, can you be able to elaborate on that?

Deepak Amitabh: Certainly, your suggestion we are noting it down, but as I said, our focus when we took a decision, that we will concentrate on our main PTC core business and we have started the process now, obviously, process takes time. So till the time process is not completed, the top management time is also spent there. But once that gets over, we will certainly be fully, fully dedicated only to this. That is the whole purpose.

Moderator: Thank you. The next question is a follow up question from the line of Basil Varghese, individual investor. Please go ahead.

Basil Varghese: Sir, what about the money after the divestment – will some of the money be given back to the investors or the money will be used to build the core business?

Deepak Amitabh: As my Corporate Communications, Anand, had intervened at that point of time that the whole objective is the shareholders this thing is at top of our mind. It is too early to comment **(Hindi)** 36:35 we keep taking care of them.

Moderator: Thank you. The next question is from the line of Rajendra Shah from Rajendra Shah & Associates. Please go ahead.

Rajendra Shah: Sir, regarding PFS disinvestment, how many candidates are there, any rough idea sir?

Deepak Amitabh: No comments on that. As Rajiv Malhotra has stated that we are bound by confidentiality and we would like to maintain that.

Rajendra Shah: But it is a good interest by the bidder?

Deepak Amitabh: If there was no good interest, then I could not have made the comment that yes, we would like to do this thing, we would like to announce by the end of this financial year. So we are going with an understanding and we are trying to find out because if suppose **(Hindi)** 38:00. Value is not only money, there are many things. So, all those things **(Hindi)** 38:10

Rajendra Shah: And regarding PEL, what we thought about the divestments, just rough idea and how it will go into the future sir?

Deepak Amitabh: See, the whole issue is we want to concentrate on our core business, which we are doing also and when we had made the investments in 2016 or so, the whole atmosphere changed that, the old concept of tariff fundamental has changed and also looking at high capital intensive businesses they have. Best is to get other people who will grow that business. So if that person wants full ownership, we will look at that also. If he wants part ownership, we look at that also. So we are very open in PTC Energy Limited.

Moderator: Thank you. The next question is from the line of Navijit, an individual investor. Please go ahead.

Navijit: Keeping 5% of Power exchange and dilute others what is the status of that and the money which you will get from that how will you deploy that money? That is the first question and second is of course my suggestion like PFS on 30th basis you will do then whatever income will be there after 40th so whatever money you will get from PFS you will divest that as well you should not take that and you should take that as a special dividend from PFS. These are my two questions.

Anand Kumar: Sir, I am Anand this side from Corporate Communications team. On power exchange, our exchange application is still with the CERC for disposal. Once the Commission sets across, they will be deciding and granting us the license as per the last order meeting conditions. So primarily there is no as such expected divestment from our side for which the money will come to us because the exchange is yet to be operational. So I understand this question get addressed to that. Presently, we are not expecting any money from the investment. Exchange we are proposing to make operational in coming times.

Navijit: What will be the timeline for operational?

Management: Sir, it is again a regulatory process, underway is going on. Once Commission gives us the full clearance to us, it may take another six months from since then to make it operational.

Navijit: But you have given 8 weeks' time that we will dilute within 8 weeks and then whatever money from dilution of around 50 crores....

Deepak Amitabh: I will tell you that these regulators have told us that within 8 weeks' of time you bring shareholding pattern under the power market regulation and at the end of the September we have done that and applied to them after that unfortunately, regulatory commission for some reason or other this is non-functional for almost two months now. Supreme Court have some

issues of Ministry of Power, we cannot do anything there. Once that will be done and once they will give the registration of license after that around three months to six months time it will take and it functional in exchange. We have put total 12 crores and we don't need to put further money and we hope that it will be very small, may be Rs. 1 lakh will be needed for maintenance.

Navijit: If you will bring from 25% to 5% so the rest 20% money will come to you.

Deepak Amitabh: First let the registration happen then we will see what we have to do. What condition they will put that I what I am saying we cannot tell you right now let the registration come. Whatever the conditions they put in and then we will take a decision.

Navijit: My suggestion of the second part, please comment on that. I am telling you 30th September 2020 books of PFS you will dilute on the basis of that?

Management: Rajiv sir, if I have understood the question correctly, he means that let us say the cut-off date happens to be 30th of September 2020 for PFS transaction, how the business thereafter will be appropriated in the FPA and consequent transaction amount.

Navijit: My question is whatever cut off date you will decide after that cut off date whatever PFS will earn that money you should not give to that party then PTC should take that money. That is what I wanted to tell.

Management: I will look into your suggestion. That is why I told you that let the thing settle down then we will look into your suggestion.

Moderator: Thank you. The next question is from the line of **(Amay Zaveri from J&J Holdings) 44:42**. Please go ahead.

Amay Zaveri: Sir, in respect to PFS, in their concall they have mentioned that they also want to raise some equity. I am just little confused like on one hand the promoter is trying to sell, and on the other hand the company itself is trying to raise. So what goes first?

Management: So what you are talking about, this post the talks which took place on 30th June. And then after September I don't think such sort of talks have taken place. And we are in an advance stage. And apart from this, if it comes to the PTCI's management then we will definitely do it, market should not get confused. Because you might seen their capital adequacy as on date, they have sufficient money to do the business at least till 31st March. Their capital adequacy if you see of September, it is 22%, 23%, so regulatorily they can grow also. But since COVID days were going on, they have been very cautious also. So I am not able to see if there is any conflict or confusion.

Moderator: Thank you. The next question is from the line of Manoj Shah from Laxco Investment. Please go ahead.

Manoj Shah: My question is, can we give some indication about the divestment of the PFS timeline? And how does your revenue change, with the energy mix changing from thermal power electricity trading with respect to this renewable energy coming in, as the share will keep on increasing good forward, how this will impact your earnings?

Management: About divestment, I have said that by 31st March, I had highlighted that whenever things happen we will come back to you. So that answers your question which I have answered some time back. Second part of the question I couldn't understand, that renewable and thermal...

Manoj Shah: I am saying, your company is into power trading, okay, so you get units as we sell it gets traded, you get per unit like 2 paisa, 3 paisa per unit of electricity. Now as more and more of renewable energy, solar or wind power energy comes into the exchange for the trading, does it change any of your revenue in terms of per unit or it remains more or less the same for you?

Management: Let me get answered in a very this thing, because what we always had been talking about, about aspirational, our 55% comes from long-term and medium-term. So whatever fixed is there, for hydro, thermal, even renewable for wind and all, so it is set for those many years that it will keep on coming, the volume will keep on coming and the margin is defined as per the long-term and medium-term, it will keep on coming. Because our 40%, 45% short-term that we have, it will remain volatile, what will be margin in the renewable, thermal, hydro, gas and other stuff, PTC has always been number one in trading, like I said that real time market has started, in that too we are maintaining 35%, 40%. **(Inaudible) 48:42.9** there is very little transaction happening in that, whatever is happening we are only doing it. So, be it renewable or conventional trading, we will be maintaining that market share of 30%, 40%, our endeavor is to continue maintaining that, whatever trading happens.

Manoj Shah: No, my question is, does your margin differ in conventional versus non-conventional?

Management: No, it doesn't differ that much, it depends on like say I had signed a contract five years ago, I might have charged 7 paisa on the books. Now today if someone will sign a contract I might get the same at 7.5 paisa, now it depends on the market and what is the situation.

Manoj Shah: Yes, that I understand, long-term what you have signed and short-term. I am talking about on the real time basis or short-term basis. So does it vary for you or it doesn't make any difference for you, whether it is coming from renewable source or from a non-renewable source?

Management: It doesn't matter whether it is coming from renewable or conventional, whatever short-term variations are there, margin variation fluctuations that take place, in units as well as this thing, that will continue and we are masters in adapting to that extent.

Manoj Shah: Okay. So it is not that in renewable we will get a higher margin versus the conventional?

Management: Not in the short-term, in short-term like I just said, short-term is very volatile, not just for today but since 2004 short-term has been volatile, you can either get 2 paisa, 1 paisa, it is opportunistic. The trading happens every hour, right, it depends on real time market.

Manoj Shah: Yes, it will keep on changing during the peak years, it is very volatile, I understand.

Management: So that's what I am saying, the product that will come, the time it gets introduced, that time one decides the margin seeing the current market position. Today what is happening in short-term is, where I have 40%, 45%, in that our margin is volatile, I have always stated and this is one thing, if anyone says if it is not volatile so he may not be speaking the truth. So be it volatile or whatnot, what has happened till now you can see that, what will happen in future will depend on the market condition. But volatility will be there in the margin, that's for sure.

Manoj Shah: But good forward the portion of the renewable or share of this will keep on increasing and the conventional will keep coming. So this will not make any changes in your margin.

Management: See, that's what I am trying to explain it to you, first I gave a statement that whether it be renewable or non-renewable, in short-term it doesn't impact margin. Margin is based on how much power one requires in an hour or not, decisions happen in matter of seconds. So that keeps on going around the clock. So whether it has come from renewable or not, it doesn't matter. So my answer to your first question was the same, maybe you couldn't understand. And even if you are still confused then you can ask me.

Manoj Shah: Got it that it won't make any difference for you, it will be short-term demand and supply, pricing will depend on that as far as short-term is concerned.

Management: Yes, sir. Thank you.

Moderator: Thank you. The next question is from the line of Vikas Kumar from Creative Ideas. Please go ahead.

Vikas Kumar: My compliments on results as well as extra dividend that we have passed on to the investors. Coming **(Inaudible) 52:39.3** follow-up question the gentleman had recently asked regarding PTC Finance's raising of equity, that was just spoken about. In the last con-call, yes, you were right that this discussion was held in June quarter end, not September quarter but June quarter end. And this query was raised by me to the PTC Finance team and they said that Rs. 500 crores additional, which they will be planning to raise via QIP or additional funds will be called in from the investor who is bidding for PTC Finance from the debt that they have already **(Inaudible) 53:33.6**

Management: Audio is breaking, maybe some mobile or something.

Vikas Kumar: **(Inaudible) 53:51.2** con-call with PTC Finance, I had raised the same **(Inaudible) 53:57.7**

Moderator: Mr. Kumar, the audio is breaking from your line.

Management: Mr. Kumar, your voice is fluctuating a lot, we can do this thing offline. Please share your numbers with Anand, we will try to address your query.

Moderator: Thank you. As there are no further questions from the participant, I now hand the conference over to the management for closing comments.

Management: So really I am thankful to all the people who have participated in this con-call. And thank you for your inputs also where we have taken, your this thing we always keep noting it down. And as and when things are going to happen we will get back to you also as well as certain issues which have been factored to us or flagged to us, we will see to it that they are taken care of. Thank you very much. Have a good day and a healthy future, all of you. And as I realized that this is a Dipawali week, so Happy Dipawali to all of you, and hopefully that next Dipawali this COVID is not there and we can be personally present in Bombay to meet you all. Thank you.

Moderator: Sorry to interrupt you, we have one question in the queue.

Management: Yes, please go ahead.

Moderator: From the line of Rajendra Shah from Rajendra J Shah and Associates. Please go ahead.

Rajendr Shah: Sir, regarding our trading margin, sir it was in September 2019 3.56, June it was 4.13 and now it is 4.66. So what is the reason of this much increase?

Management: See, as I have stated that there are short-term fluctuations which keep happening, so that is something I have always maintained that overall margin, because rebate and surcharge, they are also part of operations, so we have been able to maintain that 7 paisa or 6.8 paisa, 7 paisa keeps fluctuating between that, that we are able to maintain. So we will continue to maintain that, that's what I can say. And short-term margins are going to be fluctuating, so lesser they become part of our this thing, obviously more certain about the margins we can be. And internal fluctuation which we see, sometime it will become 4.65, sometime it will be 3.5, sometimes 3.3, so short-term margins keep fluctuating. We had certain transactions where we had to supply from alternative supply, etc., which may have given us a larger margin for a short-term period. That's all.

Moderator: Thank you. Sir, we have one more question in the queue from line of Vikas Kumar from Creative ideas. Please go ahead. The current participant has left the question queue. There are not any questions in the queue.

Management: Thank you very much and Happy Dipawali to you all. Bye, bye. Take care.

Moderator: Thank you. Ladies and gentlemen, on behalf of PTC India Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.