



“PTC India Limited's Q4 FY'22 Earnings Conference Call”

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**MANAGEMENT: DR. RAJIB KUMAR MISHRA – CHAIRMAN & MANAGING DIRECTOR & DIRECTOR, MARKETING & BUSINESS DEVELOPMENT
SHRI HARISH SARAN – EXECUTIVE DIRECTOR (COMMERCIAL & OPERATIONS)
MR. PANKAJ GOEL – CHIEF FINANCIAL OFFICER
MR. RAJESH CHERAYIL – CHIEF STRATEGY OFFICER
MR. ANAND KUMAR – INVESTOR RELATIONS TEAM
MR. MUKESH AHUJA – VICE PRESIDENT (FINANCE)
MR. SUSHANT CHATURVEDI – HEAD (INVESTOR RELATIONS, PUBLIC OUTREACH & CORPORATE COMMUNICATIONS)**

Moderator: Ladies and gentlemen, good day and welcome to the PTC India Limited Q4 FY'22 Earnings Meet. At this moment, all participants are in listen-only mode. Later, we will conduct a question-and-answer session. At that time, you may click on the raise hand icon to ask a live question or you may submit your text question. Please note that this conference is being recorded. I now hand the conference over to Sushant Chaturvedi from PTC India. Thank you. And over to you, sir.

Sushant Chaturvedi: Thank you, Aman. Good afternoon, ladies and gentlemen. My name is Sushant Chaturvedi and I head Investor Relations, Public Outreach and Corporate Communications for PTC India Limited. We thank you for the participation on this call. We trust you and your loved ones are safe and in good health. Our good wishes to all of you.

Last couple of years have been unusually challenging for everyone. Our company has been making every effort to keep operations up and running and following the required safety guidelines. We compliment and thank all our associates and stakeholders for their efforts, support and optimism. Going forward, I would like to welcome you all for the earnings conference call for the fourth quarter and the annual FY'22 of PTC India Limited.

To discuss “Business Performance and future Outlook,” we have from the management side, our Chairman and Managing Director Dr. Rajib Kumar Mishra who's also handling the charge of Director, Marketing, and BD; Shri Harish Saran Ji, ED, Commercial and Operations; Pankaj Goel, our CFO joining us from London; Rajesh Cherayil, our Chief Strategy Officer; Anand Kumar, part of the IR team, and Mukesh, the VP, Finance. I hand over the proceedings now to the chairman, Dr. Rajib Mishra.

Dr. Rajib K. Mishra: Thank you, Sushant and welcome to our investors meet. This we are doing it on a virtual meet, and we would love to do it physically as soon as possible, but this time, we have continued what we were doing for the last almost two and a half years.

Financial year 2021-22 became a bellwether year for PTC in terms of traded volume as we traded record 87.5 billion units of electricity and we have surpassed this our previous 80 billion units traded in the previous financial year. And we have maintained a market share of around 52% this year. And despite the non-availability of income of around Rs.74 crores from one-off transactions from Bangladesh, our total operating margin at around Rs.704 crores is more than what we have done in the previous year. Our consultancy income has increased by almost 35% and we have reached a number of around Rs.39.75 crores and we have already completed the acquisition process of the IL&FS Energy Advisory business and that will be added from this financial year onwards.

Despite the headwinds and the lack of exceptional income and COVID-induced behavior, which was effected twice in the same year, one in the wave two and the other in the COVID wave three, where the demand has gone down by almost 18% to 20% in the country, we have shown increased volume of more than 9% in this year, and we have shown the resilience of business

model this year as well and we have come out with the new schemes and some of the innovative products, which we will discuss during the conversation.

Before I take it further, I would request now CFO of the company, Mr. Pankaj Goel to give you a brief presentation on the performance of the company and some of the numbers which he would like to share with you for the performance during the year. Mr. Pankaj Goel.

Pankaj Goel:

Yes. Thank you CMD sir, and good evening to everybody. As you are aware that the presentation has already been uploaded on the website, but, again briefly I will go through the financial number. First, I will go through the quarter-ended March '22. The volume has increased by 6% to 17.3 billion units from 16.3 billion units. The total operational income has increased by 38% to Rs.279 crores from Rs.202 crores. Profit before tax has also increased by 99% to Rs.211 crores from Rs.106 crores. The profit after tax has also increased by 146% to Rs.156 crores from Rs.63 crores. In line with the same, the total other comprehensive income has also increased by 160% to Rs.166 crores from Rs.64 crores. The earning per share for this quarter stood at 5.27 in comparison to 2.14 during the last quarter.

Now, I will go to the performance for the year as a whole for March '22 The volume has increased by 9% to 87.5 billion units from 80.3 billion units. The total operational income has increased by 2% to Rs.744 crores from Rs.728 crores. The profit before tax has increased by 1% to Rs.571 crores from Rs.566 crores. Profit after tax has increased by 4% to Rs.425 crores from Rs.410 crores. The total other comprehensive income has increased by 6% to Rs.435 crores from Rs.411 crores. The earning per share for the year stood at Rs.14.35 comparison to Rs.13.86.

Thank you. Now, I will request our ED (Commercial and Operations) – Mr. Harish Saran to give his remarks also.

Harish Saran:

Good afternoon to everybody. I will tell something about the working capital cycle and segment wise operating margin which we have heard during the year. As far as working capital cycle goes, average sales per day increased by 28% to INR92.80 crores. Average collection period has gone down to 72.62 days corresponding to 80.8 days in the year '21. Average payment days have reduced to 46.24 days in comparison to 50.05 days in the financial year '21. Net rebate income has increased by 12%. Working capital cycle has reduced to 26.38 days as compared to 35.55 days in the year '21.

As far as segment wise operating margin goes, so, the transaction margin without the exceptional transaction on a volume weighted basis has dropped by 14% to 2.82 paise per unit as compared to 3.28 paise per unit in the last financial year. Transaction margin including the exceptional transactions has dropped by 33% compared to 4.19 paise per unit for the year '21.

Short term volumes have increased almost by 59% of the overall annual traded volume. Despite the increase in transaction margin in short term segment from 0.68 paise per unit to 0.80 paise per unit this year, they are undue influenced in the overall portfolio mix brings the total portfolio

margins down. Medium term trade volumes, they have brought by 6% and the transaction margin in this segment, that has been dipped by 11%, decreasing the overall operating margin in this segment by almost 16%.

As far as the long term margins are concerned, they remain stable. However, the volume has been dipped by 11%, decreasing the overall trading margin by 11%.

The short term transactions for the fourth quarter that has been dipped by 42% and the per unit transaction margin has been dipped by 38%. Cross border traded volumes in the fourth quarter that have been dipped by 50% in this quarter.

Dr. Rajib K. Mishra:

So, altogether what we mean to say is this year when there was a crisis of coal and there was uncertainty in the supply, in spite of all these factors, the PTC has maintained a volume of 87.5 billion units and we expect that the long term will start getting supply and the cross border also will increase from this year because the Bangladesh supply is restored now, and the full supply is being done.

So, these are some of the highlights which we wanted to share. And at this point of time, this is what we have to share with all the investors and analysts. Now, we can open for any question-and-answer.

Moderator:

We will now begin the question-and-answer session. The first question from the line of Mohit Kumar from DAM Capital.

Mohit Kumar:

First question is around the profitability for the quarter. I think, of course the numbers are pretty high, but the numbers have been driven by the large amount of rebate and surcharge income in the quarter. So, in the given uncertain environment, this creates slightly let's say, perception, which is these numbers are not sustainable and this can create some issues in terms of receivables or going forward given that discoms are still not in the pink of the health, so, how do you see the FY'23 numbers, how do you think this will pan out? And secondly, if you can comment on the volume for Q1. Given that there is a lot of volatility in the entire system, how has the volume panned out for Q1?

Dr. Rajib K. Mishra:

Mohit, you have asked a pertinent question. As I just mentioned the year which has completed on 31st March, we have seen two corona waves during this time, and during that time, we have seen a lot of lockdowns and demand slowdown during this period. And with the uncertainty in demand, the short term volume has taken larger share in the portfolio. And that is being reflected in our portfolio as well. The second aspect which you wanted to cover is the rebate and surcharge income. That is an integral we have explained you earlier. That is an integral part of our agreement with all the utilities and we have always seen that as a part of our trading business income as well. So, keeping that in mind and knowing very well that we are dealing with the customers we are currently having, that the utility customers and the generators, we know that what kind of rebate and surcharge we are going to earn. So we find it as a certain kind of income

rather than some where we are seeing any aberrations in any part of this. So I've answered both the questions. And the third part you're asking about the Q1. I think you need to wait when we are meeting again for the Q1 results, and I'll be in a position to answer your question at that point of time, but let me tell you that these last two months, there was a shortage of coal, there was some power crisis and all these stakeholders have got some kind of impact from these situations, but we will be in a position to give you a better picture once we are meeting after the Q1 results.

Mohit Kumar: My second question is on the power exchanges. We are about to launch the exchange. I understand that we are maybe 10, 15 days away from launching the exchange. What is the vision for the next five to 10 years, where to see the exchange and what kind of shareholding we would like to have because of launch, I think, what kind of shareholding would like to hold for the next few years, do we still maintain that we're going to hold 26% or really dropping down to 5% and will become a trading member of our exchange?

Dr. Rajib K. Mishra: Mohit, I can answer your first question very easily because we have already launched and we have kick started the functioning of the HPX today. So, that is the news, which I would like to share with all the investors and analysts that the HPX has started functioning from 6th of July, and the first trading was done at 3 o'clock today, and the inauguration of the exchange was done today at 11 a.m. in the morning. So, it has started working. And with three products they have started, and they will be launching slowly all the products available currently in the two exchanges. But other than that, they have in pipeline some of the new products also which they would like to introduce in due course of time. And exchanges in the country will have a substantial market share, because that brings a lot of short term volume, which is very close to the dispatch and we expect that the role of exchanges in the country will increase year-on-year. As far as the shareholding pattern of the exchange is concerned, I can tell you the current shareholding pattern, I cannot tell anything about what will happen in future and whether we will be a member or not. Right now we are the one of the largest promoter of the exchange and with our sincere effort, this exchange today has gone live. So, there the status is, and maybe futuristic questions as and when it comes, we will keep sharing with you and the investors.

Mohit Kumar: If I may ask, what kind of products you think the new exchange will introduce or let's say how will you differentiate with the other exchanges?

Dr. Rajib K. Mishra: As I said that currently all the products which are currently available in the exchanges they are trying to do, but you know that in the recent regulations, many of the other products have been allowed. And there is a lot of scope of innovation in those products which has recently been allowed for a longer duration contract, which each exchange has to come out with their own products and I am a very strong believer that the kind of team we have in the HPX, they will come out with very innovative and good products, which will have a niche market of its own.

Mohit Kumar: Last question on consulting. How do you see the consulting income growing in the next four to five years and which are the capabilities we are trying to build and which are the capabilities you believe that will give you better revenue numbers going forward?

Dr. Rajib K. Mishra: I will go for a shorter term first. As I informed that the innovation agreement of all the contracts for the IL&FS has already been completed and this is in the final leg of acquisition. So we will start this business together and that will be the first in our kitty for expanding this business. Of course, organically we are growing each year to the extent of 30%, 35%, this year also we have grown by 35%, but other than that, the first acquisition is almost complete, and that will be part of our consulting business. More important is, this year we are trying to look into the other niche areas both engineering and non-engineering and management areas where we can do consulting, including the power portfolio management that we will keep unfolding and we are collaborating with some of the leading players internationally to expand our business in this area. Four years, five years down the line as and when we will plan, Mohit, I'll come back to you, and with other investors to share our vision on them.

Moderator: The next question is from the line of Ankush Agrawal from Surge Capital. Please go ahead.

Ankush Agrawal: My question again was on the HPX. So I just wanted to understand in the long term, how does this fit in the overall strategy and vision of PTC because at the moment, since we hold 26%, we can't become a trading member, and that would mean that we cannot directly drive volumes to that exchange. And if we reduce our ownership to 5%, and then we can drive volumes, it won't benefit from us, because 5% isn't material stay. At the same time, as you also mentioned that over time the relevance of exchanges is going to increase in India. So, given with that, how do you see PTC fitting in that whole scheme of things, when power exchanges are gaining traction, so, how does a trading licensee like PTC would fit into that?

Dr. Rajib K. Mishra: I answered just a couple of minutes that we can discuss about something where we are today, and we are the first and the largest promoter of that exchange. And the volume is not going to come only from the existing market, but from a lot of new products, which they're going to launch and we have to see how things will pan out from here and then we can take a call on that. But as far as the shareholding pattern of the company is concerned, we are where we are.

Ankush Agrawal: And in the scheme of the exchanges increasingly becoming more important then how do you see your trading license for PTC fitting into the overall scheme of things in the longer term?

Dr. Rajib K. Mishra: Let me clarify, PTC in the core business of trading, we have demonstrated in the past also, that OTC market will remain a very strong market. And we have a strong belief that the bilateral market has to play hand-in-hand with the exchange traded products. So it's not that one will be important and the second will be unimportant, I never said that. I only said that they are also gaining importance and the bilateral market is equally important for the country.

Moderator: We have a next question from the line of Dinesh Kotavdat as a retail investor. Please go ahead.

Dinesh Kotavdat: I have got three questions. I want to understand any target state for SJVN and deal with that we were going for our PTC Energy. Second question is, is there any target date by our committee for this forensic audit, is that we are doing in for PTC Financial. And the third thing is this

exchange what we are doing is, is there any plans to go for other commodities like gold, crypto, or oil or even shares, is any target or is there any plans for it?

Dr. Rajib K. Mishra: Thank you, Dinesh. But all the questions what you asked are related to our associates or a subsidiary company. We should be happy to answer the questions related to PTC first. First question what you asked related to again PFS. I think they will be in a better position to give answers when they will be completing the activities. As far as the HPX going into the other commodity exchanges, I understand HPX will be in a better position to answer it. But if you ask me, I understand they have just started the electricity trade and platform. So, we have to stick to that for the time being. So these are the two things which I can make out for you. And any other questions, Dinesh, which you wanted to understand?

Dinesh Kotavdat: Yes, one, I think you skipped the SJVN and the deal that we are going to do.

Dr. Rajib K. Mishra: SJVN, there is one major development in that, that Andhra Pradesh high court has given a favorable order for 188 MW. Now the things are much favorable to the PTC as far as this asset is concerned. So, we are keeping very open view on this, whether the deal what we did at that point of time when there was a dispute going on or should we try to find out something where we can get a better deal. So, both the options we are keeping open at this point of time and we will share with the investors as and when we get the clear picture on this, because the things have drastically changed with the new order coming from AP high court.

Dinesh Kotavdat: So, that means, can we safely assume that we are going to renegotiate the deal?

Dr. Rajib K. Mishra: I'll not be in a position to discuss anything which is contractual terms in the deal. But at the same time, we would like to do the best for the company. And whatever best way we can handle it, we will try to do.

Moderator: In the meanwhile, the question assembles, we have a few text questions lined up. So we have a first text question from the line of Siddharth Shah from Vikram Advisory Services. The question is the dividend policy suggest a minimum of 50% payout of PAT. So, is this PAT considered as a standalone or consolidated? Second question, what was the logic behind considering second interim dividend and then deferring the same? Question #3, when can we expect the consolidated result to come out?

Dr. Rajib K. Mishra: Yes, Pankaj ji, if you would like to answer on the policy and then I can supplement you.

Pankaj Goel: Yes, as far as the dividend policy is concerned, as per the policy this is 50% of the PAT on standalone basis.

Dr. Rajib K. Mishra: The second question was related to why we have decided it to do it later. Interim, we are not interested to give, but in any case, the investors are going to get reward of their dividend only

after the AGM and hopefully we will be clearing it before the AGM so that you will be rewarded with the dividend when it comes as per the dividend policy.

Moderator: We have the next text question from the line of Vikas Gupta, as an individual investor. Please provide the breakup of the top four, five debtors entity along with the aging three, six, 12 months past due? What is the status with respect to selling stake in PFS and any additional capital will be required to be infused in the PFS or power exchange in the near future?

Dr. Rajib K. Mishra: Last question I will answer first and then I'll hand it over to executive director, commercial to answer the debtors. As far as any investment in PFS, we have always maintained that we are not going to invest in any of the two subsidiary companies at this point of time nor we have any plans to do it in future. In the HPX, currently, the requirement is all met and the regulator has given them all clearances to go ahead with their go-live. So at this point of time, no plans, but if there is a requirement in the capital, we will let you know that if it comes, then we will share it with the investors. For the prominent debtors in the company, I will request Mr. Harish Saran ji to give you the break up.

Harish Saran: As far as net debtor days overdues goes, in March '22 it was 55 days in comparison to March '21 when it was 54 days. More or less it is same.

Pankaj Goel: The total debtors for the year at March '22 is Rs.6,739 crores. Out of this, the top debtors, J&K is around Rs.1,567 crores and the next one is UP which is Rs.551 crores, Bihar Rs.556 crores and then there is TNEB which is Rs.637 crores and then there is Telangana, which is Rs.479 crores. But as I tell these figures looks to be on a higher side, because the question was put on that sense that I'm telling the figures on a gross basis, but you also know that every time we say that our working capital or efficiency of the working capital has to be seen on a net-to-net basis that how much we have to creditors on a back-to-back basis. So, if we go by the same analogy, our total working capital for this at March '22 was Rs.2,448 crores, out of it, as far as the aging is concerned on a exposure basis, more than six months exposure is around only Rs.515 crores and out of which some payments or we have done the bill discounting and all that. This figure I am telling on 30th April, which we have received or we have done a bill discounting. So, if we take out that, we just left with open exposure of around Rs.202 crores. So, this is very, very nominal as far as our total turnover of around Rs.33,000 crores for the year is concerned, and out of these Rs.200 crores, only Rs.48 crores more than six months is towards Bihar, 55 crores is towards Jharkhand and Rs.98 crores is towards the J&K.

Moderator: We have a next text question from the line of Rohit Natarajan from Antique. The question is, what are the plans ahead for increasing long term volumes? We have heard plans in the past like signing PPA with RE Genco. What is the situation over there?

Dr. Rajib K. Mishra: Yes, we have plans, what we have shared with the investors in the last investor meet and I'll continue what we mentioned there and then we'll like to answer specifically about one specific opportunity. We have already entered in the pilot-2 case we have already done 820 MW of PPAs

with various generators and with the TANGEDCO 1500 MW scheme, we have entered for 627 MW of LoI placed to different generators. So, these are the two things which we would like to share. In the recent past we have done it. More important is the government is coming out with 8000 MW scheme for the long term PPA or medium term PPA for the stressed asset, and in the past, PTC being the largest player, we have already played a major role in getting these PPAs done and we will continue to do in this 8000 MW scheme also. Other than this, we are also seriously considering to enter into the PPAs with the renewable players. And that scheme is that the last leg of discussions with the stakeholders including regulators and also the policymakers, because there is a minor change in what we have done in the past and what we are going to do in the future. So once that is clear, we will go ahead with this scheme as well. So, all the schemes what we have discussed with the investors in the last investor meet, we are going ahead with it and we are going to get results out of these schemes.

Moderator: The next question is from the line of Jayendra Kumar as an individual investor. May I know the business impact on PTC as power trading business is getting shifted from PTC to HPX? Second, may I know the status of PTC Energy sale to SJVN?

Dr. Rajib K. Mishra: The first part I have already answered that PTC is doing most of it on a bilateral basis and some of the exchanges are also being done. And we are continuing with those business and we have shown robust growth in the bilateral business in the past, and we will continue doing it in future. And the OTC market globally also has a significant market and we are not underplaying those markets. So, that's the answer for question #1. And the second part of your question, I have already answered, so, I will not repeat it for repetition.

Moderator: We move to the next text question that is from the line of Rajesh Shah as an individual shareholder. When is the board meeting expected for recommendation of final dividend for the year 2021-22 keeping in mind the dividend policy of the company to distribute 50% of the profit?

Dr. Rajib K. Mishra: We are well aware of the fact of our dividend policy and you have seen the numbers also. So certainly we will go back to the board as early as possible and declare the dividend. But to tell you the date, we have not finalized it and as soon as it will finalize, it will be intimated to the stock exchanges and through stock exchanges you will come to know when the dates will be, but we are equally eager to share the numbers as early as possible.

Moderator: We now move to a voice question which is from the line of Mohit Kumar from DAM Capital. Please go ahead, Mohit.

Mohit Kumar: So my first question is, are there any emerging cross border trading opportunity given the couple of power plants from SJVN in Bhutan we may set up in the near future?

Dr. Rajib K. Mishra: Yes, Mohit, you're right. I mean, there are opportunities and cross border is our main business and you may be aware that in the entire cross border area, we are having more than 55% of the volume done through PTC. And we are keeping a close watch on all the developments, all the

new regulations in the neighboring countries and also the opportunities coming out of the new generation coming up in these areas. And as soon as something which we can share with you, certainly we will share. Let us reiterate that cross border we are very active and we are looking at all the opportunities and trying to make it as a business case.

Mohit Kumar: Secondly, has the AP discom started paying for PTC Energy or have they gone into appeal at the Supreme Court?

Dr. Rajib K. Mishra: The routine appeals they have done and in the appeal itself, they have admitted so many things that they are not going against the order, but at the same time they have gone for a plea, saying that they don't have the sufficient fund to liquidate the outstanding. So, these are some of the things which is not only related to AP, but once the AP order is there, and they're admitting that they are ready to pay unless they have the money. So they are trying to approach the PFC, REC and other lenders to get that money so that they can make the payment to all the renewable generators.

Mohit Kumar: Lastly, doesn't it make sense to have our own OTC platform?

Dr. Rajib K. Mishra: You have asked the question, Mohit, where OTC platform as per the PMR '21 is an opportunity but I would not say because there are a lot of things involved in it and we have given our comments to the regulator and we are continuously having a dialogue with them, what is the benefit and how it is going to take shape although the standard operating procedure has been issued. But let me tell you that at this point of time, I would not like to share anything, what is going on and how it all will pan out. But PTC will be the largest trader, we are keeping a close watch on all the regulatory changes, which we see.

Moderator: We have the next question from the line of Akash M from CAN. Please go ahead.

Akash M: Couple of questions regarding the working capital mix. So, with the establishment of HPX, do you see an improvement in the receivables that you have right now? I understand from Pankaj ji that net receivables are not so significant, they keep on churning after every six months or they get repaid. But this is a working capital-intensive business for you, right. So with HPX, does the working capital come down?

Pankaj Goel: As far as the HPX is concerned, actually at this moment the most of the utilities is trading through PTC on the exchange platform. And except the one utility, I will say, J&K, every utility is paying on time, as per the agreement; they are allowed the seven days credit, so they are paying on seven days credit. I don't know about the HPX. If they deal directly with HPX, so, I don't think that they will be able to get the credit. So, as I understand, if they have to avail the credit and all that, they will remain with PTC and there are cases, one up and one down maybe some of the utilities are paying on time and maybe some of the utilities are not but they are paying the due date and till date I will assure you whatever we did receivables, there is a zero bad debt basically, not even a single penny has been lost out. So, as far as your main question is concerned, whether

the working capital will be down, so, I don't see any possibility, but as I have explained net working capital cycle is within 25 to 30 days, so it will remain so.

Dr. Rajib K. Mishra: It will continue to grow with the sales of PTC, right. So, the working capital doesn't change?

Pankaj Goel: Yes, it will be in the range of 25 to 30 days, but naturally when the volume increases. I will tell you that if the volume increases on advance side, because there most customers except the utilities, which is trading on advance basis. So, they have the option either to go to HPX or traded through PTC. So, if the volume let's say assume on the exchange side and customer is paying in advance, it is not possible that it should be in direct proportion, let's say it will increase by 30 days that way, because you have seen for the comparison between March '21 and '22 because the volume has increased on exchange, so our net working capital cycle has gone down from 30 days to 26 days. That is only because most of the volume has been traded on exchange. So our working capital cycle may come down also but as I'm saying that it is expected that it will remain within a period of 26 days to 30 days.

Akash M: For the receivables that you extend to these utilities like J&K, PTC and others, so what's the typical yield on the working capital that you charge them on the receivables?

Pankaj Goel: As per the agreement, whatever trading margin has been stipulated that we continue to charge plus if there is any payment delay from their side, let's say if they pay after the due date, so whatever the surcharge, it is 12% or 15%, whatever surcharge is defined that we continue to receive that surcharge.

Moderator: We have our next question from the line of Anshuman Ashit from ICICI Securities. Please go ahead.

Anshuman Ashit: Sir, continuing on the receivables front, so as you have mentioned that from J&K we have the highest receivable. It's all not only us, NHPC also has high receivables. So is there any discussion going on, on the ministerial front or with the LG regarding the liquidation of these receivables?

Dr. Rajib K. Mishra: Anshuman, you know that now J&K is not a state, it is a union territory and it falls under the purview of Ministry of Home Affairs, the LG is there. So, we are in touch with all the authorities, both probably LG and with the union territory level at the MHA level also we had a dialogue. So, at this point of time, I can only share with you that the efforts are on and hopefully with the intervention of all the officials, we are going to get our arrears as early as possible.

Anshuman Ashit: Sir, the next question on HPX. So, you mentioned that you've launched three products there. Will it be possible for you to let us know which are these three products?

Dr. Rajib K. Mishra: Whatever I have gathered from them, they have gone for the turbine market, GTAM market and one more product. So, they are ready with all the other products also, but they would like to launch it in phases so that the launching of each product should be smooth and without any

hassles. REC, renewable energy certificate is the third product. So, these are the three products which they have launched today, and they will be launching maybe each fortnight or in a month rest of the products, the entire set of the existing products they will launch first and they are trying to come out with the innovative products.

Anshuman Ashit: Is there any internal market share target which you have for HPX, if you can throw some light on it?

Dr. Rajib K. Mishra: Again, I would not like to answer any question on behalf of the company. We have to keep an arm's length. And of course, when the new exchange has come, they have targets, they have strategies, they have plans to acquire larger market share, but at this point of time, it would be preferable that let them explain their strategy rather than me on behalf of the company giving you any of the guidance. So, keep waiting and maybe at one point of time, we may ask the top leadership team to be part of these discussions so that they can share with you what their plans are.

Anshuman Ashit: Sir, in the press release, so you've mentioned that the company is looking for opportunities in battery storage and green hydrogen. So could you throw some light on what we are planning to do on that front?

Dr. Rajib K. Mishra: If you see the ministry of power policy on green hydrogen, there is a scope for aggregators and the large traders to do the trading not in terms of only electricity but other products also. So as far as the policy is concerned, there is a good opportunity, where PTC being the largest trader in the country can play the role of aggregator both in terms of aggregation of demand and aggregation of supply. So, keeping that in mind, we have created the core team in PTC, who are trying to see it internally first, and then we have tied up with one of the international players, Greenstat of Norway, and we have entered into MOU with them and we are trying to see how best we can play and leverage our strength of being the largest player and play our role in this segment. As far as the other technology is concerned, we are also looking at all the other opportunities because trading slowly is moving towards not only something which is done bilaterally on physical mode only, but there will be a lot of technology in-bound, and with the nearer to the dispatch market, it will be all the more important to use technology so that the benefits of the market can be passed on both to the buyer and the seller. So keeping that in mind, we have kept it high on our agenda, that we will not only try to strengthen our core business, but also try to incorporate a lot of technology issues, which we feel will be the next generation growth.

Anshuman Ashit: Sir, are you having discussion with some domestic players as well on this front in terms of green hydrogen and battery storage?

Dr. Rajib K. Mishra: What I would say that domestic players are important here but as far as the business is concerned, of course, we had to do it with the domestic players. But the technology you have more on

international players. So we have a very close watch on who can contribute the most if we had to play a role in this

Anshuman Ashit: Finally, any guidance which you would like to give on FY'23 in terms of volume, mix and margins?

Dr. Rajib K. Mishra: At this point of time, let me just tell you that we are doing business, the way we have conducted ourselves in the last three years, and we have to keep in mind the changing scenario each day, whether the market is something which is not stable, you have seen it in the last few months, when there was a coal crisis where the demand has suddenly gone up just after the COVID, and we're finding it difficult to supply and a lot of issues related to meeting the demand of the discoms. So, we had to keep a close watch each day. And giving guidance at this point of time will not be proper on my side. One assurance, I can give you that in the past, we have customized ourselves to the requirements of the market. And every day in the morning, we try to see how things should be and how it needs to be done so that we are nearer to the customer, understand their needs and also the sellers who are basically the prime mover of the power market. So keeping ourselves connected both to the seller and buyer and understanding the need is what we can do the best and that's what the purpose is.

Anshuman Ashit: But one thing which I gathered from the remarks that you made earlier is that the cross border and long term volume should definitely increase this year. Is that -?

Dr. Rajib K. Mishra: Yes, one thing is for sure that because of COVID, the uncertainty was there in demand and the long term contracts were not getting supplied or implemented in the previous year, because of so many reasons. This year, we are trying our best so that we can increase the offtake from these PPAs. But again, there are some limitations as I told that because of the coal supply and all, again this long-term PPAs may get affected. So at this point of time, I can only say that we are keeping a very close watch on the fuel supply, the demand, the increase and the market prices, because the market prices also have seen some aberrations in recent past. We have to keep a close watch on everything and then we are doing our business.

Moderator: We have the next question from the line of Sunny Khurana as an additional investor. Please go ahead.

Sunny Khurana: Sir, I have two specific questions. One, I wanted to know from you that the 50% payout policy that you have right now of the earnings, do you expect to increase over time as our fundamental trading business does not need as much capital really, right, so what are the thoughts around that?

Dr. Rajib K. Mishra: I think if you go through our dividend declaration policy, it says minimum 50 and again there is a clear words written that there is a minimum 50, I did not reconsider it, I think it's a board approved policy. And in so many words, it speaks about our understanding that we try to keep

it minimum 50. But beyond that, the board can always take a call and the AGM can approve that.

Sunny Khurana: Second question is that does the management look at the company's share price because that obviously is a key you reward for the investors basically? And if so, what are the steps you as management are thinking of taking, for lack of a better word, the company be valued more fairly, right. And I think maybe just a question to that, sir, I notice that there are no further ESOPs that have been granted of late. Is there a plan that's been put forward for some kind of ESOPs to the management so that there is even further tighter alignment between shareholders and management on the company's way forward?

Dr. Rajib K. Mishra: We don't have such policy at this point of time. And as far as the market movement or the SENSEX movement is concerned or the price movement of the share is concerned, it is always a demand/supply requirement and we all can say that we like to ensure and do a good business, and we expect that the market will take us seriously when we do a good business and that's the....

Moderator: We have a few more text questions lined up. So we'll take the next text question that is from the line of Rupesh Sankhe from Elara. One, in our long term PPA portfolio, what MW size is expiring in the next five to 10 years? Two, can we expect our share in IEX volume which currently 25-26% to get diverted in our exchange platform?

Dr. Rajib K. Mishra: As far as the long term PPAs are concerned, that is for 25 years, so nothing is going to expire in near future. That's what I can say because there's a long term, as the word says, it's for a long duration contract and it's not going to expire. As far as shifting IEX volume to any other exchange, we have always maintained that we would like to do our core trading business on its merit. And the best exchange which can do good service to our clients will be always given a preference.

Moderator: The next text question from Vikas Gupta as an additional investor. Any plans to sell the stake in PFS?

Dr. Rajib K. Mishra: Last time we have taken a board decision that it will be kept on hold for some time because of the uncertainty in the market. And at this point of time, we still feel that this is not the right time to go to the market to sell it. But as and when it comes, certainly we are open, because that's an ongoing business for us that we have shared with the investors earlier. So as and when we feel that we would like to divest, we'll share it with the investors and the analysts.

Moderator: The last question that is from the line of Sachin A as an additional investor. Ministry of Power announced a scheme recently on freeze of late payment surcharge to support discoms. How will it impact this PTC?

Dr. Rajib K. Mishra: As far as the late payment surcharge policy of the government of India, we need some more clarification on that. That is more for generated discom supply. And as far as our bilateral

contracts are there, it's a contract between two parties on a bilateral basis. So we need to understand it better before I could give a clear answer to this. At this point of time, we generally believe that the PPA, PSAs need to be honored for any of the clauses applicable in the PPA, PSAs.

Moderator: Ladies and gentlemen, that would be our last question for today. I now hand the conference back to Mr. Sushant Chaturvedi for closing comments. Thank you. And over to you, sir.

Sushant Chaturvedi: Thank you very much everyone for participating in this Q4 Earnings Conference Call. Thank you for engaging with us. Hope we were able to answer most of your questions to the best of your satisfaction. In case, some questions are left unanswered, you may kindly get in touch with us directly or write to us, and we'll try our best to answer them to the best of our ability. We look forward to engaging further with you and look forward to physically meeting with most of you in Mumbai very soon. Thank you.

Dr. Rajib K. Mishra: Thank you very much.

Moderator: Ladies and gentlemen, on behalf of PTC India Limited, that concludes today's session. Thank you for your participation. You may now click on the exit meeting to disconnect.