



Ujaas Energy Ltd.

“Ujaas Energy Limited Q1 FY2018 Earnings Conference Call”

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Ujaas Energy Ltd.



Management: Mr. Anurag Mundra, Joint Managing Director, Ujaas Energy

Analyst: Mr. Deepak Agrawala, Sr Vice President, Elara Securities



Moderator: Good day and welcome to the Ujaas Energy Limited Q1 FY2018 Earnings conference call hosted by Elara Securities India Private Limited. As a reminder 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 “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Deepak Agrawala from Elara Securities India Private Limited. Thank you and over to you Sir!

Deepak Agrawala: Thanks Janice. Good morning everyone, on behalf of Elara Securities, we welcome you all for the Q1 FY2018 Conference Call of Ujaas Energy Limited. I take this opportunity to welcome the management of Ujaas Energy represented by Mr. Anurag Mundra, Joint Managing Director and his team. We will begin the call with a brief overview by Mr. Mundra followed by a Q&A session. I will now hand over the call to Mr. Mundra for his opening remarks. The call would approximately last for an hour. Over to you Sir!

Anurag Mundra: Thank you very much and very good morning to everybody. At the outset, we at Ujaas are thankful to Elara and Mr. Deepak Agrawala for hosting this admin call. Well very briefly their might be some people who may be joining us this call for the first time. For the benefit of those, I will just give a very brief introduction about our company and then we can directly go to the Q&A. Well at Ujaas Energy Limited, we started our solar journey back in 2011-2012 by putting up our 2 MW of solar power plant. That was the first solar power plant in India under REC mechanism. While we were putting up our 2 MW, we realized there is a huge business potential in India as far as solar is concerned because solar is completely modular in nature and there would have been many who wants to own a solar power plant. So that time we launched a brand Ujaas, which provided complete one-stop solution to anybody who wants to own a solar power plant.

Presently, we are working in three major segments of solar industry, one is the solution or park segment, second is the EPC segment where we go and construct the solar power plant in the client's site and the third is the rooftop segment. Rooftop segment is further bifurcated in rooftop GCI, rooftop government, commercial, and industrial and rooftop home. The fundamental strength of the solar is distributed generation. It means you can generate the power in a green way at the point of consumption. Now on the solar has that possibility to do that, no other form of renewable as of now can do that, can generate the power at the point of consumption.

Understanding this valuable thing, Government of India is focusing a lot on the rooftop. Government of India has a target of putting up 100 gigawatt of solar power plant by 2022 out of that 40 GW has to come from the rooftop. In the year ended March 2017 as a nation, we had a cumulative capacity of 12.8 GW and it has been expected for the government is planning by March 2018, we will have a cumulative capacity of around 32 GW. The quarter ended in June 2017, we made a sale of Rs.106.87 Crores and we have bottom line of Rs.7.37 Crores. In the first quarter, we did around 16 MW of solar power plant out of which EPC segment has given 9 MW, parking segment has given 4 MW and rooftop segment has given 3 MW. Presently, we have an

order book position of roughly around 40 MW and a bid book position of around 85 MW. Since last one or two calls, we are talking about the SECI order, the SECI rooftop thing we have bid. Bidding for 50 MW. The price bid has been open in the month of June and because it is a complicated price bid comprising of various states and various participants, they are in the evaluation mode. Prima facie, we understand that what the strategy what we had of putting up our bids is going to give some returns on that and we are expecting that orders or allocation to come in next one month. SECI currently does not have MD. The MD of the SECI has retired in the last month and we are expecting a new MD to come up in the next three or four days and from the allocation will get some momentum and we are likely to get some allocation in the next one month or so.

Lately, there are some negative news about renewables industry as a whole where a lot of concern has been expressed by the bankers and all the other stakeholders where the electricity boards are renegotiating the tariff with the solar power producer and all other renewable power producer. Well in some of the states yes it is happening, but as the principle Ujaas had very, very little focus on that PPA segment, only just one or two clients of us are in that PPA segment. Ujaas is not directly exposed to that risk and very few clients of us are being exposed to that risk if it ever happens in the states where they have capacity. Now solar or the electricity as a whole being a regulated market, there are some regulatory mechanism at the state level and at the national level. There are some ups and downs in it, but Ujaas has a strategy from the day 1, has taken a lot of effort to mitigate from this type of risks in the segment. Well that is all from my side and now we are open for questions and answer in the call. Thank you.

Moderator: Thank you. Ladies and gentlemen we will now begin with the question and answer session. We take the first question from the line of Kaustav Bubna from SKS Capital & Research. Please go ahead.

Kaustav Bubna: Hi so just the first question on your P&L, your employee cost has gone up quite a bit from the corresponding quarter a year ago. So is this coming from the rooftop B2C segment and...?

Anurag Mundra: Largely yes...

Kaustav Bubna: Because that has muted our EBITDA. Are we seeing this going ahead because and what is the guarantee we have got no orders as of now from this rooftop B2C, I mean it is a distribution channels so we see no sales from that segment?

Anurag Mundra: No, there are sales from this segment. Even in the last quarter that is Q4 of FY2017, we had seen that the HR cost has increased and even in the call I mentioned, but this is yes because it is like an investment we are putting in the marketing and HR team over there. Now in the especially rooftop home, which is a retail segment, which is directly B2C and it is like an investment you need to invest in your team and marketing channel for sometime and that will give the result. The figure what I have given rooftop 3 MW it includes the figure of the rooftop home also.

Kaustav Bubna: So what is the split between government?



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- Anurag Mundra:** At this moment I do not have a split because in the rooftop home, we do the calculation more on the number of roofs basis rather on kilowatt basis, but I will tell my team to supply you that information.
- Kaustav Bubna:** What is the number of roof spaces I mean...?
- Anurag Mundra:** I do not have right now with me.
- Kaustav Bubna:** But what is your target?
- Anurag Mundra:** So this year we are likely to do almost 3000-5000 roofs.
- Kaustav Bubna:** But does that amount to your 25 MW target because you have given a target of 25 MW for B2C and B2B.
- Anurag Mundra:** Yes that is right.
- Kaustav Bubna:** So does that...because 3000-5000 is quite a big range so what would 3000 be in terms of MW and what would 5000 be in terms of MW?
- Anurag Mundra:** Okay so one roof cannot have an ideal capacity it can move anything between 3 kW to 10 kW.
- Kaustav Bubna:** One roof?
- Anurag Mundra:** Yes that is I am talking specifically of the rooftop retail, not rooftop GCI.
- Kaustav Bubna:** So as of today what is your... so you have recently disclosed that you have got a few orders from the government rooftop segment about 25 how much... 8 MW?
- Anurag Mundra:** Yes, that is from Jharkhand. That comes in rooftop GCI.
- Kaustav Bubna:** So as of today what is your total confirmed order book?
- Anurag Mundra:** We have a confirmed order book position of around 40 MW.
- Kaustav Bubna:** It is your confirmed order book, which you have not executed on and your bid book is?
- Anurag Mundra:** Bid book is around 85 MW.
- Kaustav Bubna:** Is this including this SECI order?
- Anurag Mundra:** You mean SECI bid, SECI order is not going to achieve, its include SECI also.
- Kaustav Bubna:** So this 85 includes the SECI and the SECI is for B2B rooftop?



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- Anurag Mundra:** SECI B2B, it is not appropriate to call at B2B that is why we say it is government GCI.
- Kaustav Bubna:** Is it government rooftop for it so that is high margin.
- Anurag Mundra:** I am not commenting on the margin, but yes it is GCI.
- Kaustav Bubna:** But could you give some guidance on EBITDA front because we have seen an EBITDA decline so could you give some guidance on where?
- Anurag Mundra:** We are always maintaining that, our EPC business give an EBITDA of around 9% to 10% and the rooftop and power business give an EBITDA of somewhere between 15% to 17%.
- Kaustav Bubna:** But this is not including your employee cost right because your employee cost, distribution cost etc., elevated right now because of your so I mean could you give some... so what was your as a percentage of sales what were your..?
- Anurag Mundra:** So if you look at this quarter number as a company as a whole, we have an EBITDA margin of around 14%.
- Kaustav Bubna:** So not including other income. It is about 12.5% right?
- Anurag Mundra:** So if you include other income also it is around 13.6%.
- Kaustav Bubna:** But drastically lower than the quarter last year?
- Anurag Mundra:** Yes but it is improved from quarter to quarter basis from the March basis again mainly because of the employee cost because on the year-to-year comparison, you did not have such an employee cost at that moment, which started happening in the last year.
- Kaustav Bubna:** But the employee cost to sales is still way higher this quarter than the last quarter?
- Anurag Mundra:** Employee cost to the sales may not be a right thing to evaluate because employee cost in a nature is a fixed nature and when you are treating it more like an investment for your promotional activity and rooftop home, it may not be prudent to compare with the sales.
- Moderator:** Thank you. The next question is from the line of Shervin Joy from Individual Investor. Please go ahead.
- Shervin Joy:** Sir my question is whether the antidumping duty against China is going to benefit for Ujaas Energy?
- Anurag Mundra:** No if there is a proposal of antidumping to put on the solar model that had been imported from China and some other countries, no if antidumping duty comes it will not be beneficial to anybody in the country, but at the same time if you look at the ambition this year, we want to do 20 gigawatt of solar power plant as a nation including some very ambitious project like Rewa

Ultra Mega Solar Power Plants and all those things. So government is going to take a very calibrated view on this point because if you look at the cell manufacturing capacity in country, it is around 1000 MW only that is 1 gigawatt, so total potential demand is 20 GW vis-à-vis capacity of 1 GW. As of now, we are importing some quantity from China and we are also procuring modules locally.

- Shervin Joy:** Okay Sir thanks.
- Moderator:** Thank you. We take the next question from the line of Hemish Shah from Individual Investor. Please go ahead.
- Hemish Shah:** Sir you had given a guidance of 150 MW this year, are you confident that you will still be able to do it?
- Anurag Mundra:** If you look at our previous four or five years, the first quarter has to be little low as the things progresses because right now I am confident for that.
- Hemish Shah:** When I see your P&L, it gives some kind of confidence because when employee benefit expenses are going up, there is some kind of confidence whether in the company that some thing is happening.
- Anurag Mundra:** Oh lot of things are happening in the company, yes I am confident about that.
- Hemish Shah:** Okay and about the margins Sir, so the runrate at which point Q1 should we assume that that same runrate will go on to the entire this year around 12% margins?
- Anurag Mundra:** No we have to bifurcate to two business segments, one is the EPC segment and second is Park and rooftops. So in the EPC, the margins will be around 9% to 10% EBITDA level and the rooftop and park it will be somewhere between 15% to 17%.
- Hemish Shah:** Okay and one last question about the enabling resolution that has been passed for raising Rs.500 Crores, so sometime when do you expect to raise some funds?
- Anurag Mundra:** No, nothing concrete on table. In fact this step of resolution is there and every enrol general meeting since last five years.
- Hemish Shah:** Okay and are you looking to increase the stakes after that promoter selling?
- Anurag Mundra:** No as of now there is nothing whether to increase, decrease nothing.
- Hemish Shah:** Nothing so we have any further decrease that is for sure right?
- Anurag Mundra:** Yes there is absolutely nothing concrete on the tablet as of now.



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- Hemish Shah:** Okay are you looking to bring in any marquee investors or some investments in the company from some investors?
- Anurag Mundra:** So I do not know whether it is rightly to call the investor or not but yes I have explained in the last two calls also that in some of the bids like one of the SECI bid, we are likely to have somebody from out of the country who will hold some position either in SPV or in some way, so I am not sure whether to call that as an investor to the Ujaas or not, but yes we will have an association with somebody, most likely we will have.
- Hemish Shah:** Okay. Thank you Sir. Thank you much.
- Moderator:** Thank you. We take the next question from the line of Sudhir Bisht from PWC. Please go ahead.
- Sudhir Bisht:** Hi Sir. Sir I think my question has already been answered I was looking for what is the plan for buyback of the shares?
- Anurag Mundra:** No as of now there is no plan.
- Sudhir Bisht:** Okay and can you comment on will there be any further sell off or that is also something that we are not sure about right now?
- Anurag Mundra:** Any type of sorry I missed your point.
- Sudhir Bisht:** Is there any plan for further selling of the stocks?
- Anurag Mundra:** No I mentioned in the last two calls also that whatever the requirement was there, it has been done in the February itself. As far as capital structure is concerned, there is nothing on the table as of now.
- Sudhir Bisht:** Okay I think that answers my question. Thank you.
- Moderator:** Thank you. We have the next question from the line of Bhaskar Joshi from Louis Drefers. Please go ahead.
- Bhaskar Joshi:** Sir of the 40 MW order book that you have, how much it is likely to get executed in Q2?
- Anurag Mundra:** Is it okay if I come back to you because this is very, very specific question because typically Q2 we can see, Q2 is always a good quarter per se. So if you allow me to come back on this, that will be helpful.
- Bhaskar Joshi:** Sure. Thank you.
- Moderator:** Thank you. The next question is from the line of Ankit Soni from Karvy Stock Broking. Please go ahead.



- Ankit Soni:** Good afternoon Sir. Sir I was just looking on from this SECI orders so what could be the process right now I mean to say you will have to revise the bid, you will have to accept the prices or how it is going to turnout, like how it is going to be?
- Anurag Mundra:** So you have to bid for each state, so there are L1, L2, L3 and L4 and if you are in L1 you get an allocation, if you are L2, L3, L4 or any rankings you are in, you have to go and accept that prices. SECI in the tender document also defined that L1 will get 40%, L2 and L3 will get 30%, however if somebody wishes to reduce its quantity, it will be offered to the person below that. Because it is 15-17 states are there and lot of bids are there, so they are evaluating and being SECI MD was not there, it cannot move very fast in the last month. So we are expecting some allocation in one month's time.
- Ankit Soni:** Okay so you might have got the prices, which state might have given, so how could be the prices and all?
- Anurag Mundra:** Yes this prices are in public domain, yes we have got that, so that is what I mentioned initially that we have bidded strategically on this thing and we are a bit happy on that, we have not bidded very aggressively and it seems that strategy is going to pay some returns.
- Ankit Soni:** Pay some return you mean to say like you will be getting somewhere around 50 MW what we have bid?
- Anurag Mundra:** No I am not commenting on the quantity as of now, 50 MW is the maximum you will get, but I am absolutely not commenting anything on the quantity, the priority what we had to bid in those states or those offerings, which can give us higher margins. So to given an example like Delhi, Delhi is a very crowded market obviously for obvious reasons. So it is a crowded market why to go and bid in Delhi, however, in the case of say any Northeast state where the competition is likely to be low, which is low. There you can make some extra margins. So what is required can every company do that, no you need to have that bandwidth to go and operate over there in Northeast and do that. You need to have some experience to execute project in those types of terrains. That Ujaas has.
- Ankit Soni:** Okay fine they are on that model, like what could be the revenues classification under operation segment can give me that like power generation business what was the revenue and EPC revenue?
- Anurag Mundra:** Just hold on. Though O&M revenue is roughly around Rs.3.3 Crores of roughly around Rs.3 Crores and if you can deduct if from the total sale in that segment you will get the reminder.
- Ankit Soni:** Okay fine and Sir I was just asking like what could be the debt on the balance sheet as of now?
- Anurag Mundra:** So whatever the debt we had on the March 31, 2017 and if you reduce okay... so to answer it... there is definitely no new debt and there are term loan repayments. If you can reduce that level

from the March 17 level, you will get the debt figure, the long-term debt will be somewhere around I believe it will be Rs.74-75 Crores.

Ankit Soni: Rs.74-75 Crores okay and what could be receivables any numbers?

Anurag Mundra: No I do not have that is here right now because this quarter we do not prepare the balance sheet so debt figure, I do not have in front of me.

Ankit Soni: Okay and so also your operating cash flows will be well in line right?

Anurag Mundra: Yes.

Ankit Soni: Okay fine. I will come back in the queue.

Moderator: Thank you. We take the next question from the line of Ashish Bagchi from Individual Investor. Please go ahead.

Ashish Bagchi: Actually could you please throw some more light on the SPV. If you get the rooftop segment orders, then which SPV will come into picture or what could it be, please explain a little bit?

Anurag Mundra: So in this SECI order, you hope to own an asset, now as in Ujaas we believe in asset light model so we have a strategy to form an SPV and that SPV can own an asset. One of the biggest risk in the solar sector for that matter in any renewable sector is the execution risk. One execution risk has been met, this type of projects are very stable and gives a very stable cash flow in times to come. So the idea is to form an SPV where the investor who wants to own an asset which may not be based in the country, but they perceive execution risk as a very big risk. Now if you form an SPV and execution risk has been taken care by Ujaas that partner is willing to own that asset so this strategy will completely in the sync with the objective of both the investors like Ujaas and the investor. This strategy is in sync with that.

Ashish Bagchi: Okay so something likely to be in September? Any timeframe you have for the SPV?

Anurag Mundra: It will start with the SECI order.

Ashish Bagchi: Okay so when it is expected?

Anurag Mundra: Sorry I missed your point what you said?

Ashish Bagchi: When it is expected?

Anurag Mundra: We are expecting SECI order in next one month.

Ashish Bagchi: I see thank you.

Moderator: Thank you. We take the next question from the line of Adarsh Jain from TCS. Please go ahead.



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- Adarsh Jain:** Hi Anurag. Nice to hear you then I have one question, how much you have bid in SECI order and are we being considered as an L1 or L2 or L3 as you mentioned earlier?
- Anurag Mundra:** Okay so the maximum allowed was 50 MW and we bid for 50 MW in some states we are L1 and some states we are L2, and some states we are L3 and some states we are also L4.
- Adarsh Jain:** Okay and how much L4 gets allocation?
- Anurag Mundra:** No if L1, L2, L3 does not want to take the capacity then L4 gets.
- Adarsh Jain:** Okay. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Kaustav Bubna from SKS Capital & Research. Please go ahead.
- Kaustav Bubna:** Sir in the current I mean taking into consideration, your bid book, you have already received orders and what you are already executed, it comes to 141 MWs for this year so that is...?
- Anurag Mundra:** No 85 is the bid book so like...
- Kaustav Bubna:** That is 85 plus 40 plus 16? So what how much more we are looking, where do you see our bid book in the next two to three months?
- Anurag Mundra:** Okay so bid book is like some tenders you win, some tenders you do not win, so it is keep on changing on a very, very regular basis. This year we are targeting 150 MW so that is what we are looking at.
- Kaustav Bubna:** So I mean the bidding will continue at an aggressive pace?
- Anurag Mundra:** Yes bidding will continue at aggressive pace.
- Kaustav Bubna:** Okay and one more thing if your end price is a function of the cost of equipment plus interest if the duty comes in, then your cost of equipment would go up right?
- Anurag Mundra:** Selling price will go up obviously.
- Kaustav Bubna:** So that is my point so your selling price will go up so how does it reflect us because based on that thesis, our margins will remain intact I mean so how will that effect us Ujaas?
- Anurag Mundra:** No probably this question needs to be answered on a much bigger level than the industry level. If antidumping duty or any type of duty comes in suddenly obviously it is going to impact sector in some way. I will give an similar example with GST, now solar equipments have a GST of 5% till last year, there was no excise, no sales tax in most of the states was there, will the 5% GST impact d the solar sector my answer is no because there as an industry we are expecting GST of 5% since last one year so that thing has been observed by the industry and industry was prepared

for that. But if something like antidumping duty comes in suddenly industry may not be prepared for that. So it will impact, but it will....

Kaustav Bubna: I think likelihood of it coming is pretty larger.

Anurag Mundra: Sorry come again I missed that.

Kaustav Bubna: What is the likely out of this antidumping duty coming in?

Anurag Mundra: That is what we explained because government is going to take a very, very cautious view on that. If you look at the Ujaas 150 MW is nothing compared to 20 GW government is expecting this year and the big part is some very, very big tender like Bhadla tender in Rajasthan, Rewa Ultra Mega Solar Power Plant in Madhya Pradesh 750 MW that has already been bid. These are very big projects and if you impose antidumping duty probably the investor of the company which bid for those projects have to relook some of the economics of that. So in this consideration government will have a very, very cautious view. However, the antidumping duty, the procedure has not been started yet so like some of the investigation has started but all the stakeholders are required to give a return submission so deadline of that return submission is also a little far from today and then they will call for a public hearing. Then they will do a study and then the Ministry of Commerce will recommend its report to Ministry of Finance and then Ministry of Finance will call inputs from Ministry of New and Renewable energy and based on that input the Ministry of Finance will decide whether to impose the antidumping or not.

Kaustav Bubna: Okay great and is there any answer to the previous question asked by analyst on how much of the 40 MW can you execute this quarter?

Anurag Mundra: I request you once again that kindly allow me sometime to come back on that because I have to look on the composition of that and what is the progress on those orders.

Moderator: Thank you. The next question is from the line of Ankit Soni from Karvy Stock Broking. Please go ahead.

Ankit Soni: Thank you for letting me back. I was just looking at the threat of negotiation of PPA prices, do we see any project delay due to this, which has been done

Anurag Mundra: Thank you Ankit for asking this question. Well yes this type of things are happening, one or two states has done that. If you go deeper in that probably some of the PPA agreement has a renegotiation clause and some of the utility companies are utilising that. Obviously when this type of things have happened, there will be some delay in project, but as of now Ujaas is concerned, we do not have any substantial stake in that PPA segment. Since the last five years, we are maintaining that. Government especially the utility company are not a great buyer and in the past also you had a some issues of delayed payment in all those things. So we always advised our client that if you want to put up the solar power plant, it is our advice to sell power directly in the market and not to the government that is our advice, however, prerogative lies with our client.

- Ankit Soni:** Sir actually when we see the prices coming down to almost 2.44 per unit, do we see the realizations also coming on because the EPC, the ultimate power producer will be reducing down the cost of EPC and then...?
- Anurag Mundra:** Oh yes obviously because the cost of capable equipment is going down cost of capital or at least the cost of debt capital is going down, debt manifested in price of something like 2.44.
- Ankit Soni:** So what could be the per MW realization as of now?
- Anurag Mundra:** You mean per MW capital cost.
- Ankit Soni:** Yes.
- Anurag Mundra:** So per MW capital cost if you are putting up say in a park side, which is a solution segment is roughly around Rs.4.92 to 5 Crores in MW. If you are putting up plants like Ultra Mega Power projects like Bhadla and Rewa, which is like 250 MW or so the cost may come down to Rs.4 Crores/MW. If you are in rooftop segment, the cost is somewhere between Rs.5.5 to 6 Crores/MW.
- Ankit Soni:** Okay so this Rs. 5.5 to 6 Crores this will be applicable for also your GCI and SECI bid, which has been going on right?
- Anurag Mundra:** Yes.
- Ankit Soni:** And also we will not be looking for bidding Rewa and Bhadla project right?
- Anurag Mundra:** No we have not bid for such a big project till now because again that project that is a very big asset and you have to own that asset, which is not in sync with our philosophy as of now. So as of now, the first step we have taken in the SECI tender, we will be taking this type of steps further on and as the thing progresses for one, one-and-a-half, two years and if we get confidence in that model, then probably it is a very long shot to talk about that, probably we can have a look on that strategy.
- Ankit Soni:** Okay fine and just onto this SECI order for 50 MW which you are looking for rooftop?
- Anurag Mundra:** Yes SECI bid it is not order.
- Ankit Soni:** Sorry SECI bid. So we might have bid something and they will fix the prices right?
- Anurag Mundra:** No it is a bidding process. You have to bid the prices.
- Ankit Soni:** Okay the lower will get?
- Anurag Mundra:** The lower will get that is where the L1 and L2, L3 concept comes in.

- Ankit Soni:** Fine and so what could be the portion I mean to say we are L1 and won a bid suppose 40%, 50% or 50 MW?
- Anurag Mundra:** Sir that information was in public domain not in front of me. It is a complicated matrix to look at. So what the prima facie the study says which gives me level of content that okay yes, the strategy are not going to aggressive will pay off. As a company top line is not important for us but bottom line is.
- Moderator:** Thank you. We take the next question from the line of Amit Goel from Individual Investor. Please go ahead.
- Amit Goel:** Hello Sir how are you?
- Anurag Mundra:** Hi Amit. I am good. Thank you Amit.
- Amit Goel:** Sir I wanted to just ask one question you said is that you are the biggest player in the rooftop segment right?
- Anurag Mundra:** No if you look at cumulative capacity in the survey done last year, we were number 4 in country on the cumulative basis as of now what happened in this financial year 2017, but the survey which conducted in FY2016 we were fourth position in the country.
- Amit Goel:** Sir just I have a very small question, Sir there is a company CleanMax Solar which is as per their website they say that there are also coming into this rooftop segment.
- Anurag Mundra:** They are already their, yes.
- Amit Goel:** And Sir they are saying that they are raising Rs.700 Crores in equity funding from Warburg Pincus. So Sir as a company what should be our strategy to compete with such big names with such big funding like Rs.700 Crores?
- Anurag Mundra:** No they have different business model, we have different business model. So if I can rely on the news items they are raising Rs.75 million from Warburg and there they are going to own the assets and the client will pay for the power they consume. Primarily we are not in that model.
- Amit Goel:** Okay Sir you are basically into commissioning the project and then...?
- Anurag Mundra:** And luckily solar is such as sector and we have achieved overall parity on that sector. It is such a big market that it has place for every type of business model to work in and make some decent money.
- Amit Goel:** Okay thank you and Sir one more thing, Sir so many new players are coming in to this sector. So as a company what the strategy do we have as Ujaas that we will be able to compete with those all those players with big pockets. We have to differentiate somewhere...

Anurag Mundra: Where is the company with the big pockets. We have to do a competition analysis on each segment like in the EPC segment, how I define an EPC segment, who can be a potential competitor, those company who have done more than 150 MW cumulative in the business and you will find hardly 10-12 good companies in there. In my view 10-12 good companies are good competition that is why in that segment the margins are lower. If you talk about solution business that is a park business, there is not apple-to-apple comparison however we face some competition in bits and pieces from companies like Rays and some companies in South Solect Energy, they give some competition in that, but not a lot of companies are there and that is the reason why the margins are higher. If you talk about the rooftop GCI, yes there are a lot of unorganised player and the face of competition changes from each city to another. Competition in Jaipur is different than the competition in Lucknow. Competition in Bhopal is different than the competition in Nasik, okay. So these are largely unorganised player. Now what I am able to do that I am in MW business historically I am able to leverage those strength to the kilowatt business number one and number two, to give an example, like whether if you are putting up 5 kilowatt business or 5 MW project, you require a SCADA. Now it may not be very convenient for an unorganised player to invest some money resources and have that bandwidth to have that type of facility where you have a strategy. If you took at rooftop home whether it is an organised or unorganised, you would not find a very decent player to work on that segment. We have spend a lot of time in process and product development on that side, so especially in the home segment we are moving ahead yes it took some time, but yes we can foresee that it will give a good result in times to come.

Amit Goel: Sir one more thing many private equity players and venture capitalist, they are coming into this segment and there is a flood of money in this sector, so basically if we can take some money on a very high valuation basis for the company Ujaas and then deploy is for creating a nationwide brand for Ujaas which differentiates it and used that money for publicity and all that, then it will be a high visibility company, it will come on a higher valuations, it will ease in growing the company so what do you think about this Sir?

Anurag Mundra: That is the good idea, if we have a concrete proposal on that we can look at it we can take it offline.

Amit Goel: Okay because I have seen Warburg Pincus and so many other big, big players are coming it to the sector so they have huge amount of funding and they can provide so much liquidity to our company Ujaas so just wanted to give an idea to you Sir, it is up to you to process it if you like?

Anurag Mundra: Thank you Amit if anybody has a concrete plan, we can definitely have a look on that.

Amit Goel: Sure thank you so much Sir. Thank you.

Moderator: Thank you. The next question is from the line of Deepak Agrawala from Elara Securities Private Limited. Please go ahead.

Deepak Agrawala: Hello Sir I have few questions first now we are seeing what is happening on the REC market and since you are fairly exposed to all the developments that keep happening on the REC side, good

if you can share your perspective as to how do you see this thing because Q1 was a washout, but balance nine months and next year how do you see this thing going forward?

Anurag Mundra: On the REC front, CERC has given an order, which was in my view what not very correct order so as an our association has when to APTEL, and then to supreme court on that front and supreme court has stayed that order of CERC which is being issued in the March 31, I believe the next hearing on that subject is in the month of September at APTEL, APTEL is a proper authority to decide on the merit and supreme court is going to look on the legal basis. The Supreme Court, the prima facie found that what are the orders has been issued for solar REC, prima facie they are not agreeing in the legal stance of that. That is the reason they have given stay on that. I strongly believe because of good regulatory action what we had seen since last one-and-a-half, two years now even the UDAY figure is also coming up and one of the conditions in the UDAY is that you have to meet your RPO that RPO or REC matrix has to resolve.

Deepak Agrawala: So basically we will see the trading will resume from this month?

Anurag Mundra: No not from this month, the non-solar REC trading has already started last month and this month the solar REC trading will not happen I guess.

Deepak Agrawala: So you have to wait for more time for the solar...?

Anurag Mundra: We have to wait for somemore time yes and I believe this is a very cautious route which industry has taken because it has reached a certain stage where the final decision has to come.

Deepak Agrawala: Okay and secondly there is some top as regards to intercity transmission charges being applicable only for the DISCOMs and not for other set of open access consumers?

Anurag Mundra: Yes interstate charges have been exempted only for those entities who want to buy renewable power for fulfilling their RPOs. Not to DISCOM, but anybody who wants to.

Deepak Agrawala: Solar cost that you set up and where individual SMEs have invested in your park for them the main consumer segment is not utility?

Anurag Mundra: Yes it is a private so. These charges are interstate so as of now we are not able to sell or we are not focus to sell power interstate. So what are the power you are generating we are selling in intrastate.

Deepak Agrawala: And Sir beyond Maharastra and MP where you have been very sucessful, any other states you managed to penetrate with a sizable land bank where you can launch your own solar park in next 12 to 24 months?

Anurag Mundra: Will definitely not in the next 12 months, but yes there are some states on radar if you talk about 24 months which is the southern part of the country.

- Deepak Agrawala:** Okay and Sir the last thing is on rooftop now obviously execution wise you have maintained in the past that you have build a capability that if everything is ready you can do in 24 hours timeframe?
- Anurag Mundra:** From home segment yes.
- Deepak Agrawala:** But going forward like especially from the government PSU buildings and all which are all tender based and airports and so many airports coming up so is not the pressure on the pricing becoming more and more intense even on the rooftop segment for government PSUs like airports and some metros are also planning for their own rooftop solar?
- Anurag Mundra:** Well I would not say it is a pressure because of cost of capital equipment is falling that is why the prices are falling and will fall, it is not a pressure because your raw material is also reducing.
- Deepak Agrawala:** But is the fall in sync for both of them or one is falling at much faster rate at the cost of module prices just to get an order?
- Anurag Mundra:** Then again rooftop we have to look at the very, very specific market. If you look at the crowded market like Delhi obviously the fall in the selling price is much higher than the fall in the your material cost, but if you go to Bihar if you go to Uttar Pradesh, if you got to the North East, the things are reversed.
- Deepak Agrawala:** Okay fair enough and all the best to your team. That is it.
- Moderator:** Thank you. We take the next question from the line of Ankit Soni from Karvy Stock Broking. Please go ahead.
- Ankit Soni:** Sir actually what I was looking as like you will be majorly focussing on the areas like Bihar, West Bengal and all and not in Delhi and all something like, which part is more focussed?
- Anurag Mundra:** For the rooftop, we have a pan India presence. We have done projects right from Punjab till Tamilnadu from Guwahati till Jaipur or Jodhpur rather on the West so we cover a pan India presence, so that is what we are talking about this strategy. So I am not a geography specific person, but I am a margin in specific. As of geography Delhi as of now is not a high margin business as of now.
- Ankit Soni:** Sir also like you might have done the rooftop solar on retail also, so can you show it will be with net metering or...?
- Anurag Mundra:** It is with net metering only.
- Ankit Soni:** Okay so can you just throw some light on how net metering is working out I mean to say the state wise across policies?



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- Anurag Mundra:** Well yes net metering because you have to get a permission from local utility company for the net metering thing. There was some resistance from the utility company because they found that when you put up the rooftop solar you are taking good customers from them. Realizing these two things the central government and the state government has given two major incentives to the utility company. When they give a net metering permission, they get a subsidy or grant from central government to the tune of Rs.37.5 lakh/MW through MNRE Ministry of New And Renewable Energy and the second whatever the total power generated by the rooftop will be considered in their RPOs so without spending a penny, their RPO will be met to that extent, these are the two incentive been given. The third issue was the procedural issue. They need to develop their software, they need to update their software to properly account that thing. That is happening in various states slowly and gradually, but now all the states are opening up and almost where we work on all the major states, the net metering things are almost on the place.
- Ankit Soni:** Okay and this rooftop GCI also we install net metering?
- Anurag Mundra:** It again depends project to project but largely yes.
- Ankit Soni:** Okay fine Sir. That is all from my side.
- Moderator:** Thank you. Well that was the last question. I now hand the floor over to Mr. Deepak Agrawala for his closing comments. Over to you Sir!
- Deepak Agrawala:** We thank Mr. Mundra and his team for giving us an opportunity to host this conference call. We also thank all the participants especially the analyst and the investors for joining this call. Sir any closing remarks you would like to offer before we close?
- Anurag Mundra:** Thank you very much for attending this call and have a nice day.
- Moderator:** Thank you ladies and gentlemen. On behalf of Elara Securities India Private Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.