Orient Green Power Company Ltd — FY 2024 Annual Report Analysis

Annual Report Analysis (Consolidated)

Investor Snapshot

#	Analytical point	Sentiment
1	Orient Green Power operates as a legacy wind energy utility with a stagnant revenue base of □259 Cr, constrained by an aging fleet of turbines (22–27 years) and a lack of operational diversification.	—
2	***Core revenue growth is effectively flat at 0.45% YoY, as the loss of Renewable Energy Certificate (REC) income and asset aging offset any gains from power sales.***	—
3	**Finance costs decreased by 26% YoY following a strategic □703 Cr refinancing with IREDA at lower interest rates, providing a significant tailwind to net margins.**	—
4	***Reported PAT of 38 Cr is of low quality, with 36% of earnings derived from one-time exceptional items including the sale of land and windmills rather than core operations.***	—
5	**The balance sheet underwent a massive deleveraging exercise, with the Debt/Equity ratio improving from 2.08x to 0.96x following a □230 Cr Rights Issue and debt repayments.**	—
6	**Cash flow from operations (CFO) remains the primary strength at □250 Cr (6.58x PAT), driven by high non-cash depreciation charges and improved collections via the LPS scheme.**	—
7	**The company generated □251 Cr in Free Cash Flow (FCF), which was almost entirely directed toward a □295 Cr debt reduction rather than growth-oriented investments.**	—
8	***Capital expenditure is currently restricted to essential maintenance of the aging fleet, resulting in a sub-par ROCE of 6% which remains below the company's cost of debt.***	—
9	***Governance remains a significant overhang due to the invocation of 2.50 Cr pledged promoter shares and persistent CARO qualifications regarding delayed statutory dues (PF and GST).***	—
10	***Receivable risk is escalating as undisputed dues aged over 3 years increased to 19.97 Cr, signaling potential future write-offs and poor collection efficiency for legacy buckets.***	—
11	The outlook depends on the successful operationalization of the "Delta" subsidiary to add new capacity, as the existing 20-year-old turbines face rising O&M costs and PLF decline.	—
12	Stance is Watch: While the financial rescue mission has stabilized the balance sheet, the transition from a restructuring story to a growth investment requires clear capacity expansion.	—

Final research summary: Orient green power company LTD (FY2024)

1. Business overview

- **Segment Concentration:** The company is a pure-play wind energy generator, operating primarily through legacy subsidiaries (Beta, Bharath) and a newly incorporated growth vehicle, Delta Renewable Energy Private Limited.
- **Revenue Drivers:** Revenue is almost entirely (99.41%) driven by the **Sale of Power** to State Electricity Boards (SEBs) and private PPA customers.
- **Cost Drivers:** Major costs include **Finance Costs** (29.57% of revenue), Depreciation (30.39%), and Maintenance Costs (18.62%) related to fixed windmill maintenance contracts.

- **Structural Pivot:** The business has shifted from "survival" to "balance sheet engineering," utilizing Rights Issue proceeds to dismantle high-cost promoter debt and inter-corporate deposits.
- **Geographical Presence:** Operations are concentrated in India (93.54% of revenue), with a small international presence in Croatia, Europe (6.46%).
- **Expansion & Capacity:** Management incorporated **Delta Renewable Energy** in November 2023 as a "clean" vehicle for new projects, bypassing legacy restrictive covenants.
- **Asset Strategy:** Focus remains on "asset sweating" through maintenance capex (yawing and pitching optimization) rather than large-scale re-powering of its 400+ MW fleet.
- **Industry Position:** OGPL is navigating a transition from a distressed utility to a deleveraged player, benefiting from the government's Late Payment Surcharge (LPS) scheme which stabilizes cash flows from Discoms.

2. Management commentary & outlook

- The primary strategic focus is the systematic reduction of high-cost debt and interest waivers to stabilize the bottom line.
- Management is utilizing a "Circular" debt clearance strategy where Rights Issue proceeds flow from the parent to subsidiaries to repay promoter (SVL Limited) debt.
- The incorporation of Delta Renewable Energy signals a long-term vision to bid for new PPAs through a vehicle free of legacy financial baggage.
- Management highlights the Late Payment Surcharge (LPS) Scheme as a critical stabilizer for cash flow predictability against State Discom defaults.
- Operational strategy is centered on "optimizing yawing" and "pitching off blades" to extract residual value from 15-20 year-old infrastructure.
- There is a heavy management focus on refinancing and interest waivers, acting effectively as a restructuring exercise rather than a market-share growth play.
- Management remains silent on competitive threats from larger IPPs (Adani, ReNew, Tata Power) regarding aggressive tariff bidding.
- The transition of a long-standing Independent Director to a Non-Independent role suggests a consolidation of the "old guard" during this financial transition.
- Management Tone: Management is in **"Repair & Ringfence"** mode. They are Repairing the parent balance sheet via equity and Ringfencing future growth in new subsidiaries (Delta). The tone is disciplined regarding debt but lacks a clear roadmap for technological modernization or competing against larger-scale industry peers.

3. Financial analysis

3.1 Financial statements

P&L statement (□Cr)

Line item	Mar 2024	Mar 2023
Sales	259	258
Sales Growth %	0.45	-16.84
Expenses	84	87
Manufacturing Cost %	20.09	20.41
Employee Cost %	5.35	5
Other Cost %	7.06	8.36
Operating Profit	175	171
OPM %	68	66
Other Income	26	53
Exceptional items	16.69	22.14
Other income normal	9.31	31.33
Interest	80	108
Depreciation	82	83
Profit before tax	39	33
Tax %	1	0
Net Profit	38	33
Minority share	-2	-1
Exceptional items AT	17	24
Profit excl Excep	22	9
Profit for PE	21	9
Profit for EPS	37	33
Profit Growth %	125	34
EPS (□)	0.31	0.28
Dividend Payout %	0	0

Balance sheet (□Cr)

Line item	Mar 2024	Mar 2023
Equity Capital	981	751
Reserves	-193	-227
Borrowings	754	1,091
Long term Borrowings	630	949
Short term Borrowings	108	123
Lease Liabilities	15	20
Other Borrowings	0	0
Other Liabilities	76	78
Non controlling int	-6.80	-8.67
Trade Payables	8.15	12.31
Advance from Customers	0.20	0.77
Other liability items	74.41	73.13
Total Liabilities	1,618	1,692
Fixed Assets	1,393	1,463
Land	216.69	217.70
Building	3.83	3.15
Plant Machinery	2,061.09	2,054.92
Equipments	0.36	0.49
Computers	0.62	0.53
Furniture n fittings	0.30	0.30
Vehicles	0.72	0.33
Intangible Assets	23.01	23.01
Other fixed assets	0.18	0.17
Gross Block	2,306.80	2,300.60
Accumulated Depreciation	913.84	837.50
CWIP	11	5
Investments	0	0
Other Assets	214	224
Inventories	4	5
Trade receivables	81	113
Receivables over 6m	46.22	0
Receivables under 6m	46.90	123.57
Prov for Doubtful	-11.78	-10.80
Cash Equivalents	73	12
Loans n Advances	-3	-2
Other asset items	59	96

Line item	Mar 2024	Mar 2023
Total Assets	1,618	1,692

Cash flow statement (□Cr)

Line item	Mar 2024	Mar 2023
Cash from Operating Activity	250	229
Profit from operations	191	174
Receivables	25	51
Inventory	1	-3
Payables	6	2
Loans Advances	0	0
Leased assets	0	0
Other WC items	28	3
Working capital changes	60	52
Direct taxes	-1	3
Cash from Investing Activity	-2	3
Fixed assets purchased	-18	-2
Fixed assets sold	19	7
Capital WIP	0	-5
Investments purchased	0	0
Investments sold	0	1
Interest received	5	2
Redemp n Canc of Shares	0	0
Acquisition of companies	-6	0
Other investing items	-2	0
Cash from Financing Activity	-189	-229
Proceeds from shares	230	0
Proceeds from borrowings	0	11
Repayment of borrowings	-295	-136
Interest paid fin	-77	-104
Financial liabilities	0	0
Other financing items	-47	0
Net Cash Flow	58	3
Free Cash Flow	251	229
CFO/OP	143	132

Key ratios

Line item	Mar 2024	Mar 2023
Debtor Days	114	159
Inventory Days	0	0
Days Payable	0	0
Cash Conversion Cycle	114	159
Working Capital Days	1	-8
ROCE %	6	7

3.2 Financial analysis summary

- **Revenue** remained stagnant at □259.00 Cr (0.45% growth) as the core Sale of Power was offset by a sharp decline in Other Operating Revenue from □19.28 Cr to □1.60 Cr, primarily due to a major subsidiary opting out of the Renewable Energy Certificate (REC) scheme; this stagnation is reflected in the Trade Receivables on the Balance Sheet, which decreased from □113.00 Cr to □81.00 Cr, aiding a □25.00 Cr cash inflow in the Cash Flow Statement.
- **Operating Profit** margins (OPM %) improved slightly to 68.00% from 66.00%, driven by a reduction in Other Cost % from 8.36% to 7.06%, although EBITDA Margin contracted to 71.16% due to lower Other Income (□26.00 Cr vs □53.00 Cr), which in the previous year was artificially inflated by a □17.32 Cr interest waiver.
- **Finance Cost** saw a significant 25.97% reduction to □80.13 Cr, linked to a strategic refinancing where high-cost consortium debt was replaced by a □703.63 Cr loan from IREDA, which is reflected in the Cash Flow Statement as a massive Repayment of borrowings of □295.00 Cr and a reduction in Total Debt on the Balance Sheet to □754.00 Cr.
- **Net Profit** grew by 125% to □38.00 Cr, but quality is impacted by Exceptional items of □16.69 Cr (primarily □13.90 Cr profit from sale of land and windmills) and a one-time □7.07 Cr interest charge for pre-closure of debt, meaning Profit excl Excep of □22.00 Cr is a more accurate reflection of recurring performance.
- **Trade Receivables** quality shows divergence; while Debtor Days improved from 159 to 114 days, the ageing analysis reveals that undisputed receivables aged More than 3 years increased to □19.97 Cr, while the Prov for Doubtful debts remains relatively low at □11.78 Cr, suggesting potential under-provisioning risk.
- **Balance Sheet** strength improved significantly as Net Worth was bolstered by a □230.00 Cr Proceeds from shares (Rights Issue), which was utilized to reduce Borrowings from □1,091.00 Cr to □754.00 Cr, resulting in the Debt / Equity ratio improving from 2.08 to 0.96.
- **Cash from Operating Activity** (CFO) of □250.00 Cr remains robust and significantly higher than PAT (6.58x ratio), primarily due to high non-cash Depreciation of □82.00 Cr and a □60.00 Cr release from Working capital changes, specifically the collection of Trade Receivables and other financial assets.
- **Capital Allocation** was focused on debt reduction and maintenance, with Fixed assets purchased (Capex) increasing to □18.00 Cr from □2.00 Cr, including □10.65 Cr in CWIP for "structural strengthening" of wind assets, while Free Cash Flow (FCF) remained strong at □251.00 Cr.
- **Other Assets** were impacted by the recovery/reclassification of □28.29 Cr in advances, though the inclusion of □6.50 Cr in "Other Receivables" from liquidated damages claims suggests aggressive accounting of uncertain inflows. Other Liabilities include □70.81 Cr associated with assets held for sale, representing hidden leverage. Other Expenses were reduced to □20.04 Cr, though maintenance costs remain high at □50.45 Cr to support aging turbines.

- **Return metrics** remain subdued with ROCE at 6.00% and ROE at 4.82%, indicating that while the Balance Sheet has deleveraged, the core power assets are not yet generating high double-digit returns on the expanded equity base.
- The dominant financial theme of the year was **aggressive balance sheet deleveraging and interest cost optimization through equity infusion, which successfully averted insolvency but has yet to translate into operational revenue growth.**

3.3 Contingent liabilities & commitments

- **Service Tax Demands:** Disputed demands of ₹**14.65 Cr** for which no provision has been made.
- **Corporate Guarantees:** A ₹**30.00 Cr** guarantee for associate Amrit Environmental (AETPL) related to an IL&FS One-Time Settlement, pending final NCLT approval.
- **Capital Commitments:** ₹**10.65 Cr** in CWIP for structural strengthening of existing wind assets.
- **Litigation:** Ongoing Supreme Court stay on CERC floor price reduction affecting ₹**14.59 Cr** (net) of REC receivables.

3.9 Earnings quality & forensic checks

#	Check	Impact	Status	Notes detail
1	PAT vs CFO trend	Profit ↑ — high non-cash depreciation and receivable liquidation drive CFO to 6.5x PAT.	—	CFO boosted by □82.34 Cr depreciation and □17.64 Cr receivable reduction.
2	Receivables & channel-stuffing signal	Revenue ↑ — improved collections; receivables fell 28% while revenue remained flat YoY.	—	Total receivables decreased by 27.09% despite revenue growth.
3	Revenue timing	Neutral — revenue recognized at point of export based on joint meter readings.	—	Revenue recognized based on units exported validated by State Electricity Boards.
4	Revenue from related parties %	Neutral — revenue primarily from SEBs and private PPA customers, not related parties.	—	Major customers are government undertakings or high-rated private companies.
5	Inventory vs revenue growth	Neutral — inventory is negligible (1.5% of sales) as power cannot be stored.	—	Inventory consists primarily of stores and spares for windmill maintenance.
6	Inventory valuation method change	Neutral — no change in valuation policy for stores and spares.	—	Accounting policy remains consistent for consumables and maintenance spares.
7	Exceptional items in operating profit	Profit ↑ — non-recurring asset sales contributed 36% of reported Net Profit.	—	Profit on sale of land and windmills contributed □13.90 Cr to the bottom line.
8	Depreciation rate vs useful life policy	Profit ↑ — extended useful life of 22-27 years reduces annual depreciation charge.	—	Wind generator life of 22–27 years is longer than the industry standard 15 years.
9	Provision reversals boosting PAT	Profit ↑ — prior year PAT was inflated by one-time liability write-backs.	—	FY23 profit boosted by □17.32 Cr interest waiver and □10.49 Cr liability write-back.
10	Tax rate consistency	Profit ↑ — negligible tax expense due to utilization of brought forward losses.	—	Group pays minimal tax; cash tax was a refund of □1 Cr in FY24.
11	CWIP age and stalling projects	Neutral — new CWIP relates to active structural strengthening of existing assets.	—	CWIP for "structural strengthening" and component replacement to improve future generation.
12	Deferred tax asset recognition	Neutral — conservative stance; company does not recognize DTA on carry-forward losses.	—	DTA not recognized as future taxable profit is not yet deemed "probable".
13	RPT quantum and trend	Profit ↑ — massive reduction in high-cost promoter debt improves interest coverage.	—	Promoter debt reduced via Rights Issue; however, 2.5 Cr shares were invoked due to promoter default.
14	Dividend paid vs FCF adequacy	Neutral — no dividends paid as company prioritizes debt repayment and refinancing.	—	FCF of □251 Cr was entirely utilized for □295 Cr debt repayment and refinancing.
15	Statutory Dues Compliance	Profit ↓ — persistent delays in PF and GST deposits across multiple subsidiaries.	—	Persistent liquidity stress at subsidiary level despite parent-level equity infusion.
16	Asset Title Deeds	Neutral — title deeds for immovable properties not held in company name for major units.	—	Affects Beta Wind, Gamma Green, and Clarion Wind subsidiaries.
17	REC Receivable Valuation	Profit ↑ — low provisioning (29.8%) against long-overdue REC receivables under litigation.	—	Supreme Court stay on CERC floor price creates significant recovery uncertainty.

4. Management & governance

A. Auditor report & key audit matters

- **Audit Opinion:** Unqualified.
- **KAM - Impairment of Assets:** Auditor flagged the valuation of investments and loans to subsidiaries (>□1,100 Cr), noting sensitivity of wind speed and tariff assumptions to long-term viability.
- **Emphasis of Matter:** Non-recognition of □46.35 Cr finance income (cumulative □362.27 Cr) from Beta Wind Farm due to restrictive bank covenants.
- **CARO Qualifications:**
  - | ***Statutory Dues Delays*** | Persistent delays in PF and GST deposits for Beta, Clarion, and Bharath. |
  - | ***Title Deed Discrepancies*** | Title deeds not in company name for Beta Wind, Gamma Green, and Clarion Wind. |
  - | ***Loan Defaults*** | Amrit Environmental Technologies defaulted on loan and interest repayments. |
- **Audit Trail:** Auditors confirmed accounting software has an edit log/audit trail feature operating throughout the year.

B. Related party transactions

Party	Relationship	Nature	Amount (□Cr)	Concern
SVL Limited	Promoter Group	Unsecured Loan (Payable)	85.45 Cr	***High***
Janati Bio Power	Promoter	Equity Allotment (Rights Issue)	74.72 Cr	Neutral
Janati Bio Power	Promoter	Pledged Shares Invoked	2.50 Cr Shares	***High***
Beta Wind Farm	Subsidiary	O&M Services	21.62 Cr	Neutral
Clarion Wind Farm	Subsidiary	Interest Waiver (Income)	103.65 Cr	**Positive**

- **Debt Shuffling:** Rights Issue proceeds were used to repay unsecured loans from subsidiaries, which in turn repaid the Promoter (SVL Limited).
- **Pledge Invocation:** 2.50 Cr shares pledged by Janati Bio Power were invoked by Axis Trustee due to a default by a promoter associate.

C. Shareholding

Shareholding pattern	Mar 2024	Mar 2023
Promoters	29.42%	32.48%
FIIs	0.77%	0.48%
DIIs	2.50%	4.14%
Public	67.31%	62.90%

- **Promoter Pledge:** Approximately 8.6% of promoter holding was invoked during the year.

D. Board composition + KMP compensation

- **Board:** 6 Directors; 50% Independent; 1 Woman Director (Ms. Chandra Ramesh).
- **KMP Compensation:**
  - **T Shivaraman (MD & CEO):** □1.20 Cr (166.67% YoY growth).

- **J Kotteswari (CFO):** ₹0.28 Cr (0% growth).
- **M Kirithika (CS):** ₹0.14 Cr (16.67% growth).

- **Analysis:** MD pay grew 166.67% vs EBITDA growth of 2.34%. While absolute pay is low (0.68% of EBITDA), the disconnect with performance is a.

F. Capital allocation & capex

Action	FY current (₹Cr)	FY prior (₹Cr)	% of CFO	Signal
Equity Issuance	230.00 Cr	0.00 Cr	92.00%	—
Repayment of Borrowings	295.00 Cr	136.00 Cr	118.00%	—
Interest Payments	77.00 Cr	104.00 Cr	30.80%	—
Capex	18.00 Cr	2.00 Cr	7.20%	—
Loans to Subsidiaries	500.00 Cr	—	200.00%	—

- **CFO Coverage of Capex:** 13.8x; self-funding maintenance.
- **Nature of Capex: Capex increased 9x YoY but remains focused on maintenance of 20+ year old turbines rather than new capacity.**
- **Deployment Efficiency:** Capital was primarily used for debt survival rather than productive growth.

H. Risks

- **Statutory Defaults (High):** Delays in PF/GST deposits risk legal action and penalties.
- **Aging Assets (High): Rising maintenance costs and declining PLF as turbines reach 22-27 year end-of-life.**
- **Customer Concentration (High):** 3 customers contribute >10% each; revenue is vulnerable to State Discom defaults.
- **Service Tax Demand (Medium):** Disputed demand of ₹14.65 Cr (5.8% of total assets).
- **REC Price Risk (Medium): Impairment risk for ₹14.59 Cr REC receivables due to legal stays.**

5. Scorecard & verdict

Part a: scorecard

Dimension	Rating (1–5)	Delta	Key evidence	One-line rationale
Business quality	2	→	Stagnant Revenue ₹259 Cr; Aging assets (22-27 yrs)	Limited diversification and aging fleet with no re-powering plan.
Financial health	4	↑	D/E 0.96x; CFO ₹250 Cr > PAT ₹38 Cr	Significant deleveraging via Rights Issue and IREDA refinancing.
Earnings quality	2	↓	Excep. items 36% of PAT; Receivables >3yr ₹19.97 Cr	Profitability relies on asset sales and aggressive depreciation/provisioning.
Management & governance	2	↓	Promoter pledge invocation; CARO qualifications	Persistent statutory defaults and circular debt settlement with promoters.
Capital allocation & earnings visibility	2	→	Capex for maintenance only; ROCE 6% < Cost of Debt	Capital used for debt survival; no clear path to revenue growth.

Business positives * **Debt Reduction:** Total borrowings reduced from □1,091 Cr to □754 Cr, improving D/E to 0.96x. * **Strong Cash Conversion:** CFO of □250 Cr is 6.58x PAT, providing high liquidity for debt servicing. * **Interest Cost Optimization:** Finance costs fell 26% YoY following IREDA refinancing at lower rates. * **Free Cash Flow:** Generated □251 Cr in FCF, enabling massive debt repayment of □295 Cr. * **Regulatory Tailwinds:** Late Payment Surcharge (LPS) scheme improving collection consistency from Discoms.

Business negatives / concerns * **Stagnant Growth:** Revenue growth was flat at 0.45%, with core power sales failing to expand. * **Governance Red Flags:** Invocation of 2.50 Cr pledged promoter shares due to associate defaults. * **Audit Qualifications:** Persistent CARO flags regarding delayed statutory dues and missing title deeds. * **Aging Fleet:** Turbines depreciated over 22-27 years, leading to rising maintenance costs (□50 Cr). * **Earnings Quality:** 36% of Net Profit derived from one-time asset sales (land and windmills). * **Receivable Risk:** Undisputed receivables aged >3 years increased to □19.97 Cr with low provisioning.

OVERALL SCORECARD SUMMARY Orient Green Power has successfully executed a critical financial rescue mission, transforming its balance sheet from a high-leverage insolvency risk to a manageable debt profile with a D/E of 0.96x. However, this was achieved through "balance sheet engineering" and asset sales rather than operational excellence. While financial health has improved, governance remains weak due to promoter pledge issues and persistent statutory defaults, and the business trajectory is stable but uninspiring as the aging fleet lacks a growth catalyst.

Part b: governance check matrix

#	Check	Status
1	Audit opinion clean?	—
2	Promoter pledge = 0?	—
3	KMP pay < 5% of PAT?	—
4	RPT quantum < 5% of revenue?	—
5	Board > 50% independent?	—
6	At least 1 woman director?	—
7	No statutory dues outstanding?	—
8	No fraud reported?	—
9	Audit trail enabled?	—
10	Frequent Auditor change	—

Total: 6/10 — Governance Rating: 2

Part c: investor verdict

Thesis: A deleveraging play where equity infusions are being used to clean a promoter-heavy balance sheet, but the underlying utility assets are aging and lack growth. **Overall stance:** Watch **Rationale:** The company has survived its debt crisis, but until it demonstrates the ability to add new capacity (via Delta) and resolve subsidiary-level governance lapses, it remains a restructuring story rather than a growth investment. **Re-evaluate when:** Revenue from new projects (Delta) exceeds 10% of total revenue or ROCE crosses 10%. **BULL CASE:** Successful bidding for 100MW+ new capacity through Delta Renewable Energy with modern high-PLF turbines. **BEAR CASE:** Accelerated PLF decline in aging 20-year-old turbines leading to O&M costs exceeding power revenue. **Key monitorable:** Receivables > 3 years: □19.97 Cr → Watch for further aging or write-offs.

7. Year-over-year analysis

7.1 Changes

Metric / theme	Summary a status (FY23)	Summary b status (FY24)	Forensic takeaway
Leverage & Solvency	D/E ratio at 2.08x with ₹1,091 Cr debt; liquidity crisis with current maturities 8x cash.	D/E ratio improved to 0.96x with ₹754 Cr debt; current maturities addressed via equity.	The company successfully transitioned from insolvency risk to a manageable capital structure through aggressive deleveraging.
Capital Allocation Source	Survival predicated on IREDA refinancing and asset liquidations.	Growth and debt clearance funded by a ₹230 Cr Rights Issue.	Management has shifted from high-cost debt dependency to equity-funded balance sheet repair.
Finance Cost Trajectory	Interest consumed 42% of revenue (₹108 Cr).	Interest consumed 30% of revenue (₹80 Cr).	Strategic refinancing and debt repayment have significantly lowered the break-even point for the business.
Management Tone	"Survival mode" focused on financial convalescence and debt shuffling.	"Repair & Ringfence" mode focused on cleaning legacy debt and creating new vehicles.	Management is actively isolating legacy financial baggage to prepare for potential new project bidding.
Working Capital Efficiency	Debtor days at 159; ₹51 Cr liquidated to fund operations.	Debtor days improved to 114; ₹25 Cr further release from receivables.	Improved collection velocity is driven by the government's LPS scheme rather than improved customer credit profiles.
Capex Intensity	Minimal maintenance capex of ₹2 Cr (0.8% of CFO).	Maintenance capex increased to ₹18 Cr (7.2% of CFO).	While spending has increased, it remains strictly defensive to prevent the collapse of aging infrastructure.

7.2 Persistent patterns

- **CFO/PAT Disconnect:** Cash Flow from Operations consistently dwarfs Net Profit (6.9x in FY23, 6.5x in FY24) due to massive non-cash depreciation charges on a high gross block.
- **Low Earnings Quality:** Reported PAT remains heavily reliant on non-operating triggers, moving from interest waivers in the prior year to asset sales (land/windmills) in the current year.
- **Aging Asset Profile:** The company continues to sweat a **20-27 year old turbine fleet** with no clear large-scale repowering plan, leading to sustained high maintenance costs.
- **Subsidiary Governance Issues:** Persistent **CARO qualifications regarding delayed statutory dues** (PF/GST) and missing title deeds indicate localized liquidity stress despite parent-level deleveraging.
- **Restricted Subsidiary Income:** The continued non-recognition of finance income from Beta Wind Farm (cumulative ₹362 Cr) remains a structural barrier to the parent accessing subsidiary cash.
- **High Customer Concentration:** Revenue remains structurally tied to **State Electricity Boards**, maintaining a high vulnerability to regulatory shifts and Discom payment cycles.
- **Aggressive Accounting Estimates:** The use of an **extended useful life (22-27 years)** for wind assets compared to the industry standard (15-20 years) continues to artificially suppress annual depreciation and support the bottom line.