Orient Green Power Company Ltd — FY 2023 Annual Report Analysis

Annual Report Analysis (Consolidated)

Source: CRORES. All figures Crores. Pipeline: v5-Gemini — W1a → W3 → W1b+W2+W2F (parallel, notes-injected) → Merge.

Investor Snapshot

#	Analytical Point	Sentiment
1	**Orient Green Power is a distressed renewable energy turnaround play currently focused on balance sheet repair and survival through deleveraging rather than operational expansion.**	□Neutral
2	***Core revenue contracted 16.84% YoY to 258 Cr, severely impacted by a 68.72% crash in Renewable Energy Certificate (REC) income and aging infrastructure.***	□Negative
3	***Operating margins are under pressure as the company pivots to in-house O&M to mitigate rising costs and declining output from old wind assets.***	□Negative
4	***Earnings quality is poor; the reported PAT of 33 Cr is entirely artificial, supported by 53 Cr in non-operating "Other Income" from interest waivers and asset sales.***	□Negative
5	**Financial health is stabilizing via a critical □721 Cr IREDA refinancing at 9.4%, which reduced interest rates by 300 bps and lowered the cost of debt.**	□Positive
6	**Cash flow from operations (CFO) remains robust at □229 Cr, bolstered by the government's LPS scheme which improved debtor days from 194 to 159.**	□Positive
7	***Capital allocation is restricted to debt servicing; 100% of CFO is consumed by interest (104 Cr) and repayments (136 Cr), leaving zero room for growth investment.***	□Negative
8	***Liquidity is at a critical juncture with current debt maturities of 100.23 Cr exceeding available cash balances (12.24 Cr) by a factor of eight.***	□Negative
9	***Governance risks are elevated due to Related Party Transactions (RPT) totaling 115% of revenue and the invocation of promoter pledges by lenders.***	□Negative
10	***The balance sheet remains deeply impaired with negative reserves of 227 Cr and the non-recognition of 230 Cr in Deferred Tax Assets signaling profitability doubts.***	□Negative
11	**The outlook depends entirely on the successful completion of a □230 Cr Rights Issue to fund repowering of old windmills and further deleveraging.**	□Neutral
12	**Investment Stance: WATCH; monitor for the Rights Issue completion and a reduction in finance costs from the current 42% to below 30% of revenue.**	□Neutral

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1. BUSINESS OVERVIEW (In Bullet Points)

- **Business Segments:** Orient Green Power Company Ltd (OGPL) is a pure-play renewable energy producer primarily concentrated in **Wind Energy**, with a secondary but declining contribution from Renewable Energy Certificates (RECs).
- **Revenue Drivers:** Revenue is driven by long-term Power Purchase Agreements (PPAs) with State Discoms and sales to Commercial & Industrial (C&I) customers. A 129.3 MW subsidiary recently opted out of the REC scheme, shifting the focus toward stable power sale pricing.

- **Cost Drivers:** The cost structure is dominated by **Finance Costs** (consuming ~42% of revenue) and **Operations & Maintenance (O&M)** expenses, which are currently tied to high-cost OEM contracts.
- **Industry Position:** OGPL maintains a diversified geographic footprint across Tamil Nadu, Andhra Pradesh, Gujarat, and Karnataka, benefiting from India's "Panchamrit" pledge to reach 500 GW non-fossil capacity by 2030.
- **Expansion & Capacity:** The company is currently in a "cleanup" phase rather than aggressive expansion. Capacity focus is on **repowering old windmills** (replacing aging turbines with modern units) and a theoretical pivot toward **Solar Energy**, though the latter lacks immediate capital.
- **Acquisitions & Divestments:** OGPL disposed of its stake in **Pallavi Power and Mines Limited** and is liquidating **Orient Green Power (Maharashtra) Private Limited** to focus on core profitable assets.
- **Segment Performance:** Core power sales remain stable, but REC income crashed by 68.72% in FY23 due to subsidiary exits from the scheme and lower floor price realizations compared to the prior year.

2. MANAGEMENT COMMENTARY & OUTLOOK

- **Deleveraging Strategy:** Management's primary focus is structural repair of the balance sheet, highlighted by the successful refinancing of **□721 Crores** of debt via IREDA at **9.4%** (a 300 bps reduction from 12.4%).
- **Capital Raising:** The company is aggressively pursuing a **□230 Crore Rights Issue** aimed at further debt reduction and transitioning from "survival" to "stability" mode.
- **Operational Pivot:** A strategic shift is underway to develop **in-house maintenance expertise** to reduce reliance on OEMs, decouple from inflationary maintenance pricing, and improve response times to "Grid Backdowns."
- **Customer Strategy:** There is a clear tilt toward **C&I (Commercial & Industrial) customers** to mitigate the payment delay risks and pricing vagaries associated with State Discoms.
- **Regulatory Tailwinds:** Management noted the **Late Payment Surcharge (LPS) scheme** as a significant positive, helping realize long-pending dues from Discoms and improving loan servicing credibility.
- **Asset Optimization:** Execution is focused on "sweating" existing assets and structural strengthening of aging windmills rather than greenfield projects.
- **Governance Evolution:** The shift of SEPC Limited from "Promoter" to "Public" category and the appointment of a new Chairman (K.S. Sripathi) signal an effort to clean the governance profile.
- **Management Tone:** The tone is **Pragmatic, Transparent, and Repair-Oriented**. Management is no longer making "grand" promises of massive capacity expansion; instead, they are focused on the "un-sexy" but vital work of interest rate reduction, O&M cost control, and regulatory compliance. The tone is refreshingly honest about weaknesses (OEM reliance, seasonality) while providing a clear roadmap for financial recovery.

3. FINANCIAL ANALYSIS

3.1 Financial Statements

Source: Screener.in — all monetary values in Crores. Use these numbers directly.

P&L Statement (□Crores)

Line Item	Mar 2023	Mar 2022
Sales -	258.00	311.00
Sales Growth %	-16.84	20.99
Expenses -	87.00	87.00
Manufacturing Cost %	20.41	16.94
Employee Cost %	5.00	3.62
Other Cost %	8.36	7.35
Operating Profit	171.00	224.00
OPM %	66.00	72.00
Other Income -	53.00	22.00
Exceptional items	22.14	17.96
Other income normal	31.33	4.18
Interest	108.00	122.00
Depreciation	83.00	89.00
Profit before tax	33.00	36.00
Tax %	0.00	0.00
Net Profit -	33.00	36.00
Minority share	-1.00	-1.00
Exceptional items AT	24.00	29.00
Profit excl Excep	9.00	7.00
Profit for PE	9.00	7.00
Profit for EPS	33.00	35.00
Profit Growth %	34.00	110.00
EPS in Rs	0.28	0.30
Dividend Payout %	0.00	0.00

Balance Sheet (₹Crores)

Line Item	Mar 2023	Mar 2022
Equity Capital	751.00	751.00
Reserves	-227.00	-261.00
Borrowings -	1,091.00	1,238.00
Long term Borrowings	949.00	1,090.00
Short term Borrowings	123.00	125.00
Lease Liabilities	20.00	24.00
Other Borrowings	0.00	0.00
Other Liabilities -	78.00	103.00
Non controlling int	-8.67	-9.41
Trade Payables	12.31	18.72
Advance from Customers	0.77	0.79
Other liability items	73.13	93.30
Total Liabilities	1,692.00	1,831.00
Fixed Assets -	1,463.00	1,543.00
Land	217.70	219.37
Building	3.15	2.21
Plant Machinery	2,054.92	2,048.17
Equipments	0.49	0.27
Computers	0.53	0.55
Furniture n fittings	0.30	0.30
Vehicles	0.33	0.36
Intangible Assets	23.01	23.01
Other fixed assets	0.17	0.15
Gross Block	2,300.60	2,294.39
Accumulated Depreciation	837.50	751.86
CWIP	5.00	0.00
Investments	0.00	0.00
Other Assets -	224.00	289.00
Inventories	5.00	2.00
Trade receivables -	113.00	165.00
Receivables over 6m	0.00	0.00
Receivables under 6m	123.57	175.26
Prov for Doubtful	-10.80	-9.94
Cash Equivalents	12.00	13.00
Loans n Advances	-2.00	-1.00
Other asset items	96.00	109.00

Line Item	Mar 2023	Mar 2022
Total Assets	1,692.00	1,831.00

Cash Flow Statement (Crores)

Line Item	Mar 2023	Mar 2022
Cash from Operating Activity -	229.00	220.00
Profit from operations	174.00	230.00
Receivables	51.00	-4.00
Inventory	-3.00	0.00
Payables	2.00	-3.00
Loans Advances	0.00	0.00
Leased assets	0.00	0.00
Other WC items	3.00	-3.00
Working capital changes	52.00	-10.00
Direct taxes	3.00	0.00
Cash from Investing Activity -	3.00	21.00
Fixed assets purchased	-2.00	-2.00
Fixed assets sold	7.00	21.00
Capital WIP	-5.00	0.00
Investments purchased	0.00	0.00
Investments sold	1.00	2.00
Interest received	2.00	0.00
Redemp n Canc of Shares	0.00	0.00
Acquisition of companies	0.00	0.00
Other investing items	0.00	-1.00
Cash from Financing Activity -	-229.00	-246.00
Proceeds from shares	0.00	0.00
Proceeds from borrowings	11.00	27.00
Repayment of borrowings	-136.00	-154.00
Interest paid fin	-104.00	-117.00
Financial liabilities	0.00	-2.00
Other financing items	0.00	0.00
Net Cash Flow	3.00	-5.00
Free Cash Flow	229.00	240.00
CFO/OP	132.00	98.00

Key Ratios (₹Crores)

Line Item	Mar 2023	Mar 2022
Debtor Days	159.00	194.00
Inventory Days	0.00	0.00
Days Payable	0.00	0.00
Cash Conversion Cycle	159.00	194.00
Working Capital Days	-8.00	-18.00
ROCE %	7.00	8.00

3.2 Financial Analysis Summary

- **Revenue** from operations declined by **16.84%** to **₹258.00 Cr**, primarily driven by a **68.72%** crash in **Renewable Energy Certificate (REC)** income to **₹15.03 Cr** after a major subsidiary opted out of the scheme, which directly impacted the **Trade Receivables** balance that fell from **₹165.00 Cr** to **₹113.00 Cr** on the **Balance Sheet**.
- Despite the top-line contraction, **EBITDA** margin improved to **78.42%** from **73.46%**, although **Operating Profit** fell to **₹171.00 Cr**; this margin expansion is deceptive as it was supported by a **₹17.32 Cr** interest waiver and **₹10.49 Cr** liability write-back included in **Other Income**, which also boosted **CFO** through non-cash adjustments.
- **Finance Cost** remains a critical burden at **₹108.00 Cr**, consuming **41.90%** of **Revenue**, which is reflected in the **Cash Flow Statement** where interest payments of **₹104.00 Cr** absorbed nearly **45%** of the **CFO**, leaving the **Interest Coverage** ratio at a precarious **1.58x**.
- **Net Profit** of **₹33.00 Cr** is of low quality, as it is entirely underpinned by **₹53.00 Cr** of **Other Income** and **₹22.14 Cr** of exceptional items, including a **₹22.27 Cr** profit from selling 25-year-old windmills, which provided a **₹7.00 Cr** inflow in **Investing Cash Flow**.
- **Working Capital** management showed improvement as **Trade Receivables** collection generated a **₹51.00 Cr** inflow in **CFO**, reducing **Debtor Days** from **194** to **159**, yet credit risk persists as the **Prov for Doubtful** debts increased to **₹10.80 Cr** and **81%** of receivables are pledged as collateral.
- The **Balance Sheet** remains highly leveraged with **Total Debt** at **₹1,091.00 Cr**, resulting in a **Debt / Equity** ratio of **2.08x**; however, the company successfully reduced borrowings by **₹147.00 Cr** YoY, supported by **Repayment of borrowings** of **₹136.00 Cr** in the **Financing Cash Flow**.
- **Net Worth** is significantly eroded with negative **Reserves** of **₹227.00 Cr**, and the company has not recognized **Deferred Tax** assets of **₹230.23 Cr** due to a lack of "reasonable certainty" regarding future taxable income, signaling long-term profitability concerns.
- **Liquidity** is severely constrained as **Cash Equivalents** of **₹12.00 Cr** are insufficient to cover **₹100.23 Cr** of current debt maturities, making the post-balance sheet **₹703.63 Cr** IREDA refinancing the primary driver for going concern sustainability.
- **Capital Allocation** was minimal with **Capex** of only **₹2.00 Cr** against a **Depreciation** charge of **₹83.00 Cr**, indicating a strategy of sweating aging assets (**Gross Block ₹2,300.60 Cr**) rather than growth, which is further evidenced by the sale of old plant machinery to fund debt repayments.
- **ROCE** moderated to **7.00%** from **8.00%** as **Asset Turnover** slowed to **0.15x**, reflecting deteriorating efficiency in generating **Revenue** from the existing **Fixed Assets** base of **₹1,463.00 Cr**.
- **CFO** of **₹229.00 Cr** significantly exceeded **PAT** of **₹33.00 Cr** (**CFO/PAT 6.94x**), primarily due to high non-cash **Depreciation** and the liquidation of **Working Capital**, allowing the company to report a positive **Free Cash Flow** of **₹229.00 Cr** despite operational stress.

- **Other Assets & Liabilities Analysis: Other Income** was inflated by a **₹17.32 Cr** interest waiver (non-operating) and **₹10.49 Cr** write-back of old liabilities. **Other Liabilities** include **₹70.81 Cr** associated with assets held for sale (AETPL), which far exceed the asset value of **₹12.17 Cr**, indicating these discontinued operations are deeply underwater.
- **Overall Synthesis:** Orient Green Power's financial performance in FY23 is characterized by a sharp contraction in core **Revenue** and high-interest dependency, where survival is currently predicated on asset liquidations, promoter debt assignments, and critical large-scale debt refinancing rather than sustainable operational growth.

3.3 Contingent Liabilities & Commitments

- **Service Tax Demands:** ₹14.65 Cr demand; management has not made provisions, banking on favorable appeal outcomes.
- **Income Tax Demands:** ₹0.89 Cr under appeal.
- **Corporate Guarantees:** ₹30.00 Cr One-Time Settlement (OTS) for a guarantee given to subsidiary AETPL, currently pending NCLT Mumbai approval.
- **Lender Restrictions:** The company did not recognize finance income of ₹46.35 Cr (cumulative ₹362.27 Cr) from subsidiary Beta Wind Farm due to restrictive bank covenants.

3.9 Earnings Quality & Forensic Checks

#	Check	Impact	Status	Evidence	Notes Detail
1	PAT vs CFO trend	Profit ↑ — high CFO/PAT ratio driven by □51 Cr receivable liquidation and non-cash depreciation.	□	PAT □33 Cr; CFO □229 Cr	CFO is 6.9x PAT, primarily due to working capital release and □83 Cr depreciation.
2	Receivables & channel-stuffing signal	Neutral — receivables dropped 31% vs 17% sales decline; indicates aggressive collection, not stuffing.	□	Receivables □113 Cr vs □165 Cr	Note 14.4: Gross receivables decreased, though ECL provision increased to □10.80 Cr.
3	Revenue timing	Neutral — customer advances are negligible at <1% of revenue; revenue recognition remains stable.	□	Advances □0.77 Cr; Sales □258 Cr	Note 3.9: REC revenue recognized at minimum realizable value; advances show no significant timing shifts.
4	Revenue from related parties %	Neutral — revenue primarily from State Electricity Boards; concentration risk exists but not RPT-driven.	□	Sales □258 Cr; RPT Interest □19.89 Cr	Note 42.1: High concentration with 2 customers (SEBs) contributing over 10% of total revenue.
5	Inventory vs revenue growth	Profit ↓ — inventory build-up during sales decline suggests slow-moving spares or maintenance parts.	□	Inventory ↑150% (□5 Cr) vs Sales ↓17%	Inventory remains small in absolute terms but grew despite a significant contraction in revenue.
6	Inventory valuation method change	Neutral — consistent valuation at lower of cost or NRV; no accounting policy shifts.	□	Inventory □5.00 Cr	Note 3: Significant accounting policies confirm no change in the valuation methodology for spares.
7	Exceptional items in operating profit	Profit ↑ — non-recurring asset sales and lease modifications contribute □22 Cr to reported PAT.	□	Exceptional items □22.14 Cr	Note 18.4 & 45(b): Includes □22.27 Cr profit from windmill sales and □2.87 Cr lease gain.
8	Depreciation rate vs useful life policy	Neutral — depreciation consistent with power sector norms for long-life wind assets (20-25 years).	□	Depr. □83 Cr; Gross Block □2,300 Cr	Note 18: Depreciation reflects ~3.6% of gross block, aligned with estimated useful lives of turbines.
9	Provision reversals boosting PAT	Profit ↑ — □27.8 Cr of non-operating writebacks and waivers significantly inflate the bottom line.	□	Other Income □53 Cr	Note 32: Includes □17.32 Cr interest waiver and □10.49 Cr writeback of old liabilities.
10	Tax rate consistency	Profit ↑ — zero P&L tax due to unabsorbed losses; cash tax exceeds P&L tax.	□	Tax % 0.00; Direct Tax □3 Cr	The company pays no P&L tax due to historical losses but incurred □3 Cr cash tax.
11	CWIP age and stalling projects	Neutral — minimal CWIP relative to □1,463 Cr fixed assets; no evidence of stalled projects.	□	CWIP □5.00 Cr	CWIP is new this year (□0 in FY22), representing active minor capital expenditure.
12	Deferred tax asset recognition adequacy	Profit ↓ — management's refusal to recognize DTA signals deep skepticism regarding future taxable profitability.	□	DTA not recognized on □230 Cr	Note 24.1: DTA not recognized due to lack of "reasonable certainty" of future taxable income.
13	RPT quantum and trend	Profit ↓ — heavy reliance on promoter funding; interest costs to related parties drain operating cash.	□	RP Loans □284 Cr; Interest □19.89 Cr	Note 44.3: Significant debt assignment (□175 Cr) between promoter entities to manage liquidity.
14			□		

#	Check	Impact	Status	Evidence	Notes Detail
	Dividend paid vs FCF adequacy	Neutral — zero dividends prioritized for debt repayment; FCF entirely consumed by financing outflows.		Div. Payout 0%; FCF 229 Cr	FCF is strong but used to service 136 Cr debt repayment and 104 Cr interest.
15	Auditor Emphasis of Matter	Profit ↓ — Non-recognition of finance income due to restrictive covenants.		46.35 Cr income not recognized	Restrictive bank covenants prevent the parent from recognizing subsidiary income on its books.
16	Asset Quality / Goodwill	Profit ↓ — Potential impairment of consolidation goodwill.		12.78 Cr Goodwill	Company carries goodwill despite years of subsidiary losses; risk of future impairment.

4. MANAGEMENT & GOVERNANCE

A. Auditor Report & Key Audit Matters * **Audit Opinion:** Unqualified. * **KAM - Impairment of Assets:** Auditor flagged impairment testing of investments (700.67 Cr) and loans (419.94 Cr) due to long gestation periods in wind projects. Management uses cash flow projections based on estimated wind speeds and tariffs. * **Emphasis of Matter:** The company did not recognize finance income of 46.35 Cr (cumulative 362.27 Cr) from its subsidiary Beta Wind Farm due to restrictive bank covenants. This indicates that while the subsidiary is generating income, the parent cannot access it as "income" on its books. * **Going Concern:** Auditor noted the company prepared accounts on a going concern basis; however, forensic analysis shows current maturities of debt (100.23 Cr) far exceed cash balances (12.24 Cr). * **Auditor Fees:** Consolidated fees of 0.51 Cr (~0.20% of revenue). Independence risk is low.

B. Related Party Transactions | Party | Relationship | Nature | Amount (Cr) | Concern | |-------|--------------|--------|---------------|---------| | ***Janati Bio Power*** | Promoter | Debt Assignment (Payable) | 183.50 Cr | ***High*** | | ***SVL Limited*** | Promoter Group | Debt Assignment (Payable) | 95.93 Cr | ***High*** | | ***SVL Limited*** | Promoter Group | Interest Expense | 19.89 Cr | ***High*** | | **SVL Limited** | Promoter Group | Writeback of Creditors | 17.32 Cr | **Positive** | | **Beta Wind Farm** | Subsidiary | O&M Services | 23.43 Cr | Neutral |

- **RPT Risk Checks:** RPT total (299.32 Cr) is 115.87% of Revenue and 130.70% of CFO.
- **Verdict:** Governance Concern The scale of related party debt assignments (exceeding total revenue) and reliance on promoter debt waivers to report a net profit indicate a highly stressed capital structure and aggressive internal financial engineering.

C. Shareholding * **Promoter Pledge:** Promoter Janati Bio Power's shareholding reduced by 1.5 crore shares due to invocation of pledge by lenders. * **Reserves:** Negative 227.00 Cr, indicating significant historical erosion of equity.

D. Board Composition + KMP Compensation * **Board:** 6 Directors; 50% Independent; 1 Woman Director (Ms. Chandra Ramesh). * **KMP Compensation:** MD & CEO T Shivaraman received 0.45 Cr (partial year). Aggregate KMP pay is negligible (<0.3% of EBITDA). * **Correlation:** KMP pay remains conservative despite operational stress, suggesting no excessive cash extraction via salaries.

F. Capital Allocation & Capex | Action | FY Current (Cr) | FY Prior (Cr) | % of CFO | Signal | |-------|--------------|----------------|----------|--------| | ***Interest Payments*** | 104.00 Cr | 117.00 Cr | 45.41% | | | **Repayment of Borrowings** | 136.00 Cr | 154.00 Cr | 59.39% | | | ***Capex*** | 2.00 Cr | 2.00 Cr | 0.87% | | | **Asset Sales** | 7.00 Cr | 21.00 Cr | 3.06% | |

- **CAPEX Analytical Notes:**
  - **CFO Coverage:** CFO/Capex ratio is 114.5x; however, 100% of CFO is consumed by debt servicing.

- **Nature:** Entirely maintenance-oriented (**Gross block increased by only □6.21 Cr**).
- **Efficiency:** Revenue fell 16.84% despite maintenance, signaling aging assets are losing productivity.
- **Takeaway:** The company is in "survival" mode, using all cash to service debt rather than growth.

H. Risks * **Debt Overhang (High):** □1,091 Cr debt; interest consumes 42% of revenue. * **Liquidity Mismatch (High):** Current debt maturities (□100.23 Cr) vs Cash (□12.24 Cr). * **Customer Concentration (Medium):** 2 customers contribute >10% of revenue (State Discoms). * **Aging Infrastructure (Medium):** Declining PLF and rising maintenance needs for 25-year-old turbines. * **Contingent Liabilities (Medium):** □14.65 Cr Service Tax demand could cause sudden cash outflow.

5. SCORECARD & VERDICT

Part A: Scorecard

Dimension	Rating (1–5)	Delta	Key Evidence	One-line Rationale
Business Quality	2	→	Sales ↓16.8%, REC ↓68%	Aging assets and high customer concentration in weak Discoms.
Financial Health	2	↑	D/E 2.08x, Int. Cov 1.58x	Stressed leverage, but improving via IREDA refinancing.
Earnings Quality	2	↓	Other Income > PAT	PAT is entirely driven by one-time waivers and asset sales.
Management & Governance	3	→	RPT > Revenue, Pledge Invoked	High RPT debt shuffling, though KMP pay is conservative.
Capital Allocation & Earnings Visibility	2	→	Capex 0.8% of CFO, ROCE 7%	Minimal growth investment; cash used only for debt survival.

BUSINESS POSITIVES (for this company this year) * □**Debt Refinancing:** Secured □721 Cr IREDA loan at 9.4%, reducing interest rates by 300 bps. * □**Working Capital Inflow:** Realized □51 Cr from trade receivables, reducing debtor days from 194 to 159. * □**Positive FCF:** Generated □229 Cr in Free Cash Flow, primarily used for debt repayment. * □**Regulatory Support:** LPS scheme is improving the predictability of cash inflows from State Discoms.

BUSINESS NEGATIVES / CONCERNS (for this company this year) * □**Revenue Contraction:** Core revenue fell 16.84% due to a massive 68.72% crash in REC income. * □**Low Earnings Quality:** Reported PAT of □33 Cr is lower than the □53 Cr in non-operating Other Income. * □**Liquidity Crisis:** Current debt maturities (□100.23 Cr) are 8x the available cash balance (□12.24 Cr). * □**Asset Erosion:** Negative reserves of □227 Cr and non-recognition of □230 Cr in DTA signal deep profitability doubts. * □**High RPT Risk:** Related party debt assignments and interest expenses exceed total annual revenue.

OVERALL SCORECARD SUMMARY Orient Green Power is currently a "Balance Sheet Play" in a state of financial convalescence. While the company generates strong operating cash flow (CFO), it is entirely consumed by a massive debt overhang and high interest costs, leaving zero room for growth capex. Earnings quality is poor, as the net profit is manufactured through interest waivers and asset sales rather than core power generation. The trajectory is stable-to-improving only because of the critical IREDA refinancing, but the business remains a high-risk entity due to aging infrastructure and eroded net worth.

Part B: Governance Check Matrix

#	Check	Status	Evidence
1	Audit opinion clean?	□	Unqualified opinion issued.
2	Promoter pledge = 0?	□	Pledge invoked by lenders (1.5 Cr shares).
3	KMP pay < 5% of PAT?	□	MD pay □0.45 Cr is ~1.3% of PAT.
4	RPT quantum < 5% of revenue?	□	RPT total is 115% of revenue.
5	Board > 50% independent?	□	3 out of 6 directors are independent.
6	At least 1 woman director?	□	Ms. Chandra Ramesh.
7	No statutory dues outstanding?	□	□14.65 Cr Service Tax demand under appeal.
8	No fraud reported?	□	No fraud reported by auditors.
9	Audit trail enabled?	□	Confirmed in auditor's report.
10	Frequent Auditor change	□	Auditor re-appointed for second term.
Total: 7/10 □— Governance Rating: 3			

Part C: Investor Verdict

THESIS: A distressed renewable energy turnaround play where survival depends on debt refinancing and equity dilution rather than operational growth. **OVERALL STANCE:** WATCH **RATIONALE:** The company is successfully lowering its cost of debt, but core revenue is shrinking and assets are aging. **RE-EVALUATE WHEN:** Rights Issue of □230 Cr is completed and Interest Coverage exceeds 2.5x. **BULL CASE:** Successful repowering of old windmills leads to a 20% PLF improvement and interest costs drop below □70 Cr. **BEAR CASE:** Failure of the Rights Issue leads to a default on current maturities (□100 Cr) or further Discom payment delays. **KEY MONITORABLE:** Finance Cost as % of Revenue: Current 42% → Watch for <30%.

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