



ORIENT GREEN POWER

Q2 & H1FY18 Earnings Presentation
& Update on Strategy

Leading Diversified Renewable Energy Generation Company

Disclaimer

Certain statements in this presentation concerning our future growth prospects are forward looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, fluctuations in earnings, our ability to manage growth, competitive intensity in our industry of operations including those factors which may affect our cost advantage, wage increases, our ability to attract and retain highly skilled professionals, sufficient availability of inputs, price of inputs, setting of appropriate tariffs by regulatory bodies, our ability to successfully complete and integrate potential acquisitions, liability for damages on our contracts to supply electricity, the success of the companies in which Orient Green Power has made or shall make strategic investments, withdrawal of governmental incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. Orient Green Power may, from time to time, make additional written and oral forward-looking statements, including those in our reports to shareholders. The Company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the company

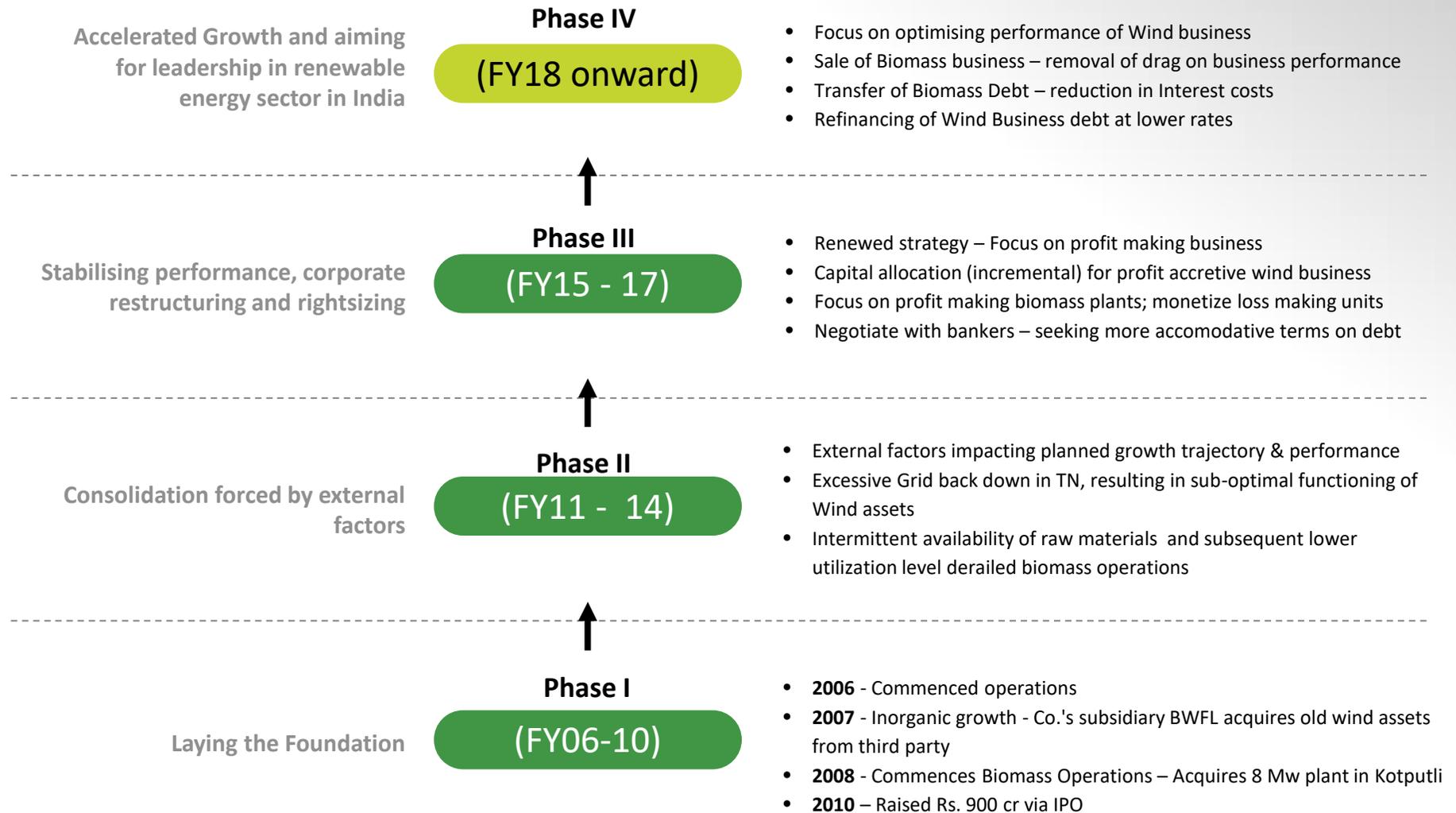
Index

Section	Page Number
Transformation Strategy & Operational Progress	4
Key Developments: H1 FY18	15
Financial Highlights	17
Operational Highlights	20
Outlook & Regulatory Overview	23
Appendix: Financial Statements	28



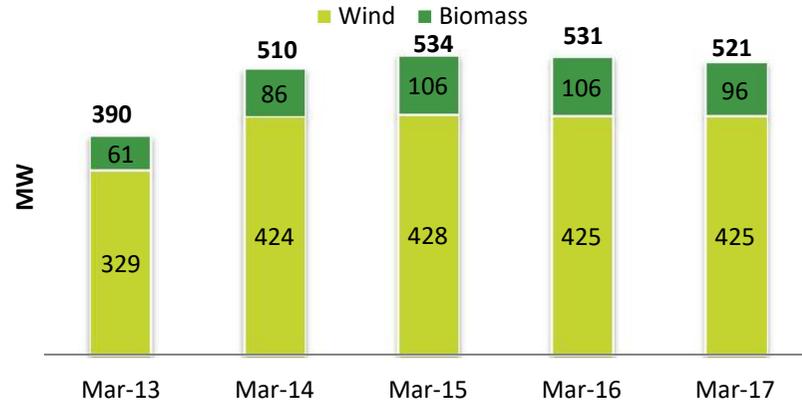
Transformation Strategy & Operational Progress

OGPL Transformation

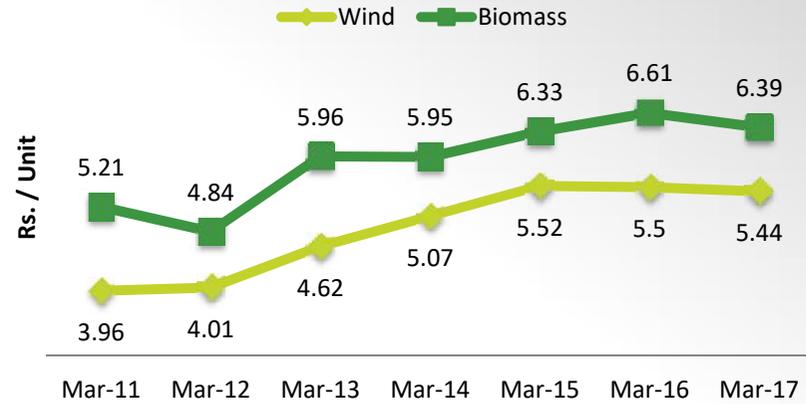


High Potential disrupted by external factors

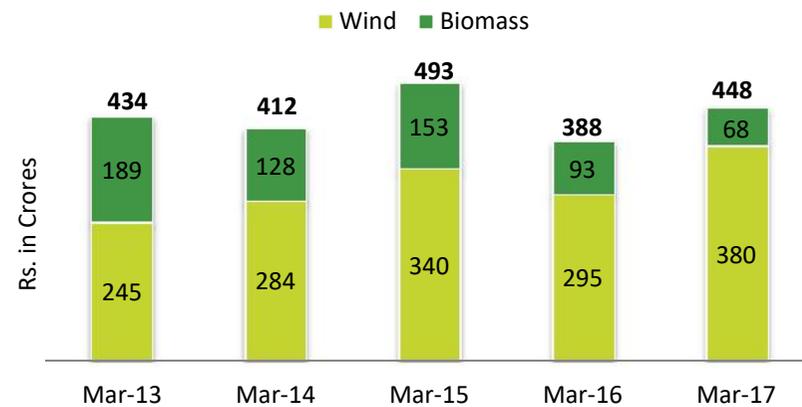
Capacity addition



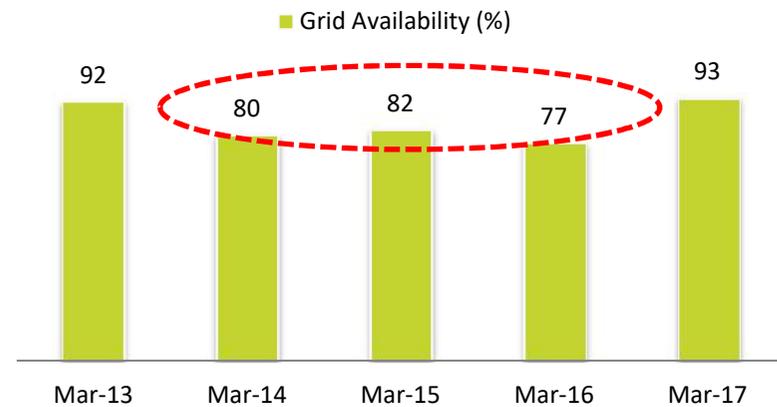
..and rising tariffs



Did not translate into strong growth in Revenue from operations, as...



..Potential disrupted by acute grid backdown

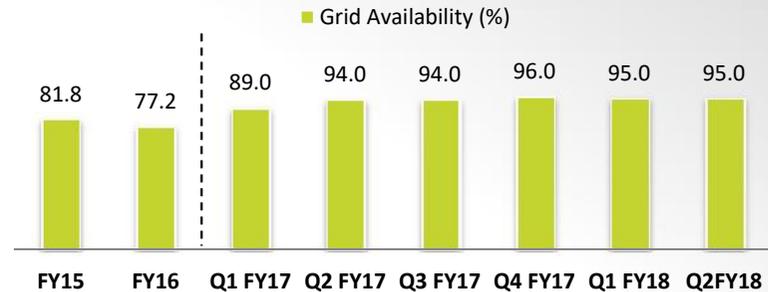


Turnaround in performance underway

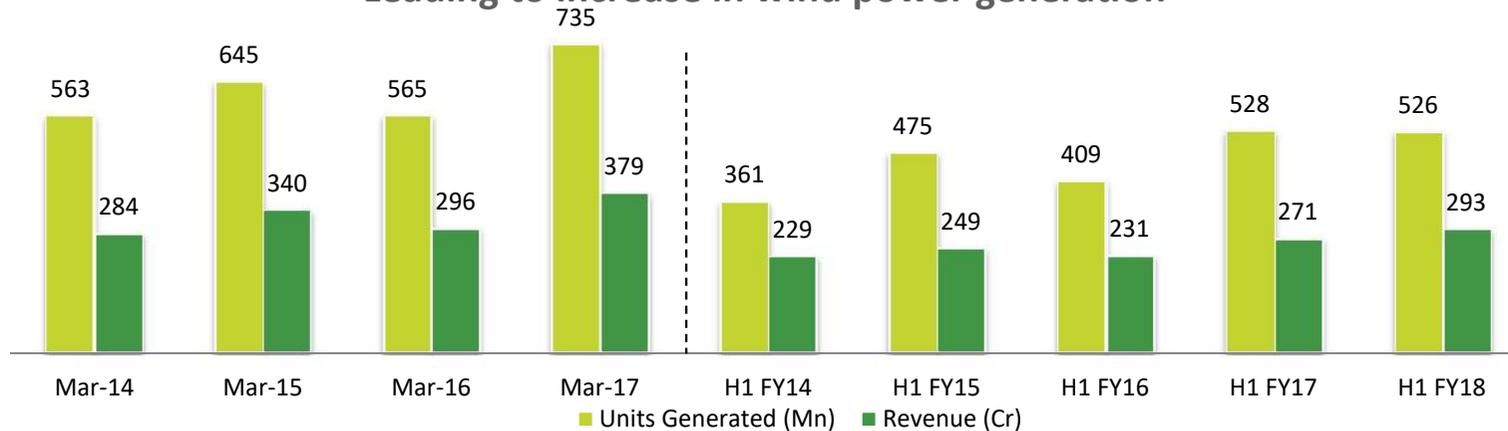
Improvement in grid evacuation level

- Increased frequency bandwidth for renewables
- Phase-wise shutting down of thermal power plants during the wind season
- Request for expedition of 1,000 MW green energy corridor to help 100% evacuation

Sustained grid availability in recent quarters

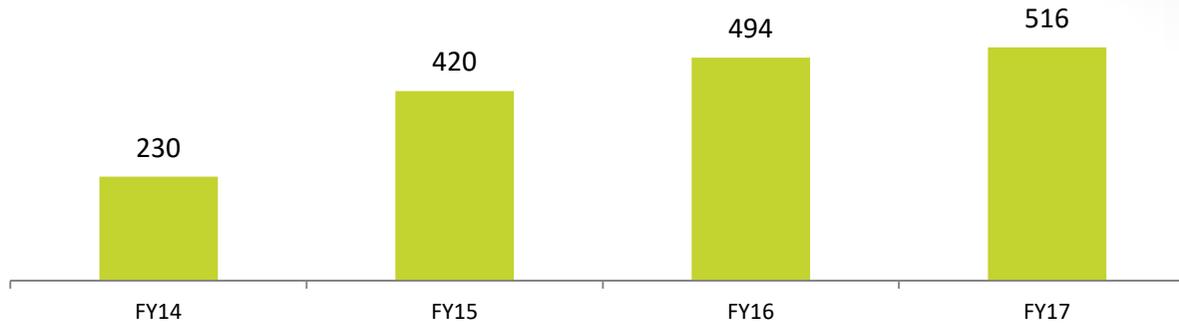


Leading to increase in wind power generation



Supported by Improvement in REC Mechanism

REC's Outstanding in thousands



- Sharp increase in RECs traded in FY17 on stricter implementation
- OGPL recorded best ever REC Revenues of INR 38.3 crore in FY17
- REC Trading volumes on energy exchanges set new records in FY17

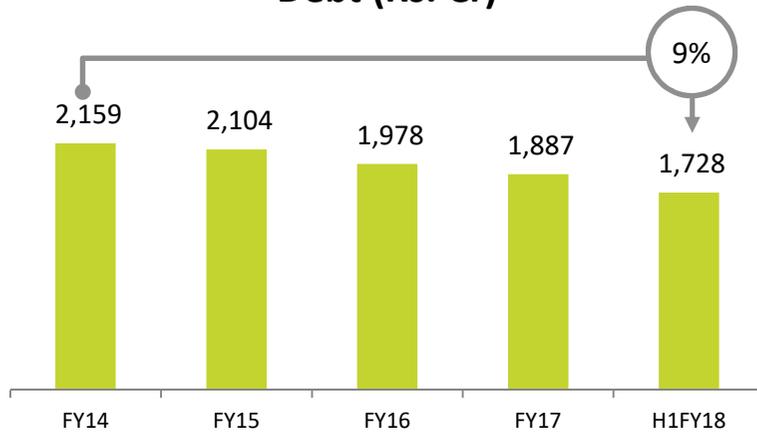
Traded REC Revenue INR Crs



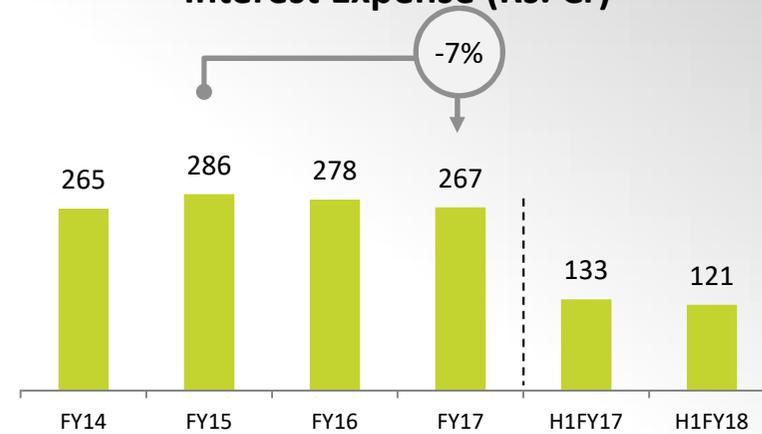
- Unsold Inventory of 0.47 million RECs as of Sept 30, 2017
- Valued at approx. INR 70 Crore at floor price under the old regime
- New Floor price Rs.1,000 is being contested in APTEL.

Focus on Debt Reduction

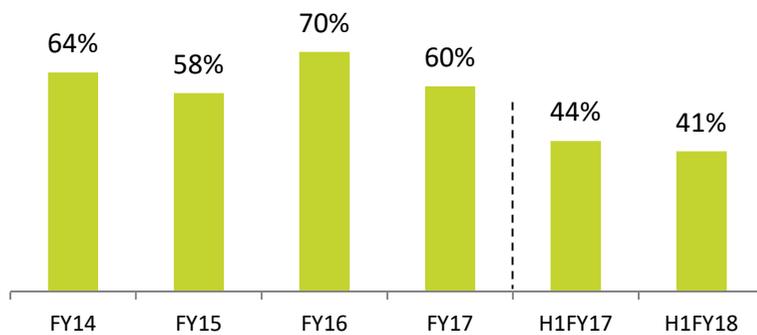
Debt (Rs. Cr)



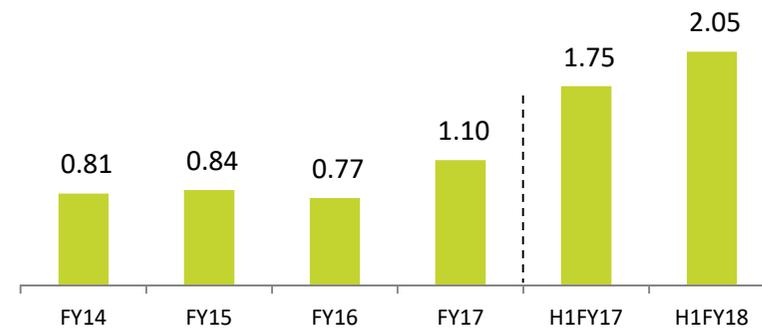
Interest Expense (Rs. Cr)



Interest / Revenue (%)



EBITDA / Interest (x)

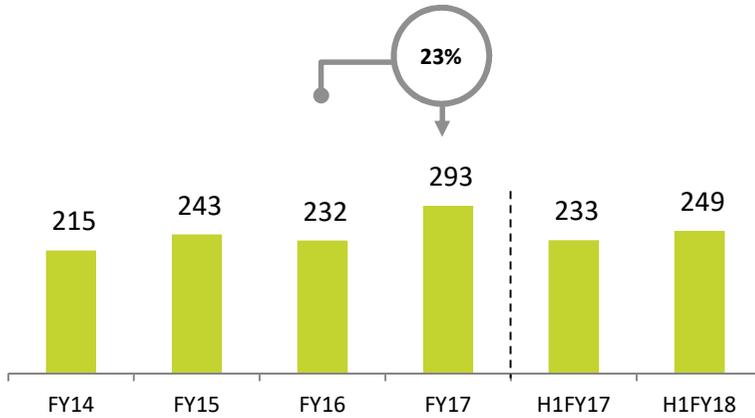


Interest cost reduction to be visible henceforth

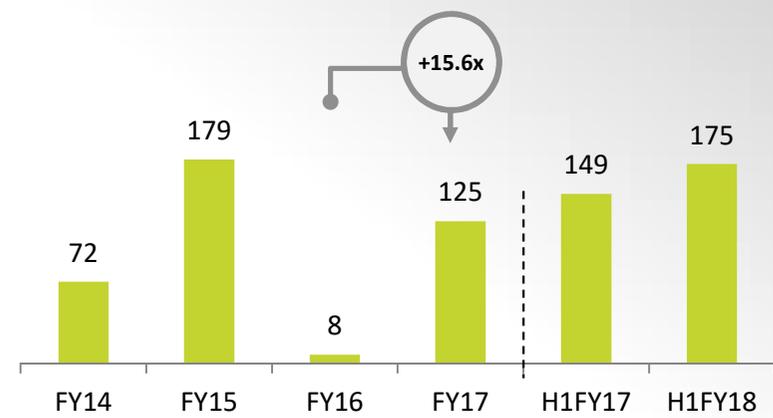
Component	Amount (Rs.cr)	FY16		FY17		FY18		FY19
		Interest Rate (%)	Cost (Rs.cr)	Interest Rate (%)	Cost (Rs.cr)	Interest Rate (%)	Cost (Rs.cr)	
Biomass Debt	350	18%	63	18%	63	TRANSFERRED		To work on further reduction in cost of debt based on prevailing interest rates for RE
Wind Debt								
5/25 Scheme Implemented	~765	14%	107	13%	100	12%	92	
1 tranche of High cost debt	~100	18%	18	18%	18	12.75%	13	
Balance debt in Wind business	~350	12%	42	12%	42	12%	42	
Promoter Group	~300	10.5%						
Avg. cost of debt		16%		15%		13%		
Total Interest Cost		278		267		230		

Resulting in Improved Profitability

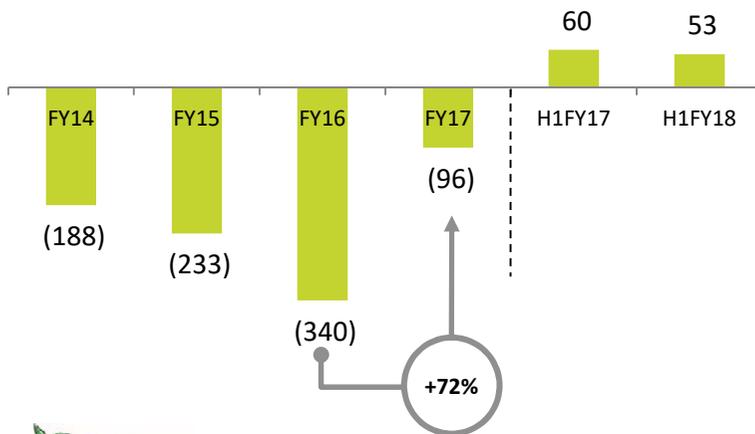
EBITDA (Rs. Cr)



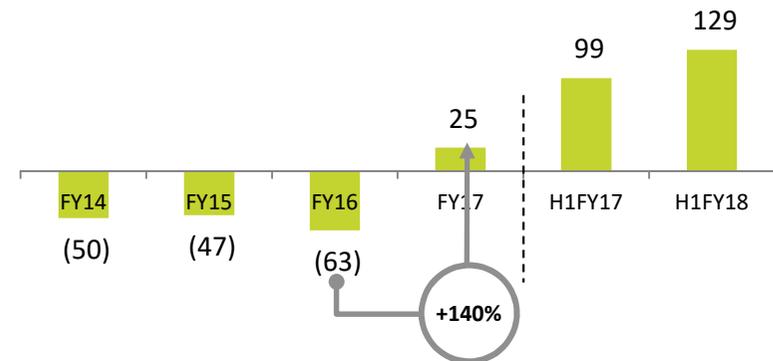
EBIT (Rs. Cr)



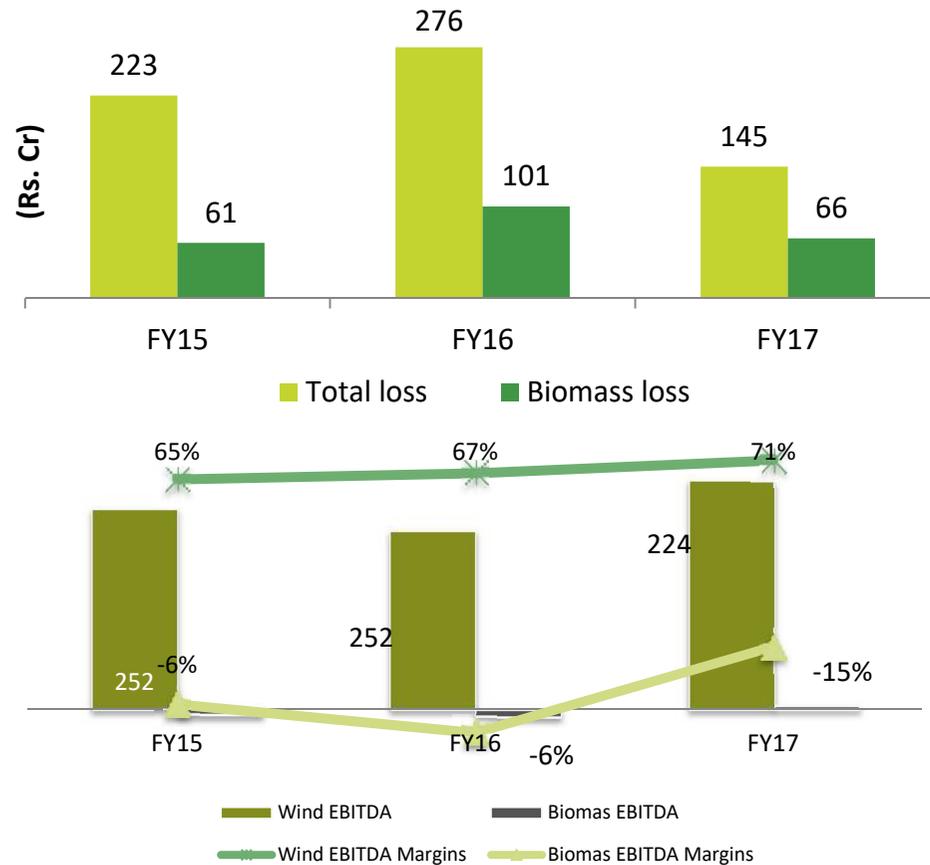
PAT (Rs. Cr)



Cash Profit (Rs. Cr)



Rationale – Sale of Biomass business



- Biomass business contributed to about 30 to 40% of the Co.'s losses over last 3 years

- Average EBITDA margin of wind business has been 68% as against negative 3% for biomass in the last 3 years

Biomass units functioning at sub-optimal utilisation levels resulting in –

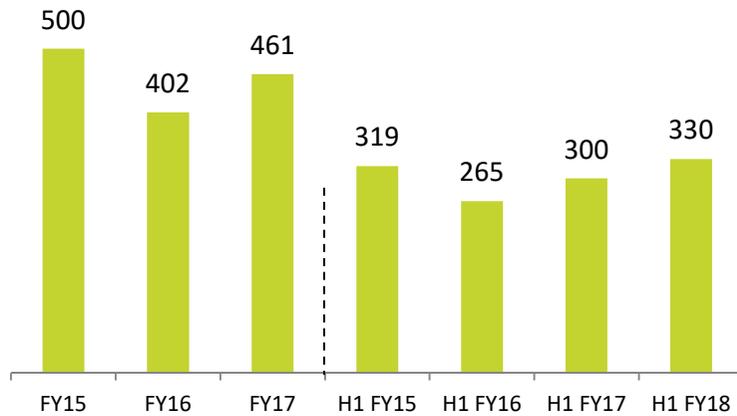
- Lower profitability
- Lower return ratios
- Impacting cash flows and ability to service loans

Biomass business sold to subsidiary of SVL Ltd. on September 07, 2017 for an Enterprise Value of Rs.272 Crore

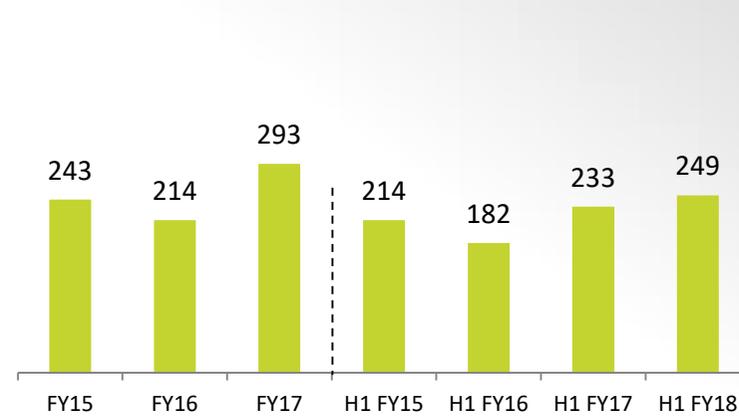


OGPL is now firmly on a path towards profitability

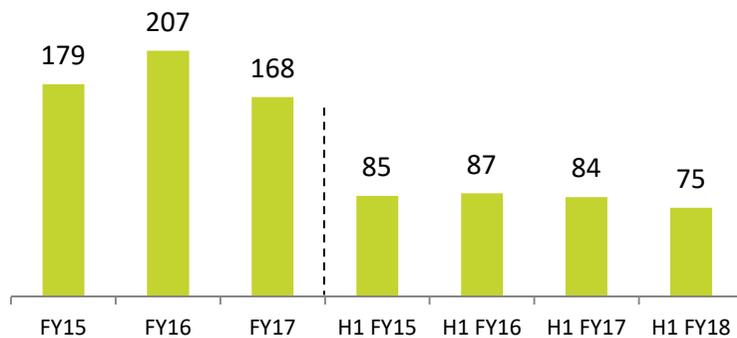
Total Revenue (Rs. Cr)



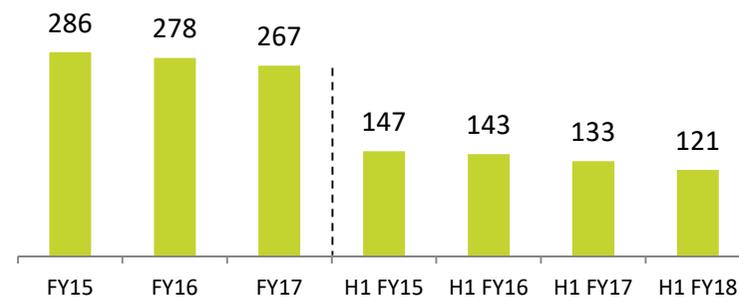
EBITDA (Rs. Cr)



Depreciation (Rs. Cr)



Interest (Rs. Cr)



Green shoots – on the back of strategic and structural initiatives

Conducive environment for Wind Business

- Significant improvement of Grid Availability in TN – frequency of grid back down has reduced substantially and consistent grid availability is expected to sustain henceforth

Sale of Biomass business to SVL

- OGPL has transferred all of its Biomass Assets to subsidiary of SVL Ltd. This has been undertaken at a total consideration / Enterprise Valuation of Rs. 272 crore.
- This comprises Rs. 193 crore of debt taken over and Rs. 81.3 crore of cash received. Plan to monetize stake in unviable business units – proceeds to be used to reduce debt and enhance working capital position
- Further, the outstanding loans, have reduced by Rs. 159 crore from Rs. 1887 crore as of March 31, 2017 to Rs. 1728 crore as of September 30, 2017.

Deleveraging Balance Sheet

- Restructuring of 765 Crores wind debt under 5/25 scheme.
- Negotiating with bankers for refinancing and extending tenures for existing loans

Revival in REC Trading

- Trading of RECs has been marginally higher in H1 FY18 as compared to H1 FY17. This is despite the sharp drop in trading volumes following the CERC directive to reduce the floor price against which an appeal has been filed before the Hon'ble Supreme Court. .
- Trading volumes are expected to be stronger in the second half of the fiscal.



Key Developments: H1 FY18

Key Developments – H1 FY18

Strong Performance on the back of sustained Momentum

- Reported revenue growth of 6% in H1FY18 on the back of further improvement in performance of the Wind business; performance would have been even better but for some volatility in Wind patterns in Q
- Growth in revenue propels EBITDA to Rs .249 mn for H1

Wind Business – Delivering Growth

- Consistent wind availability and improved macros have resulted in revenue & EBITDA growth of 8% & 7% respectively
- Significant improvement of Grid Availability (95%) in TN– frequency of grid back down has reduced substantially and consistent grid availability is expected to sustain henceforth resulting in greater evacuation
- TANGEDCO evacuated a record 5,079 Mw Wind power in the month of July, a new record in wind power evacuation in Tamil Nadu and India – there is a concerted focus to build up the consumption of wind power with the intention to supply to captive market as well as export to power deficit states

Completed sale of Biomass Assets to Subsidiary of SVL Ltd

- Transferred all of its Biomass Assets to Subsidiary of SVL Ltd for an enterprise value of Rs. 272 crore
 - Comprising of Rs. 193 crore of debt taken over and Rs. 81.3 crore of cash paid.



Financial Highlights

H1FY18 Financial Performance

In Rs. Mn

	Wind			Biomass			TOTAL		
	H1 FY18	H1 FY17	%	H1 FY18	H1 FY17	%	H1 FY18	H1 FY17	%
REVENUES	2930	2713	8%	366	382	(4)%	3,296	3,095	6%
EBITDA	2437	2,284	7%	60	47	27%	2,497	2,331	7%
<i>EBITDA%</i>	83%	84%		16%	12%		75%	75%	
EBIT	1805	1,609	12%	(554)	(119)		1,749	1,491	17%
<i>EBIT%</i>	61%	60%		NA	NA		53%	48%	
PBT	791	524	51%	(265)	(366)	-	536	158	-
<i>PBT%</i>	27%	19%		NA	NA		16%	5%	

**PBT before exceptional items*

Key Financial Highlights – H1 FY18

Wind Business: Improving macros structurally positive for the business

- Revenue for H1 FY18 grew by 8% to Rs. 2930 mn compared to Rs. 2,713 mn; EBITDA improved to Rs. 2437mn from Rs. 2284 mn during the corresponding period last year.
- Expect strong performance by Wind business to continue:
 - Significant improvement in grid availability especially in TN; grid availability for the Qtr. Stood at 95%
 - Solid support from regulators and electricity distribution companies / SEBs is contributing to a favorable outlook for the industry.
 - Greater proportion of new wind assets

Biomass: Completed transfer of Biomass Assets to Subsidiary of SVL Ltd

- OGPL has transferred all of its Biomass Assets to Subsidiary of SVL Ltd. This has been undertaken at an enterprise value of Rs.272 crore. This comprises Rs. 193 crore of debt taken over and Rs. 81.3 crore of cash paid
- The performance of the Biomass Operations are appearing under discontinued operations. Performance upto August 31, 2017 has been included. Upon transfer of biomass business, outstanding debt has reduced by Rs.159 crore from Rs. 1,887 crore as of March 31, 2017 to Rs. 1,728 crore as of September 30, 2017.

Debt Rationalization: Better liquidity and cash flow management

- Reduction of loans following transfer of Biomass business to Subsidiary of SVL Ltd, coupled with refinancing and restructuring of existing wind loans has already resulted in lower interest outgo by 9% from 133 crore in H1FY17 to 121 crore in H1FY18 – as benefit accrued mid quarter, interest costs will reduce further in coming quarters
- Cumulative impact of the above measures to reduce annual interest expense by Rs. 30 - 35 crore.



Operational Highlights

Wind Operations

Particulars	Unit of Measurement	H1 FY18	H1 FY17
Capacity (incl. overseas capacity)	Mw	425	425
Units Generated (Gross)	Mn	526	528
Annualized PLF	%	28.2	28.3
Average Gross Realisation (before charges and without REC)	Rs./ Unit	5.14	5.20

State	Capacity (MW)
Tamil Nadu	308.3
Andhra Pradesh	75.40
Gujarat	29.2
Karnataka	1.25
Europe	10.5
Total	424.65

Grid Availability Data

State	Q2FY18				Q2FY17			
	Effective installed capacity (Mw)	Generation (Million Kwh)	PLF (%)	Grid availability (%)	Effective installed capacity (Mw)	Generation (Million Kwh)	PLF (%)	Grid availability (%)
Tamil Nadu	308	197	29	95	308	239	35	94
Andhra Pradesh	75	54	33	99	75	69	41	99
Gujarat	29	21	32	99	29	25	38	99
Total	413	272	30	96	413	333	37	96

Biomass Operations

Particulars	Unit of Measurement	H1 FY18	H1 FY17
Capacity (operational during the year)	Mw	35.5	55.5
Units Exported	Mn	46.0	39.0
PLF	%	29.5	15.9
Average Realisation	Rs./ Unit	6.26	6.09
Specific Fuel Consumption per unit	Kg/ Unit	1.58	1.46
Fuel Cost	Rs./ Unit	3.76	4.58
O&M and other Costs	Rs./ Unit	1.56	3.43

State	Capacity (MW)	Revenue Model
Tamil Nadu	32.5	Group Captive, Merchant
Andhra Pradesh /Telangana	7.5	Merchant
Rajasthan	24.0	PPA
Maharashtra	22.0	Merchant, PPA
Madhya Pradesh	10.0	PPA
Total	96.0	





Outlook & Regulatory Overview

Outlook - Wind

- **Improving macros – structurally positive for the business**
 - Sharp improvement in grid infrastructure a structurally positive development for the business enabling smooth & greater transmission of power from generating unit to grid for distribution
 - Encouraging operating environment, supportive Govt. policies and improving infrastructure contributing to overall positivity of the sector

- **Easing liquidity pressure – In dialogue with Bankers**
 - In discussion with the bankers for extending tenure and refinancing part of existing debt
 - For one tranche of loan amounting to Rs. 100 crore, have completed refinancing at a reduced rate of 12.75% from 18% p.a. earlier w.e.f. 1st July 2017. The reduction in interest cost will be Rs. 5 crore p.a
 - Working on refinancing of loans amounting to Rs. 765 cr which were restructured under 5/25 scheme to reduce interest cost by 100 to 150 basis points.
 - The combinations of these initiatives are expected to reduce annual interest expense by Rs.30 - 35 crore

- **Scaling up capacities to drive future growth**
 - The 43.5 MW expansion in Andhra Pradesh which will come on-stream in wind season 2018 provides scope for growth and operating leverage benefits

Outlook - Biomass

- **Completes transfer of Biomass Assets to Subsidiary of SVL Ltd**
 - OGPL has transferred all of its Biomass Assets to Subsidiary of SVL Ltd. This has been undertaken at an enterprise value of Rs.272 crore. This comprises Rs. 193 crore of debt taken over and Rs. 81.3 crore of cash paid
 - The debt: equity ratio of the Company has improved from 2.24:1 as of March 31, 2017 to 1.90:1 as of September 30, 2017

Renewable Energy Certificates

- Trading of RECs commenced following Supreme Court's order dated July 14 2017, permitting conditional trading of Non – Solar RECs – Demand remained relatively low for Q2 FY18 on expected lines given that –
 - Obligated entities are required to pay at old RECs rate (Rs 1500/ REC)
 - However, demand from some utilities remained strong ; where state regulators had given RPO enforcement orders in recent months.
- On an overall basis, for the six months ended September, Non-solar demand is up by 11% compared to the same period last year. ([Source](#))
- OGPL sold 73,306 RECs sold during H1 FY18 resulting in realization of Rs. 73.3 million as against 613,938 RECs amounting to Rs. 920.9 million during H1 FY17. OGPL's share in trading on the exchange represented 4.30% of trading volumes during H1FY18
- OGPL had an unsold inventory of 470,094 RECs as of September 30, 2017 which are valued at approx. Rs 705.1 million at the floor price (old regime).

Regulatory & Market Developments

- Government plans to auction 4.5 GW of Wind Power capacity in coming months. Buoyed by the results of the last two wind auctions of 1 GW each; the auctions will begin immediately with about 1.5GW to go under the hammer this month, followed by two more 1.5GW auctions in December and February. ([Source](#))
- Gujarat High Court passed an interim order restraining the state from holding its first wind energy auction scheduled for November 1 . The court acted in response to a petition by Indian Wind Energy Association, which said the Gujarat State Electricity Commission's permission to hold the auction was contrary to law because the Centre has not issued guidelines for the sale of state wind projects. ([Source](#))
- Government of Karnataka has overruled KERC recommended tariff and have awarded Rs.4.50 per unit for pending projects and unsigned PPAs. ([Source](#))



Appendix: Financial Statements

Financial Performance – H1 FY18 (Consolidated – IND-AS)

Rs. Million

	H1 FY18	H1 FY17	Y-o-Y (%)
Sale of Power	2,622	2,684	-2
Other Operating Income	342	317	8
Total Income	2,964	3,001	1
Expenditure			
Cost of biomass fuel	172	179	-4
O&M and other costs	626	586	7
Total Expenditure	798	765	5
Operational EBITDA	2,166	2,236	-3
EBITDA (%)	73.0%	74.5%	
Other Income	331	94	252
Total EBITDA	2,497	2,330	7
Depreciation	747	840	-11
EBIT	1,750	1,490	17
Finance charges	1,213	1,332	-9
Profit /(loss) after Int before exp. Item	537	158	237
Exceptional Item	(10)	(439)	
Profit /(loss) after tax	526	597	
Comprehensive Income/Exceptional Item	37	-	
Profit / (Loss) after Minority Interest	580	602	



Thank You

For further information please contact

Mr. K.V. Kasturi

Orient Green Power Company Limited

Tel: +91 44 4901 5678

Email: kasturi.kv@orientgreenpower.com

Mayank Vaswani / Suraj Digawalekar

CDR India

Tel: +91 22 6645 1230 / 1235

Email: mayank@cdr-india.com

suraj@cdr-india.com



Registered Office: Sigapi Achi Building, 18/3 Rukmini Lakshmi pathi Road, Egmore,
Chennai – 600 008.
www.orientgreenpower.com

News Release: For immediate publication

Chennai, 9th November, 2017

OGPL reports strong H1FY18 results

Revenues higher by 6%, EBITDA grows 7% to Rs.250 Crore

EBIT increases by 17% to Rs.175 Crore

Orient Green Power Company Limited (OGPL) a leading independent renewable energy-based power generation company in India has announced its results for the quarter and half year ended September 30, 2017.

	Wind			Biomass			TOTAL		
	H1 FY18	H1 FY17	%	H1 FY18	H1 FY17	%	H1 FY18	H1 FY17	%
REVENUES	293	271	8%	37	38	-4%	330	309	6%
EBITDA	244	228	7%	6	5	27%	250	233	7%
EBITDA%	83%	84%		16%	7%		75%	75%	
EBIT	181	161	12%	-6	-12	-	175	149	17%
EBIT%	61%	60%		NA	NA		53%	48%	

Commenting on the performance, Mr. S. Venkatachalam, MD - OGPL, said: “We are pleased to report continued momentum in our financial performance. The strong growth in the first half has been made possible by consistent grid availability. The performance would have been even better but for some volatility in Wind patterns in September 2017.

We have completed the sale of the Biomass Business to a group concern during the quarter. The removal of this business has eliminated the drag, resulting in a sharp improvement in the financial profile, as anticipated. The improved performance trajectory of the wind business is now more visible and we are confident of not only sustaining, but building upon this performance.

Our focused efforts to reduce interest costs have received a significant boost in Q2, with the transfer of biomass debt as well as refinancing of a significant share of debt in the wind business. The initial benefits of the reduced interest cost have already accrued to us in Q2 and will reflect in greater measure in the ensuing quarters.

The business is on a much stronger footing now and is well placed to benefit from tailwinds of improved macros, lower finance costs and gradual uptick in REC trading. We are aiming for leadership in operational performance in the renewable energy industry and are confident that it will result in accelerated value creation for our stakeholders.”

Performance Update

- **Strong Business Performance due to structural improvements in the wind business:**
 - Grid availability has been consistently above 95% for the last few quarters providing buoyancy to the revenue performance. TANGEDCO evacuated record wind power (5,000 Mw+) in the month of July, a national and state record. Solid support from regulators and electricity distribution companies / SEBs is contributing to a favorable outlook for the industry. High levels of grid availability are enabling the Company to realize evacuation of nearly all power generated from its wind assets, significantly narrowing the gap between potential and actual performance.
- **Completed transfer of Biomass Assets to Shriram Ventures Ltd:**
 - OGPL has transferred all of its Biomass Assets to Subsidiary of SVL Limited. This has been undertaken at an Enterprise Valuation of Rs. 272 crore. This comprises Rs. 193 crore of debt taken over and Rs.81 crore of cash received.
 - Further, the outstanding loans, have reduced by Rs. 159 crore from Rs. 1,887 crore as of March 31, 2017 to Rs. 1,728 crore as of September 30, 2017.
- **Interest Cost has reduced from Rs. 133 crore in H1FY17 to 121 crore in H1FY18. The Company is confident of further and sustained reduction in interest cost, due to the following initiatives:**
 - Transfer of loans amounting to Rs. 193 crore pertaining to the Biomass business pursuant to its sale / transfer to Subsidiary of SVL Limited.
 - Refinancing of existing loans of Rs. 100 crore at a reduced rate of 12.75% from 18% p.a. earlier. w.e.f. 1st July 2017. The reduction in interest cost will be above Rs. 5 crore p.a.
 - Working on refinancing of loans amounting to Rs. 765 cr which were restructured under 5/25 scheme to reduce interest cost by 100 to 150 basis points.
 - The combination of these initiatives is expected to reduce annual interest expense by Rs.30 - 35 crore which will flow directly to PBT. Initial impact already visible in Q2 FY18 compared to Q1 FY18.

- **Revival in REC trading**

- Trading of RECs has been marginally higher in H1 FY18 as compared to H1 FY17. This is despite the sharp drop in trading volumes following the CERC directive to reduce the floor price, against which an appeal has been filed before the Hon'ble Supreme Court. While the decision is awaited, out of REC realization of Rs. 1,500 per certificate, Rs. 1,000 is being paid to the seller, with the remaining Rs.500 being held in an Escrow account. Trading volumes are expected to be stronger in the second half of the fiscal.

-ENDS-

For further information please contact:

Mr. K.V. Kasturi
Orient Green Power Company Limited
Tel: +91 44 4901 5678
Email: kasturi.kv@orientgreenpower.com

Mayank Vaswani / Suraj Digawalekar
CDR India
Tel: +91 22 6645 1230 / 1235
Email: mayank@cdr-india.com
suraj@cdr-india.com

Safe Harbour

Some of the statements in this press release that are not historical facts are forward-looking statements. These forward-looking statements include our financial and growth projections as well as statements concerning our plans, strategies, intentions and beliefs concerning our business and the markets in which we operate. These statements are based on information currently available to us, and we assume no obligation to update these statements as circumstances change. There are risks and uncertainties that could cause actual events to differ materially from these forward-looking statements. These risks include, but are not limited to, the level of market demand for our services, the highly-competitive market for the types of services that we offer, market conditions that could cause our customers to reduce their spending for our services, our ability to create, acquire and build new businesses and to grow our existing businesses, our ability to attract and retain qualified personnel, currency fluctuations and market conditions in India and elsewhere around the world, and other risks not specifically mentioned herein but those that are common to industry.