



# ORIENT GREEN POWER

FY19 Earnings Presentation  
& Update on Strategy

Leading Renewable Energy Generation Company

# Disclaimer

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*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*

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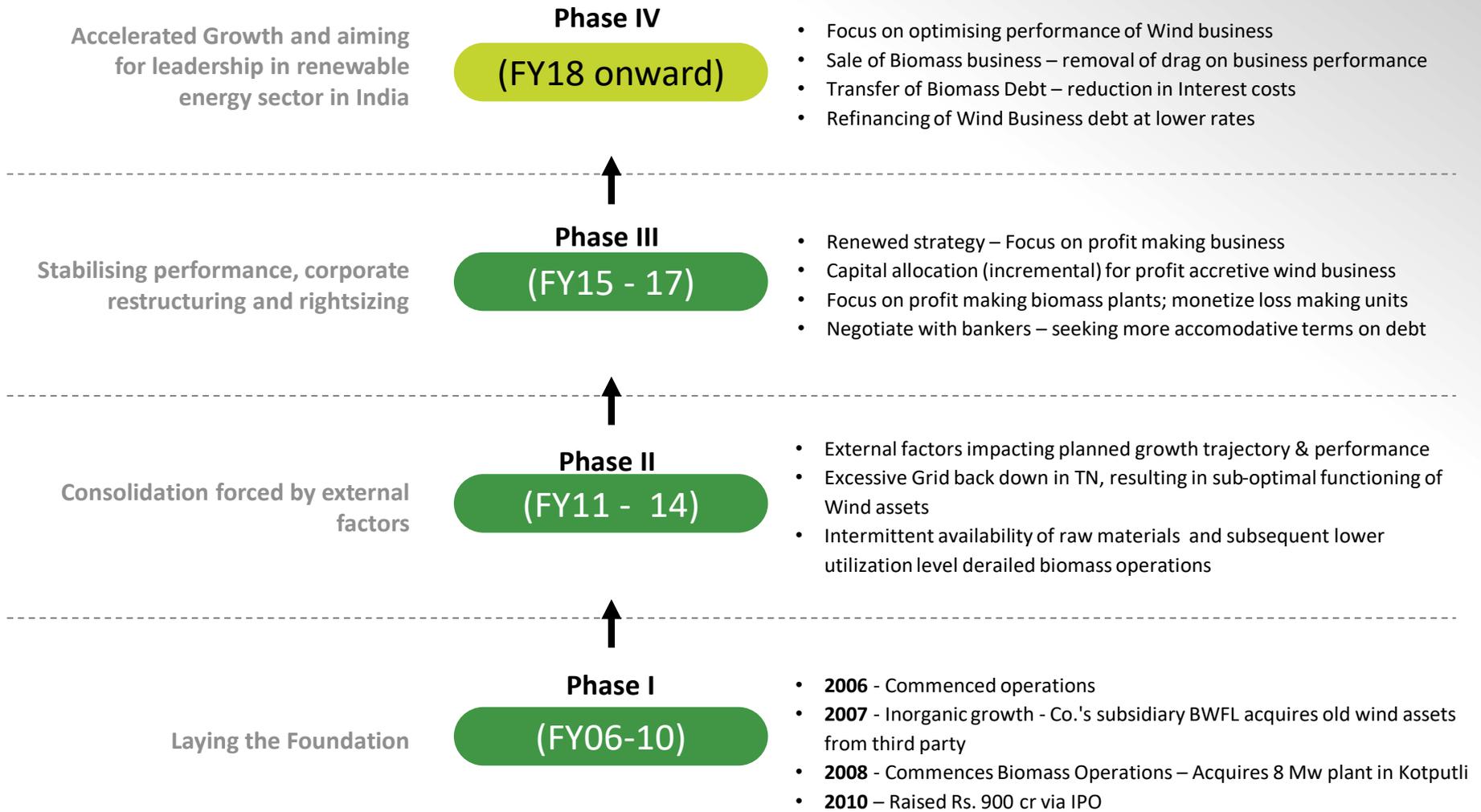


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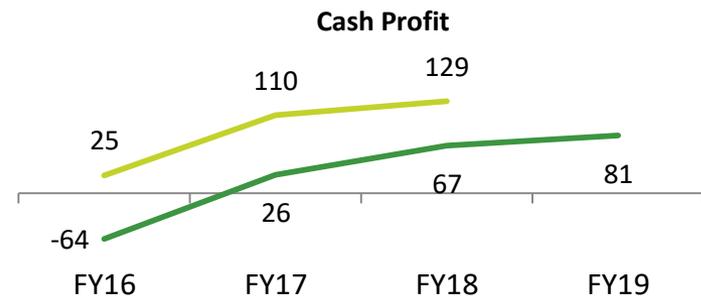
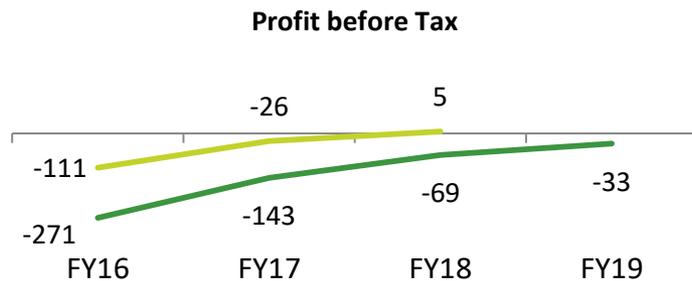
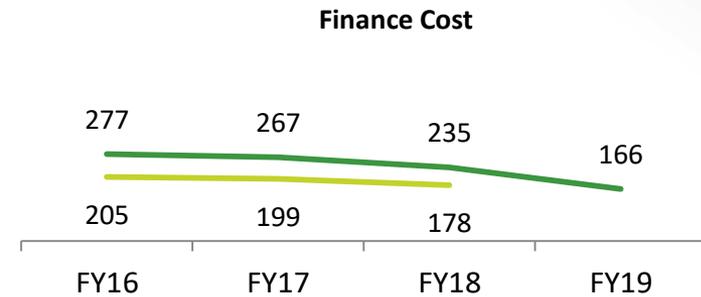
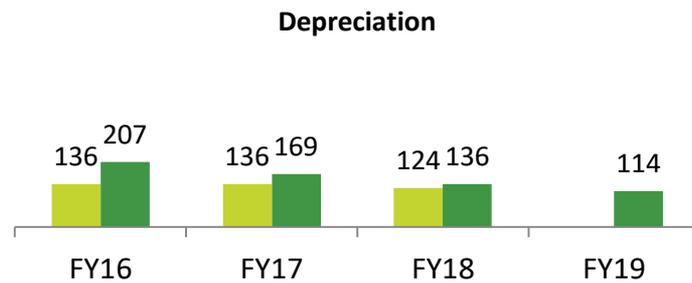
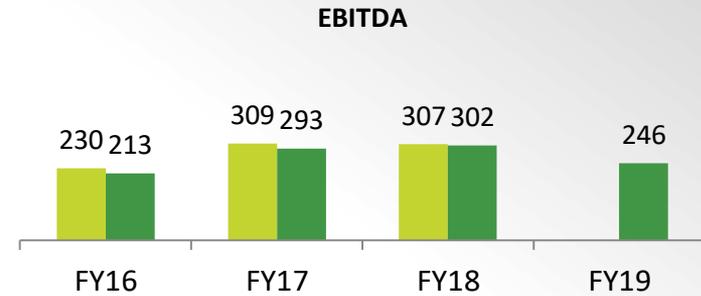
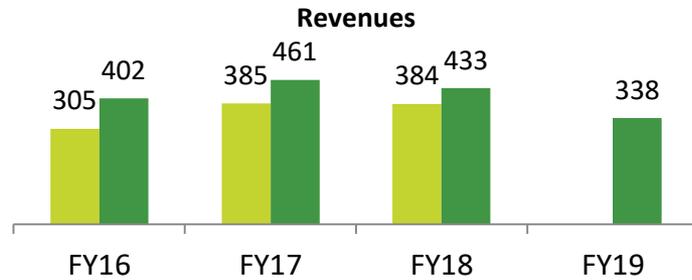
# **Transformation Strategy & Operational Progress**

# OGPL Transformation



# High Potential disrupted by external factors

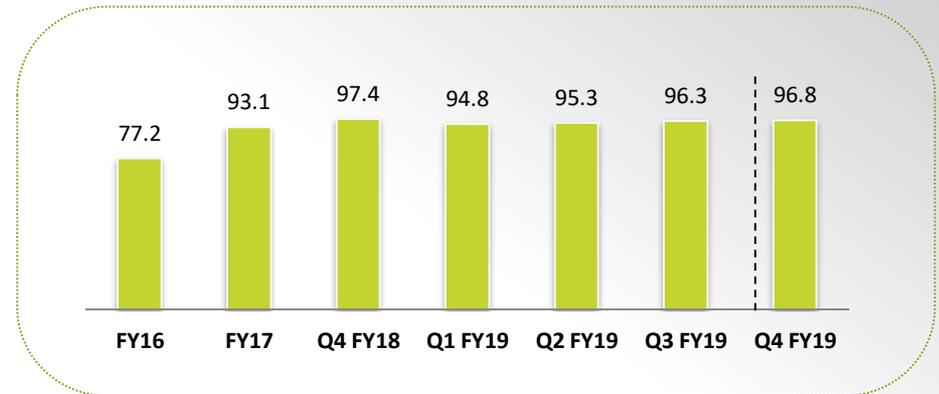
In Rs. cr



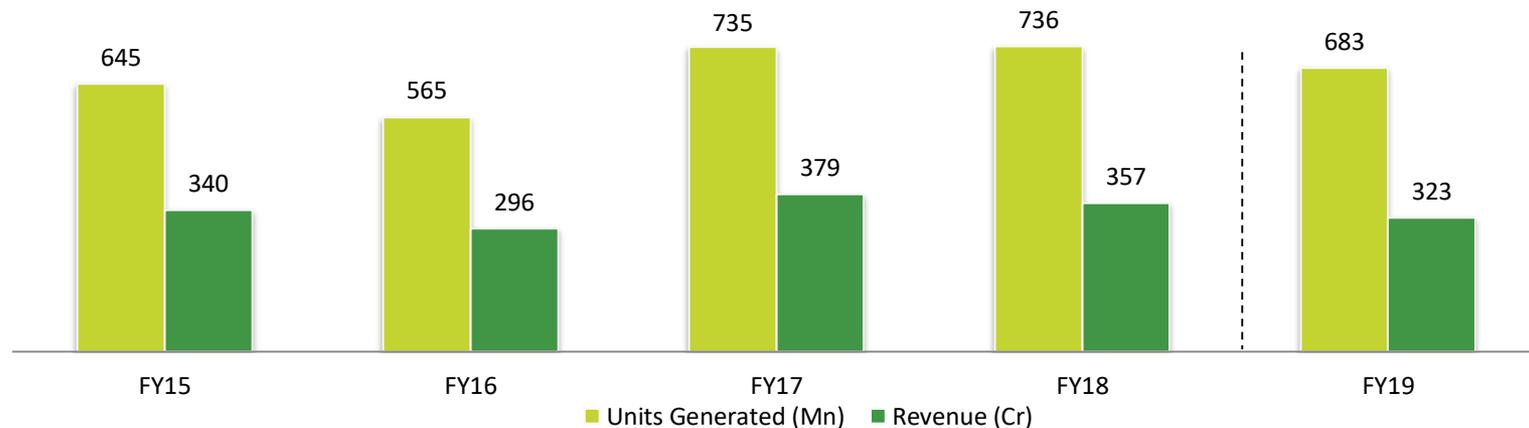
# What has changed in recent times

## 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

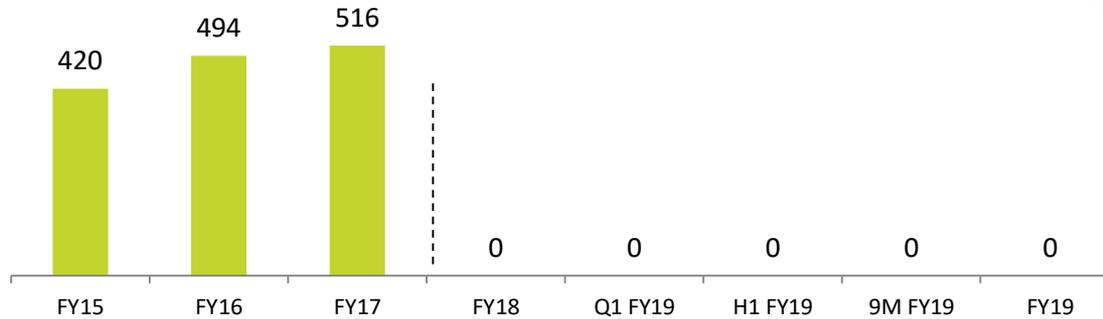


## Wind power generation



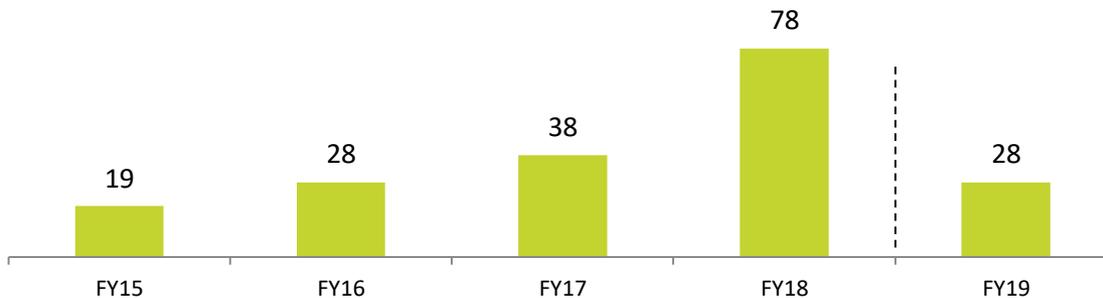
# Supported by Improvement in REC Mechanism

## REC's Outstanding in thousands



- Sharp increase in RECs traded in FY18 & FY19 on stricter implementation
- REC Trading volumes on energy exchanges set new records in FY18
- 100% realization of REC stocks

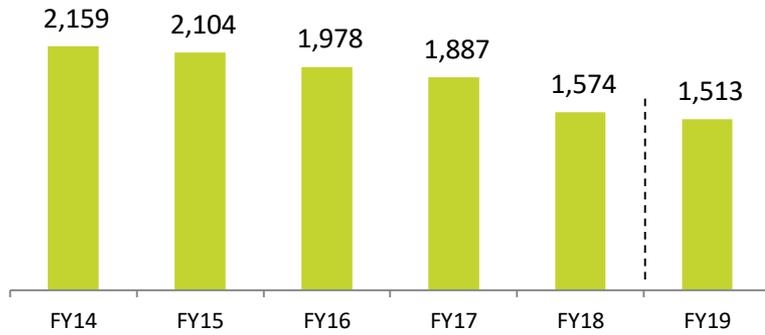
## Traded REC Revenue INR Crs



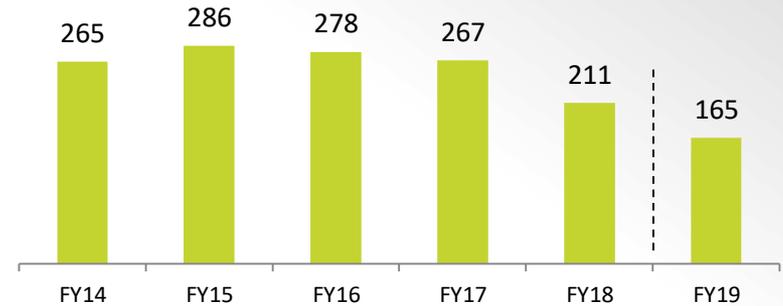
- Zero stock of issued RECs as of Mar 31, 2019
- Amount held in CERC - Rs.21 Crore
- The Supreme Court has granted stay in respect of floor price for REC's issued before 31<sup>st</sup> March 2017.

# Focus on Debt Reduction

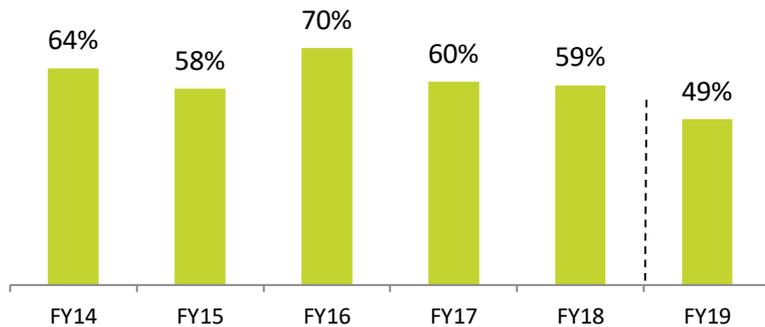
## Debt (Rs. Cr)



## Interest Expense (Rs. Cr)



## Interest / Revenue (%)

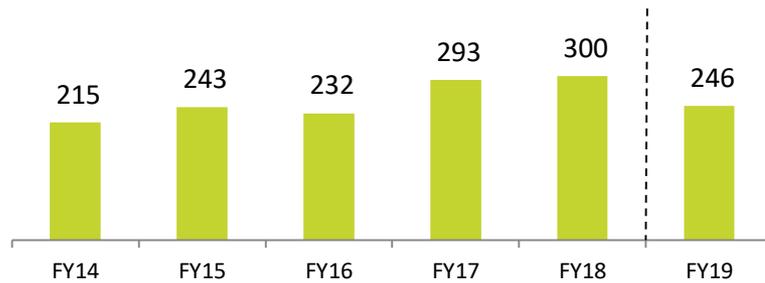


## EBITDA / Interest (x)

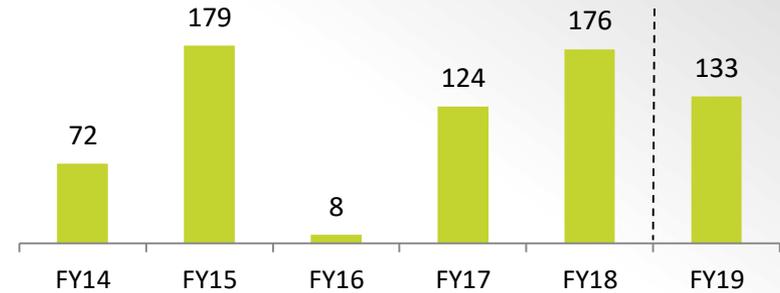


# Resulting in Improved Profitability

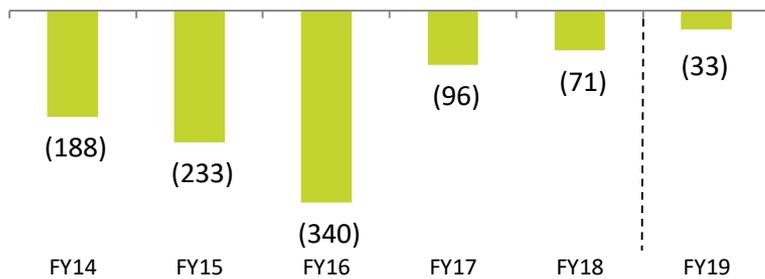
## EBITDA (Rs. Cr)



## EBIT (Rs. Cr)



## PAT (Rs. Cr)



## Cash Profit (Rs. Cr)





## **Key Developments: FY19**

# Key Developments – FY19

## Wind Business – Maintained momentum despite challenges

- Wind business performance has been elevated in recent years on the back of improving macros coupled with efforts towards sharpening operational efficiencies.
- Marked improvement of Grid Availability (95%) in TN – sharp reduction in frequency of grid back down and consistent grid availability is expected to sustain henceforth resulting in sustainably elevated level of evacuation.
- In addition to enhancement of grid availability there has been an up gradation of transmission infrastructure which has improved the inter state transmission of power generated enhancing the potential addressable market

## Debt rationalization, stronger balance sheet & improved liquidity profile

- Have successfully reduced debt and strengthened balance sheet each year for the last 5 years; now consistently generating cash profit
- In discussion with bankers to further reduce credit cost & enhance liquidity by extending loan maturities.
  - Efforts underway to refinance existing debt to avail of prevailing lower interest rates
  - Working towards bringing down average cost of debt from ~13% at present to lower levels.

## REC has emerged as a credible revenue stream

- Stricter enforcement of regulations has resulted in better demand – supply scenario, leading to buoyant REC market
  - Certificates are now getting traded regularly and above their floor price
  - REC trading at Rs.100-Rs.300 above floor price of Rs. 1,000 from Apr '18 onwards, touched Rs. 1,500 in March '19.
- Strong demand for certificates have elevated REC realisations into a reliable revenue stream for the Company.



# Financial Highlights

# FY19 Consolidated Financial Performance

In Rs. Mn

	2018-19	2017-18
<b>Continued Operations:</b>		
Revenue	3,389.2	3,986.4
EBITDA	2,464.8	2,997.6
<b>Margins %</b>	<b>72.7%</b>	<b>75.2%</b>
EBIT	1,327.4	1,761.7
<b>EBIT %</b>	<b>39.2%</b>	<b>44.2%</b>
PBT	(330.4)	(351.8)
Loss from Discontinued Operations	(154.6)	(342.8)
Consol PBT	(485.1)	(694.6)

## Note:

1. Overall, this has been a subdued wind year resulting in a generation shortfall of 64 million units leading to a reduction in operational turnover of Rs.336.9 million.
2. The promoter company has maintained its commitment to the business and waived the group loan interest of Rs.330.6 million for the year.
3. It may be noted that the previous year had an exceptional income of Rs.156 million. Accordingly, the revenue for the comparative period presented is not comparable.
4. Factors like over 95% Grid Evacuation in Tamil Nadu and REC trading at around Rs.1,500 per certificate bode well for the future.

# Key Financial Highlights – FY19

## Wind Business:

- Overall relatively stable performance, could have been better had it not been for delayed onset of wind season & Cyclone Gaja – loss of over 64 million units compared to last year due to erratic wind pattern
- Consistent grid availability especially in TN; grid availability for the Qtr. at 96.8%, FY19 at 95.8%.
- Support from regulators and electricity distribution companies / SEBs as well as buoyant demand trends are contributing to a favourable outlook for the industry.

## Debt rationalization: Initiated discussion with PSU financiers

- Discussions are progressing well for refinancing of debt
- Working towards lowering bringing down average cost of debt from ~13% at present
- Interest cost reduced from Rs. 211 Crore in FY18 to Rs.165 Crore in FY19.

## REC Trading: Firm volumes & better realisations on the back of strong demand

- Demand-supply trends in favour of generators due to rising demand and limited supply
- This has resulted in trading of certificates above the floor price after a gap of 5 years
- OGPL has generated Rs. 28 crore as revenue from RECs in FY19
- For the 1<sup>st</sup> time in its history the Company has not carried REC inventory for even a single quarter during the financial year gone by.



# Operational Highlights

# Wind Operations

Particulars	Unit of Measurement	FY19	FY18
Capacity (incl. overseas capacity)	Mw	425	425
Units Generated (Gross)	Mn	683	738
Annualized PLF	%	18	20
Average Gross Realisation (before charges and without REC)	Rs./ Unit	5.09	5.11

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

## Grid Availability and Generation

State	Q4 FY19				Q4 FY18			
	Effective installed capacity (Mw)	Generation (Million Kwh)	PLF (%)	Grid availability (%)	Effective installed capacity (Mw)	Generation (Million Kwh)	PLF (%)	Grid availability (%)
Tamil Nadu	308.3	71	11	97	308.3	68	10	97
Andhra Pradesh	75.4	12	8	96	75.4	15	9	98
Gujarat	29.2	11	18	98	29.2	8	13	100
<b>Total</b>	<b>412.9</b>	<b>94</b>	<b>10</b>	<b>97</b>	<b>412.9</b>	<b>92</b>	<b>10</b>	<b>98</b>

State	FY19				FY18			
	Effective installed capacity (Mw)	Generation (Million Kwh)	PLF (%)	Grid availability (%)	Effective installed capacity (Mw)	Generation (Million Kwh)	PLF (%)	Grid availability (%)
Tamil Nadu	308.3	472	17	96	308.3	526	20	97
Andhra Pradesh	75.4	122	18	98	75.4	120	18	98
Gujarat	29.2	65	25	99	29.2	64	25	100
<b>Total</b>	<b>412.9</b>	<b>659</b>	<b>18</b>	<b>96</b>	<b>412.9</b>	<b>713</b>	<b>20</b>	<b>98</b>



# Outlook & Regulatory Overview

# Outlook

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- **Supportive macros augurs well for the Wind business**

- Growth conducive policies by the Government in terms of viable tariffs, steady grid availability, flexible funding models and stricter compliance are enabling a predictable and buoyant business environment
- In addition to the favorable sector dynamics, Company's own strategic initiatives towards strengthening its position in the Wind energy segment lends confidence and bodes well for the future

- **Debt rationalization resulting in better liquidity and balance sheet**

- In discussions with bankers for lowering interest rate & extending loan maturities – this will lead to reduced outgo on account of interest and repayments thereby improving the cash flow position and liquidity profile.
- In active discussions with banks for refinancing debts to the tune of Rs.1,000 crore, presently at average cost of debt of 13%, to lower levels
- Expect balance sheet momentum of last 5 years to continue on the back of steady operational performance and scheduled debt repayment

# Renewable Energy Certificates

- The quarter witnessed trading of certificates above its floor price, on the back of favorable demand – supply scenario
  - Demand continued to outstrip supply, resulting in higher yields
- Stricter enforcement by regulatory agencies, resulted in sustained buoyancy in the REC market
- OGPL sold 20,302 RECs in Q4 and 2,40,747 REC's in FY19 resulting in realization of Rs. 30.4 mn in Q4 and Rs.286 mn during FY19. OGPL's share in trading on the exchange represented 4.44% of trading volumes during FY19.
- OGPL had nil inventory of RECs as of Mar 31, 2019 – this is the fifth consecutive quarter in which there has been no inventory carried forward. As a result, OGPL has not carried any unsold REC inventory in any of the quarters of Financial Year 2018-19.

# Regulatory & Market Developments

## ■ Andhra Pradesh announces new Wind – Solar Hybrid Policy ([Source](#))

- The Government of Andhra Pradesh recently announced a new wind-solar hybrid policy as the state targets to achieve 18,000 MW of renewable capacity by the year 2021-2022.
- The broad objective of the policy is to provide a framework for the promotion of large grid-connected wind-solar PV systems for optimal & efficient utilization of transmission infrastructure and land, reducing the variability in renewable power generation and thus achieving better grid stability

## ■ RERC announces Renewable Energy Obligation Regulations, 2019 ([Source](#))

- Rajasthan Electricity Regulatory Commission (RERC) announced (Renewable Energy Obligation) (Fifth Amendment) Regulations, 2019, which shall come into effect from 1st April 2019 provided that the revised RPO for FY 2018-19 shall become applicable from 1.04.2018.
- The original RPO target was 14.25% for FY 18-19. This has been reduced with retrospective effect.
- Amendment in Regulation 4 of the Principal Regulations

S.No.	Year	Obligation expressed as percentage of energy consumption (%) excluding consumption met from hydro sources of power.		
		Non-solar	Solar	Total
1	2018-19 (revised)	8.60%	4.75%	13.35%
2	2019-20	9.00%	6.00%	15.00%
3	2020-21	9.40%	7.25%	16.65%
4	2021-22	9.80%	8.50%	18.30%
5	2022-23	10.10%	9.50%	19.60%
6	2023-24	10.50%	10.50%	21.00%



# **Appendix: Financial Statements**

# Financial Performance – FY19 (Consolidated – IND-AS)

Rs. Million

Particulars	FY19	FY18
<b>Continued Operations</b>		
Sale of Power	2,858.33	3,218.54
Other Operating Income	374.46	351.21
Fair value gain on modification of loan	318.85	-
<b>Total Income</b>	<b>3,551.64</b>	<b>3,569.75</b>
<b>Total Operating Expenditure</b>	<b>924.34</b>	<b>988.85</b>
<b>Operational EBITDA</b>	<b>2,627.30</b>	<b>2,580.90</b>
<b>EBITDA (%)</b>	<b>73.97%</b>	<b>72.30%</b>
Other Income	156.45	416.69
<b>Total EBITDA</b>	<b>2,783.75</b>	<b>2,997.59</b>
Depreciation	1,137.38	1,235.92
<b>EBIT</b>	<b>1,646.37</b>	<b>1,761.67</b>
Finance Charges (includes unwinding of FV gain on modification of loan of Rs.318.85 mn)	1,927.93	2,113.53
Loss on derecognition of hedging instrument	48.9	-
<b>Profit / (Loss) from continued operations before tax</b>	<b>(330.46)</b>	<b>(351.86)</b>
<b>Profit / (Loss) from continued operations after tax</b>	<b>(331.83)</b>	<b>(371.52)</b>
<b>Profit / (Loss) from discontinued operations after tax</b>	<b>(154.60)</b>	<b>(342.77)</b>
<b>Profit / (Loss) for the period</b>	<b>(486.43)</b>	<b>(714.29)</b>
Other Comprehensive Income / Loss	(9.67)	82.06
<b>Total Comprehensive Income/(Loss) for the period</b>	<b>(496.10)</b>	<b>(632.23)</b>

# Thank You

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