



ORIENT GREEN POWER

Q1 FY19 Earnings Presentation
& Update on Strategy

Leading 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

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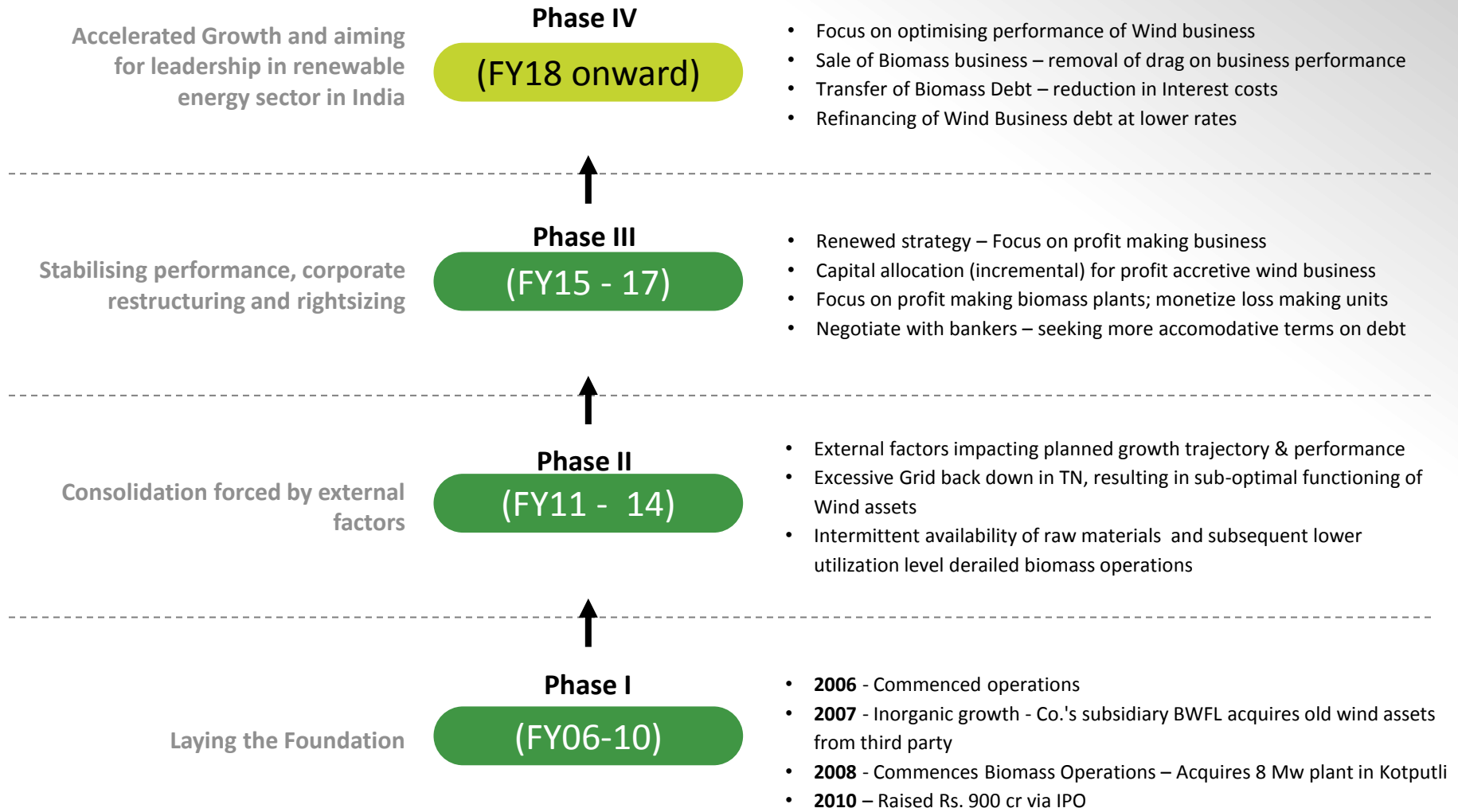


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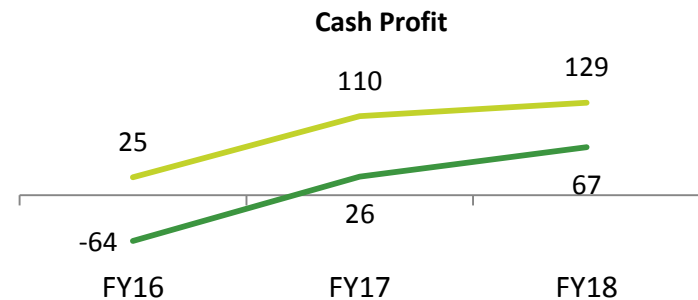
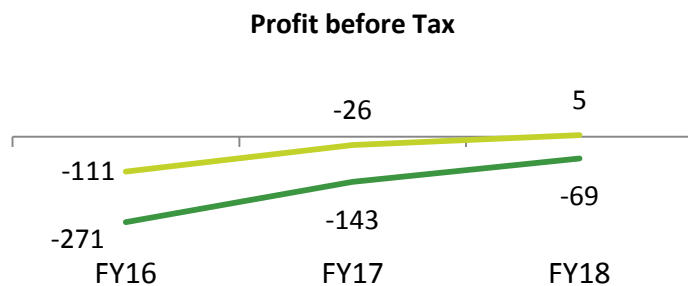
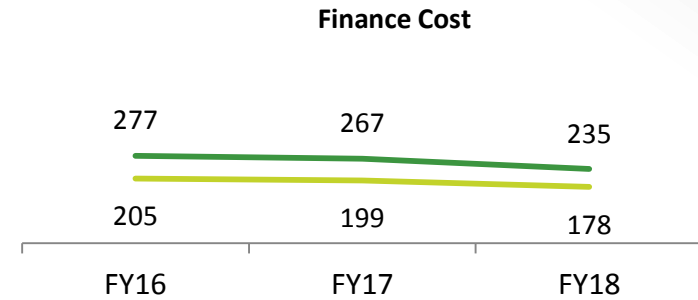
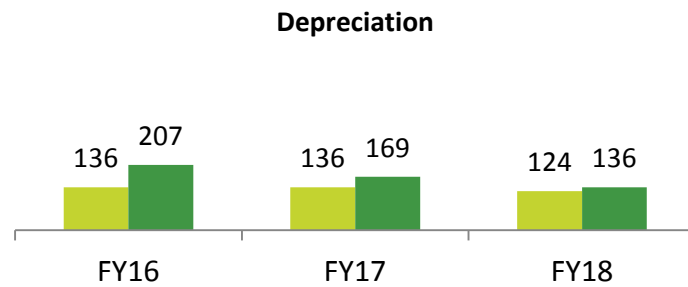
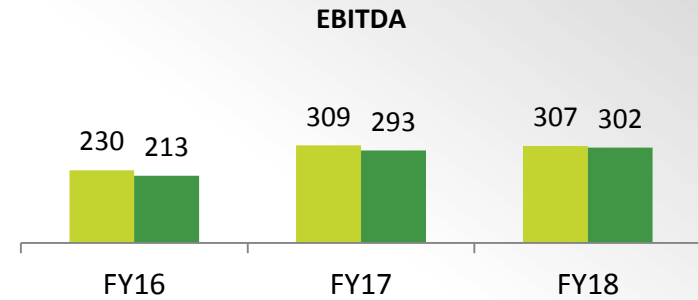
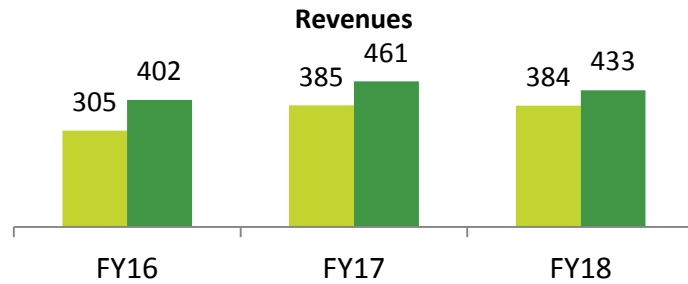
Transformation Strategy & Operational Progress

OGPL Transformation



High Potential disrupted by external factors

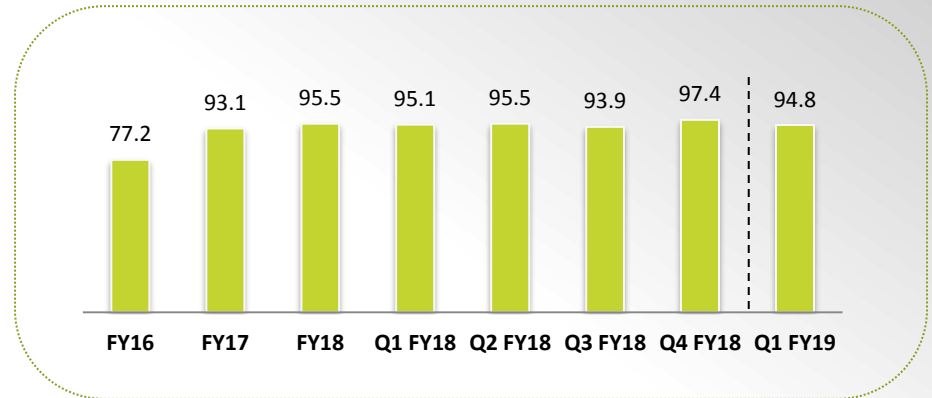
In Rs. cr



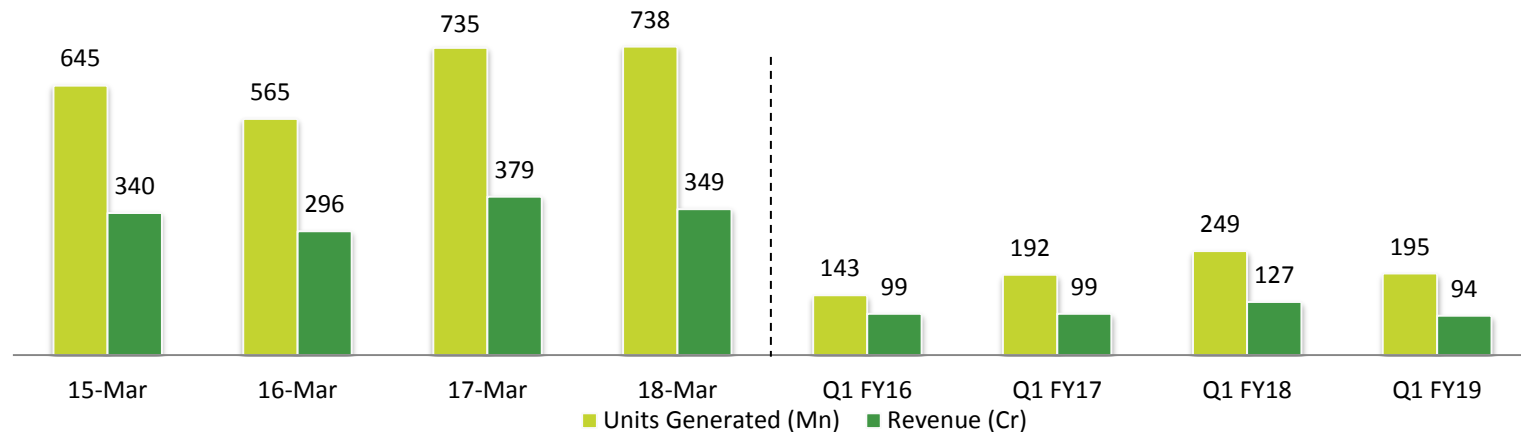
What has changed in recent times

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

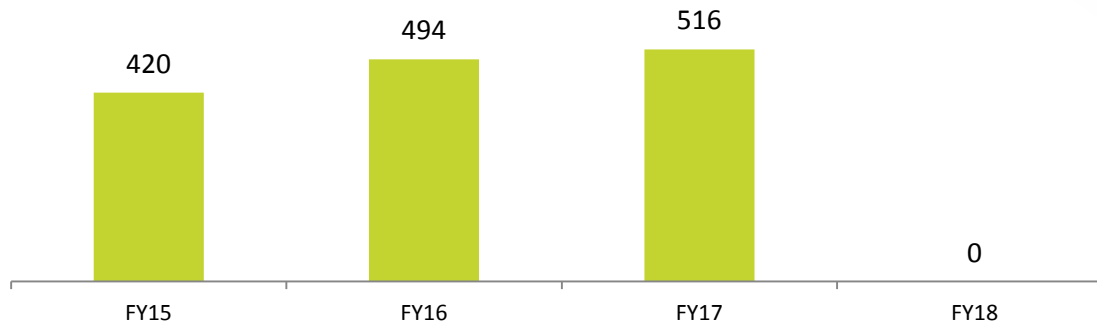


Leading to increase in wind power generation



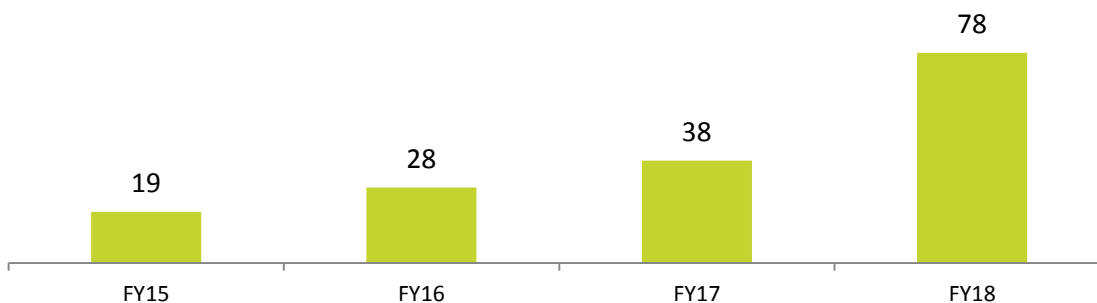
Supported by Improvement in REC Mechanism

REC's Outstanding in thousands



- Sharp increase in RECs traded in FY17 & FY18 on stricter implementation
- REC Trading volumes on energy exchanges set new records in FY18
- 100% realization of REC stocks

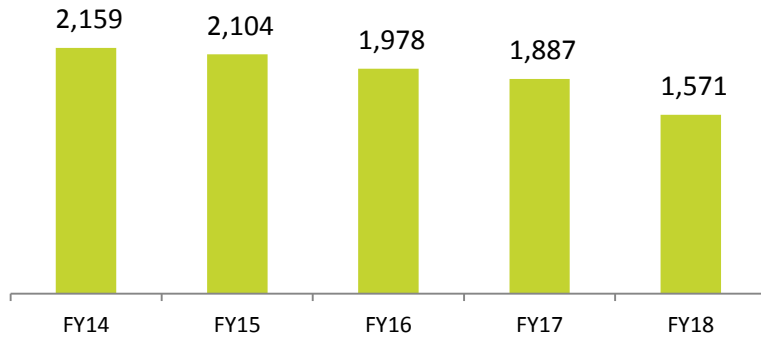
Traded REC Revenue INR Crs



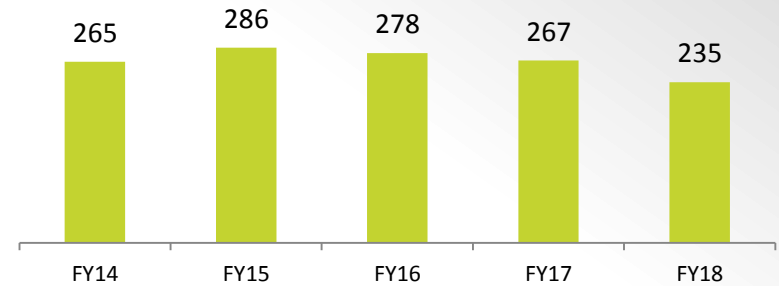
- Zero stock of issued RECs as of Jun 30, 2018
- Amount held in CERC - Rs.21 Crore
- The Supreme Court has granted stay in respect of floor price for REC's issued before 31st March 2017.

Focus on Debt Reduction

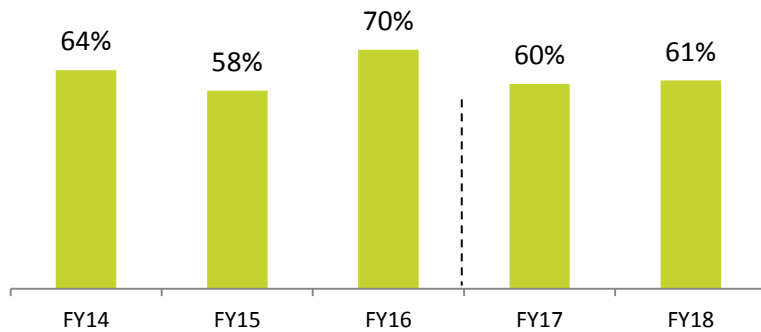
Debt (Rs. Cr)



Interest Expense (Rs. Cr)



Interest / Revenue (%)

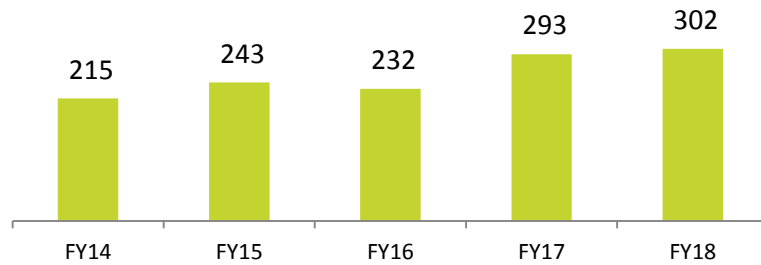


EBITDA / Interest (x)

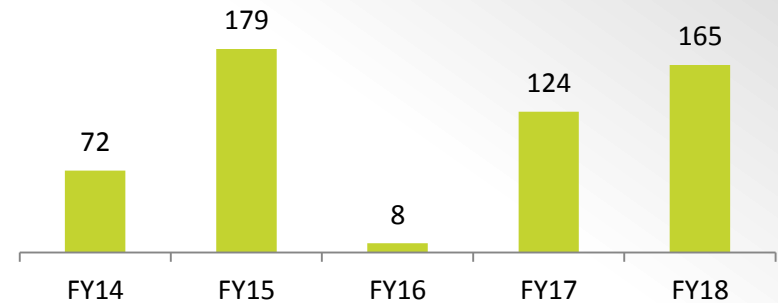


Resulting in Improved Profitability

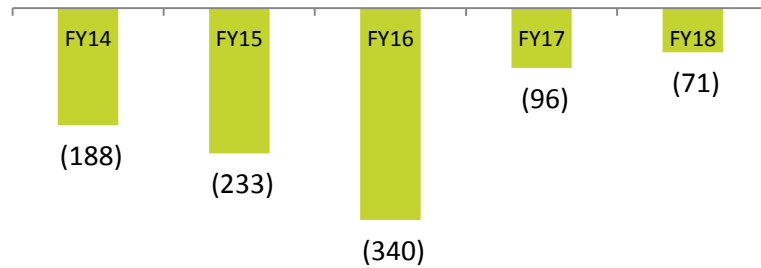
EBITDA (Rs. Cr)



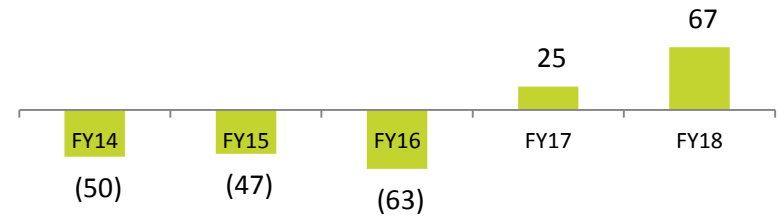
EBIT (Rs. Cr)



PAT (Rs. Cr)



Cash Profit (Rs. Cr)



Green shoots – on the back of strategic and structural initiatives

Growth conducive environment

- Improving macros in terms of improved grid availability in TN (308 Mw out of total portfolio of 425 Mw) – frequency of grid back down has reduced substantially and consistent grid availability is expected to sustain henceforth

Sale of Biomass business to SVL

- Completed sale of 8 biomass units to Janati Bio Power Pvt. Ltd. (subsidiary of its promoter – SVL Ltd.)
- OGPL received an equity consideration of Rs. 80 crore while Rs. 193 crore of debt against Biomass assets has been transferred to the buyer – Total debt reduction due to this transaction was Rs. 330 crore
- Transaction has helped to strengthen the balance sheet and result in accelerating value creation for shareholders

Improving gearing ratio

- Restructuring of Rs. 765 crore wind debt under 5/25 scheme.
- Negotiating with bankers for refinancing and extending tenures for existing loans
- In active discussions with banks for refinancing debts to the tune of Rs.1,000 crore to a single digit interest rate (from current average cost of debt of 13%).

Revival in REC Trading

- Sharp spike in trading of RECs during FY18 - Trading volumes on energy exchanges are at all time high
- Recorded best ever REC revenues of Rs.78 crore in FY18
- Liquidated entire inventory of REC in FY18 – RECs generated in Q1 FY19 have been entirely liquidated.



Key Developments: Q1 FY19

Key Developments – Q1 FY19

Strategic initiatives playing out – Higher revenues and profitability

- Strategic initiatives undertaken towards improving revenue momentum and business profitability have elevated the performance of the Company
- Sustainable increase in revenue performance coupled with reduction in drag of biomass, lower depreciation and reduced finance cost have resulted in elevated levels of profitability and significant improvement in cash generation

Wind Business – Maintaining growth momentum

- Diversified asset base and improving macros have resulted in strong momentum in revenue and EBITDA growth in recent years
- 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

Debt Rationalisation

- In discussion with bankers for lowering credit cost
 - Refinancing existing high debt cost to result in lower interest outgo and profitability improvement
 - Working towards bringing down average cost of debt from ~13% at present to single digits

REC Trading

- Trading volumes continued to remain high - all the RECs generated in Q1 FY19 have been realised.
- Strong demand for certificates have elevated REC realisations into a reliable revenue stream for the Company



Financial Highlights

Q1 FY19 Consolidated Financial Performance

In Rs. Mn

	Q1 FY19	Q1 FY18
Continued Operations:		
Revenue	994	1,331
EBITDA	766	1,073
EBITDA %	77%	81%
EBIT	481	759
EBIT %	48%	57%
Profit / (Loss) before tax	(6)	214
Discontinued Operations Profit/(Loss) before tax	(22)	124
Profit / (Loss) before tax	(28)	91

1. Drop in Generation by 52.9 Mn units due to late start of wind season May'18.
2. During Q1 FY19 REC is accounted at Rs.1000/- per unit as compared to Q1 FY 18 Rs.1,500/- per unit. Revenue and EBITDA is higher by Rs. 41.61 Mn in Q1 FY18. Accordingly, the revenue for the comparative period presented in these results is not comparable.

Key Financial Highlights – Q1 FY19

Wind Business:

- Revenue for the quarter stood at Rs. 994 mn compared to Rs. 1,331 mn. EBITDA reduced to Rs. 766 mn compared to Rs.1073 mn.
- Expect business momentum to continue:
 - Supportive macros :
 - Consistent 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 favourable outlook for the industry.

Debt Management: Better liquidity and cash flow movement

- In discussion with bankers to lower credit cost and extend loan tenure
- Reduction of loans following sale of Biomass units coupled with refinancing of existing high cost debt will help in significantly lowering interest expense
- Cumulative impact of the above measures to further reduce quarterly interest expense by Rs. 60 mn.

REC Trading: High volumes on the back of strong demand

- Trading volumes continued to remain high on the back of steady demand and stringent regulatory environment
- Strong demand resulted in liquidation of certificates in the same quarter.
- REC trading has evolved into a reliable revenue stream for the Company



Operational Highlights

Wind Operations

Particulars	Unit of Measurement	Q1 FY19	Q1 FY18
Capacity (incl. overseas capacity)	Mw	425	425
Units Generated (Gross)	Mn	195	249
Annualized PLF	%	21.1	26.8
Average Gross Realisation (before charges and without REC)	Rs./ Unit	4.82	4.91

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 and Generation

State	Q1 FY19				Q1 FY18			
	Effective installed capacity (Mw)	Generation (Million Kwh)	PLF (%)	Grid availability (%)	Effective installed capacity (Mw)	Generation (Million Kwh)	PLF (%)	Grid availability (%)
Tamil Nadu	308	139.9	20.5	94.8	308.3	180.8	26.8	95.0
Andhra Pradesh	75	30.9	18.6	96.7	75.4	40.3	24.5	97.9
Gujarat	29	19.8	30.8	99.7	29.2	22.1	34.7	99.3
Total	413	190.6	20.8	95.5	412.8	243.2	26.9	97.4



Outlook & Regulatory Overview

Outlook - Wind

- **Sector fundamentals shaping up well – Promising Outlook**

- Supportive Govt. policies coupled with on – ground positive developments i.e. improving grid infrastructure & conducive operating environment contributing to overall positivity of the sector

- **Improving gearing ratio & liquidity position**

- Negotiating with bankers for lowering of interest rate and extending tenure of loans
- In active discussions with banks for refinancing debts to the tune of Rs.1,000 crores to a single digit interest rate (from current average cost of debt of 13%)
- The combinations of these initiatives are expected to further reduce quarterly interest expense by Rs.6 crores.

- **Scaling up capacities to drive future growth**

- The 43.5 MW expansion in Andhra Pradesh which will come on-stream in wind season 2019.

Renewable Energy Certificates

- Trading volumes continued to remain high, maintaining its momentum from previous quarter
 - Zero to limited inventory remained during the quarter
- Strong volumes on the back of higher demand resulted in certificates being traded at a slight premium to its floor price during the quarter
- OGPL sold 46,892 RECs sold during the quarter resulting in realization of Rs. 48.3 million OGPL's share in trading on the exchange represented 5.25% of trading volumes during Q1 FY19.
- OGPL had nil inventory of RECs as of June 30, 2018 – this is the second consecutive quarter in which there has been no inventory carried forward

Regulatory & Market Developments

- **Setting up of a RPO compliance cell –**
 - Following MNRE’s May 22, 2018 order, a Renewable Purchase Obligation cell is in process. This cell will be handling all the matters related to RPO compliance across states and publishing monthly reports on the updates.
 - The cell is expected to work in accordance with Central Electricity Regulatory Commission (CERC) and SERCs

- **National Hybrid Wind and Solar Policy –**
 - MNRE announced a National Hybrid Wind and Solar Policy on May 14th 2018 with an objective to provide a framework for promoting large grid-connected wind and solar PV hybrid system for efficient utilization of transmission infrastructure and land.
 - The policy also intends to encourage new technologies, methods, and solutions related to the combined operation of wind and solar PV plants

- **MNRE announces 30 Gw offshore Wind Energy target by 2030 –**
 - MNRE announced 5 GW target for medium and long-term offshore wind energy target by 2022 and 30 GW by 2030. This step is initiated by the ministry to induce confidence in the industry.
 - Further, it also invited Expression of Interest (EoI) for its pilot 1GW offshore wind project in the country and it has received good response both at the national and international level



Appendix: Financial Statements

Financial Performance – Q1 FY19 (Consolidated – IND-AS)

Rs. Million

	Q1 FY19	Q1 FY18
Continued Operations		
Sale of Power	846	1,121
Other Operating Income	97	152
Total Income	943	1,273
O & M and Other costs	228	257
Total Expenditure	228	257
Operational EBITDA	715	1,016
EBITDA (%)	76%	80%
Other Income	51	58
Total EBITDA	766	1,074
Depreciation	285	314
EBIT	481	760
Finance Charges	487	544
Profit / (Loss) from continued operations before tax	(6)	215
Profit / (Loss) from continued operations after tax	(8)	215
Profit / (Loss) from discontinued operations after tax	(22)	(124)
Profit / (Loss) for the period	(30)	91
Total Comprehensive Income/(Loss) for the period	(40)	137

1. Drop in Generation by 52.9 Mn units due to late start of wind season May'18.
2. During Q1 FY19 REC is accounted at Rs.1000/- per unit as compared to Q1 FY 18 Rs.1500/- per unit. Revenue and EBITDA is higher by Rs. 41.61 Mn in Q1 FY18. Accordingly, the revenue for the comparative period presented in these results is not comparable.

Thank You

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