



ORIENT GREEN POWER

Leading Diversified Renewable Energy Generator

Investor Presentation

Q1 FY14 Results



Biomass



Wind

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WIND BUSINESS

- 19.0 Mw was added during the quarter and aggregate of 67.0 Mw added upto August 12th 2013
- Even though grid back down issues continue in Tamil Nadu, the generation from assets was better due to better wind availability and refurbishment of certain under performing assets
- Operating revenues improve by 5% to ₹807.3 Million
- EBIDTA improves to ₹704.36 Million from a level of ₹606.71 Million in Q1 FY13 on the back of increased capacity, better generation and realisation. PLF would have been better but for the grid back down during the season
- Petition filed at APTEL on Transmission Charges has been allowed and the TNERC / TANGEDCO have reduced the transmission charges by about 70% of existing levels leading to significant savings accruing from 21st June 2013 onwards
- Aggressively pursuing further capacity additions in potentially good wind sites during the year in order to achieve commissioning before the season of 2014



BIOMASS BUSINESS

- One unit in Rajasthan which faced fuel issues has turned around with 81% PLF in Q1
- Plans on to commission balance 45.5 Mw units over the next 3 months
- Tariff levels remain firm in Tamil Nadu at ₹6.50/ ₹6.75 per kwh
- Operations continued to be suspended in two units in Rajasthan due to very low tariff levels and high cost of fuel. Efforts on to revive the operations in these units
- Operating revenues for Q1 were at ₹455.91 Million and EBITDA at ₹67.63 Million
- During the quarter, Indian Biomass Power Association through the active support of Ministry for New and Renewable Energy (MNRE) has petitioned Ministry of Finance for following measures and benefits :
 - Introduction of Generation Based Incentive (GBI) for biomass industry
 - Interest subvention of at least 2% p.a. for all loans to this sector
 - According Priority sector status for lending to this industry



Financial Highlights – Q1 FY14

Rs. Million

	Q1 FY 14	Q1 FY 13	2012-13
Sale of Power	1,087.82	1,155.97	3,682.93
Other Operating Income	175.398	193.003	671.57
Total Income	1,263.21	1,348.98	4,354.50
Expenditure			
Cost of biomass fuel	251.84	339.78	1,142.27
O&M and other costs	283.136	345.19	1342.94
Total Expenditure	534.98	684.97	2,485.22
Operational EBITDA	728.24	664.01	1,869.29
EBITDA (%)	57.6%	49.2%	42.9%
Other Income	32.277	55.142	376.049
TOTAL EBITDA	760.52	719.15	2,245.34
Depreciation	284.48	260.39	1,100.20
EBIT	476.03	458.76	1,145.13
Finance charges	542.20	398.80	1,891.72
Profit / (Loss) before Tax	-66.17	59.96	-746.59
Profit / (Loss) after Tax	-71.07	42.84	-817.11
Profit / (Loss) after Minority Interest	-87.16	22.57	-698.88

During Q1 FY 14, power sales from biomass units was at ₹ 455.91 Million and EBITDA was at ₹67.63 Million, while power sales from wind units was at ₹807.30 Million and EBITDA was at ₹704.36 Million



Balance sheet as at June 30, 2013

			Rs. Million
EQUITY AND LIABILITIES	30.06.2013	30.06.2012	31.03.2013
Shareholders' Funds	5,681	4,681	4,681
Reserves and Surplus	6,645	7,253	6,208
Share Application Money	62	85	1,523
Minority Interest	303	393	295
Non Current Liabilities			
Long term bank borrowings	15,047	14,943	14,433
Long term group support	1,657	1,575	1,722
Other liabilities	141	139	127
Current Liabilities			
Loans due within one year	2,520	1,304	2,801
Short Term borrowings	989	610	752
Other current liabilities	3,039	6,713	2,814
TOTAL LIABILITIES	36,085	37,696	35,356
ASSETS			
Non Current Assets			
Fixed Assets (including Capital Work in Progress)	29,389	28,918	29,576
Goodwill on consolidation	542	480	512
Other Non Current assets	3,409	5,201	2,726
Current Assets			
Current investments	3	1	3
Inventories	278	221	186
Trade Receivables	874	861	794
Cash and Cash equivalents	444	983	726
Short term loans and advances and other curent assets	1,147	1,031	833
TOTAL ASSETS	36,085	37,696	35,356

Share Capital of ₹1,500 Million have since been issued to Shriram Industrial Holdings Ltd. in April 2013



Change in Promoter Holding and Preferential Issue

- Post restructure, Shriram Industrial Holdings Ltd. (SIHL) holds all the investments in Orient Green Power Company Limited (OGPL)
- SIHL has further infused ₹150 crore by way of preferential issue in the Equity Share Capital of OGPL in March / April 2013 at Rs. 15 per share (about 30% premium over prevailing market price)
- Post open offer also @ ₹15 per share, SIHL now holds 47.54% of the share capital of OGPL directly and indirectly
- The above investments reinforce the strong commitment of the Shriram group towards supporting and growing the renewable energy business



Renewable Energy Certificate

- Supply of RECs continued to be more than demand in the market due to poor enforcement of RPO by all States leading to RECs being sold at floor price during the quarter
- During the second half of the year 2012-13, demand continued to be sluggish (although March 2013 saw brisk trading at 4.28 Lac RECs traded)
- Trading has now picked up with July 2013 recording the highest sale in a single months so far in the financial year 2013-14
- OGPL's share in trading represented more than 10% on the exchanges upto July 2013 starting from the beginning of trading participation by OGPL
- In the near term also, sale of RECs will be relatively less and only improved compliance would drive the trading in the coming sessions
- A positive development towards better compliance is a recent order from MERC in Maharashtra directing all obligated entities to fulfill their cumulative obligations upto 2013-14 before 31st March 2014
- Entry of other discoms in the REC market and improved thrust on compliance of RPO would certainly drive REC trading volumes in the medium term. Petitions have been filed with APTEL by Industry bodies and we expect a positive outcome in the next few months
- Another key positive was that the CERC in its recent order has extended the validity of RECs issued on or after November 1, 2011 from 365 days to 730 days



REC Trading Receipts up to July 2013

REC Trade Results - Consolidated (IEX + PXIL)					
Month	Market Clearing Volume - Non Solar	REC traded from OGPL Projects	Market Share of OGPL (%)	REC Revenue (Rs. Lacs)	Average Price (Rs./ REC)
Jan – 12	171,524	6,768	3.95%	206	3,051
Feb – 12	206,188	18,694	9.07%	573	3,066
Mar – 12	199,737	20,025	10.03%	581	2,902
Apr – 12	71,226	20,939	29.40%	461	2,201
May – 12	168,675	15,878	9.41%	374	2,355
Jun – 12	236,485	18,621	7.87%	447	2,402
Jul – 12	158,220	16,223	10.25%	330	2,031
Aug – 12	273,893	46,524	16.99%	705	1,514
Sept – 12	264,446	70,896	26.81%	1,063	1,500
Oct – 12	222,700	33,096	14.86%	496	1,500
Nov – 12	132,352	7,770	5.87%	117	1,500
Dec – 12	273,644	11,096	4.05%	166	1,500
Jan -13	193,337	10,598	5.48%	159	1,500
Feb – 13	152,952	6,222	4.07%	93	1,500
Mar – 13	427,871	31,193	7.29%	468	1,500
Apr – 13	44,459	3,308	7.44%	50	1,500
May – 13	52,968	4,111	7.76%	62	1,500
Jun – 13	72,486	5,740	7.92%	86	1,500
Jul – 13	161,402	12,850	7.96%	193	1,500
GRAND TOTAL	3,484,565	360,552	10.35%	6,630	1,839



Operating Metrics – Q1 FY14

Wind units	Unit of Measurement	Q1 FY14	Q1 FY13
Capacity	Mw	351.6	314.86
Units Generated	Mn KwH	176.00	159.88
PLF	%	24.3	23.4
Average Realisation	₹/Unit	5.19	4.77

Biomass Units	Unit of Measurement	Q1 FY14	Q1 FY13
Capacity	Mw	60.5	60.5
Units Exported	Mn KwH	60.57	85.3
PLF *	%	58.6	74.9
Average Realisation	₹/Unit	6.28	5.81
Specific Fuel Consumption per unit	Kg/ Unit	1.86	1.73
Fuel Cost	₹/Unit	4.16	3.38
O&M and other Costs **	₹/Unit	2.07	1.71

* Two biomass units were shut during the quarter due to low tariff and high fuel costs. Expect to revive operations at both units in the next couple of months

**O&M cost are higher due to lower PLF and expected to moderate downwards as output improves



Key data – Bio-mass power plants

Name	Capacity (Mw)	Location	Fuel	Customer details	Blended Tariff			
					Q1 FY14	Q4 FY13	Q3 FY13	Q2 FY13
Kopargaon	2.0	Maharashtra	Co-generation biogas	Captive	3.50	3.50	3.50	3.50
Dindigul	7.5	Tamil Nadu	Plywood wastes, julieflora, corn stalks and other agri - residues	Merchant	6.75	7.00	6.74	6.76
Pattukkottai	7.5	Tamil Nadu	Sugarcane residue, coconut residue, julieflora and other agri - residues	Merchant	6.77	6.63	6.38	6.31
Vandavasi	7.5	Tamil Nadu	Casurina, eucalyptus waste, julieflora, sugarcane waste and groundnut stalks	Merchant	6.89	7.18	7.08	7.20
Pollachi	10.0	Tamil Nadu	Julieflora, coconut residue, saw mill waste	Merchant	6.71	6.50	6.56	6.29
Kotputli	8.0	Rajasthan	Mustard Husk	Grid 100%		No sale	No Sale	5.44
Chippabarod	8.0	Rajasthan	Mustard Husk	Grid 100%	5.13	5.13	5.00	5.01
Hanumangarh	10.0	Rajasthan	Mustard Husk, Cotton stalk, paddy straw and wheat straw	Merchant	4.29	3.79	3.73	4.25



CAPACITY ADDITION PLANS (in Mw)

2010-11	2011-12	2012-13	Business	2013-14 (till Aug12, 2013)	2013-14 (expected by end Aug 2013)	Planned before Season of 2014
179.5	317.1	339.0	WIND	406.0	424.6	494.6
40.5	60.5	60.5	BIOMASS	60.5	76.0	106.0
220.0	377.6	399.5	Total	466.5	500.6	600.6



Geographic Capacity Expansion

States	Wind Capacity (Mw)	Remarks
Tamil Nadu	12.80	Commissioned in July 2013
Andhra Pradesh	43.20 50.40	43.20 Mw commissioned upto 12 th August 2013 and balance 50.40 Mw planned before the season of 2014
Gujarat / Tamil Nadu	12.60 12.60 25.20	12.60 Mw has been commissioned in May 2013 12.60 Mw to be commissioned before end August 2013 Balance 25.20 Mw planned before the season of 2014
Addition for FY 2014	156.80	

Projects	Biomass Capacity (Mw)	Estimated date of Completion
Maraikal	7.5	Q2 FY14
Narsinghpur	10.0	Q2 FY14
Kolhapur	20.0	Q3 FY14
Kishanganj	8.0	Q2 FY14
Addition for FY 2014	45.5	

- Projects have been delayed primarily due to issues associated with right of way issues, PPA approval, connectivity to the grid and resistance of States in allowing units to opt for REC Mechanism.



Regulatory Impact and other challenges

- Grid congestion and infrastructure related issues continuing in Tamil Nadu in larger measure in 2013-14 leading to back down in wind generation in almost all locations leading to loss of revenue and margins
- Biomass Tariff revisions unduly delayed in Rajasthan and other northern states
- Generation Based Incentives (GBI) yet to be finally notified and uncertainty in the period of eligibility and amount continues
- While introduction of REC Mechanism is positive, many States are blocking registration to meet their RPO
- Transmission and right of way related issues hampered prompt commissioning of machines leading to loss of revenue
- Refusal to sign PPA by Gujarat utility and the delay in approving the wind policy led to delay in commissioning of 12.6 Mw capacity in that state
- Recently, Central Electricity Regulatory Commission (CERC) has issued an order on Scheduling and Forecasting as per which wind power generators are to forecast their generation of the next day, for every 15 minute interval and face penalty if the actual generation is 30 per cent more or less than the submitted forecast. This is indeed an onerous requirement and hence the same has been challenged through the associations before the High courts



Key mitigants and initiatives that would positively impact performance in coming quarters / years

Wind Business

- Grid infrastructure is expected to improve significantly in Tamil Nadu only after the next 2 years which would lead to improved PLFs from 2015-16 onwards
- Appellate Tribunal for Electricity's (APTEL) order granting relief from excessive transmission charges in Tamil Nadu would go a long way in improving margins
- Increase in Feed in Tariff rate from ₹3.50 per Kwh to ₹4.70 per Kwh would provide improved viability to Andhra Pradesh business
- Renegotiating terms with customers to increase tariffs by way of pass through of additional levies partly
- Tied up External Commercial Borrowings (ECB) of USD 50 Million which would reduce blended cost of borrowing and complete hedging done for drawn down amount of USD 35 Million with an IRR of 10.7% and settlement at INR 53.56
- Actively pursuing refinancing / securitisation of receivables in respect of the entire loan of about ₹300 crore relating to old wind assets with intent to reduce cost of borrowing besides a more staggered repayment schedule



Key mitigants and initiatives that would positively impact performance in coming quarters / years

Biomass Business

- Close to finalising option of outsourcing operations of one biomass plant in Rajasthan which is now shut – expected to generate positive cash flows once implemented
- Actively pursuing regulatory agencies in Rajasthan and elsewhere for annual tariff fixation based on fuel price -- APTEL petition in final stages
- Evaluating option of Group Captive model for optimising sales realisation
- Energy Plantation as a means for fuel security – at Wind farms /Contract farms expected to moderate the cost of fuel – expect captive generation of fuel on about 1,000 acres of land in 2013-14 in Tamilnadu and exploring options in Rajasthan
- Continuously focusing on measures to refinance existing high cost debt at lower rates of interest and generally to deleverage the business

Thank
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