ORIENT GREEN POWER

Leading Diversified Renewable Energy Generator

Investor Presentation

Q1 FY13 Results

Biomass

Wind

Small Hydel

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Financial Results
& Operating Highlights- Q1 FY 13

Financial Highlights – Q1 FY 2013

₹ Million

	Q1 FY 2013			Q4 FY 2012			Q1 FY 2012		
	Biomass	Wind	Total	Biomass	Wind	Total	Biomass	Wind	Total
Sale of Power	495.73	667.07	1162.80	338.94	198.59	537.54	296.89	300.45	597.34
Other Operating Income	118.09	71.44	189.54	166.09	19.48	185.57	21.29	3.64	24.93
Total Income	**613.82**	**738.52**	**1352.34**	**505.03**	**218.07**	**723.10**	**318.18**	**304.09**	**622.27**
Expenditure									
Cost of fuel and Consumables	325.15	76.32	401.48	374.61	30.25	404.86	186.90	12.81	199.70
O&M and other costs	152.67	55.49	208.16	164.26	192.05	356.31	71.49	46.00	117.49
Total Expenditure	**477.83**	**131.81**	**609.64**	**538.87**	**222.30**	**761.17**	**258.39**	**58.81**	**317.20**
EBITDA prior to unallocable overheads	**136.00**	**606.71**	**742.69**	**-33.84**	**-4.23**	**-38.06**	**59.79**	**245.28**	**305.07**
EBITDA (%)	**22.2%**	**82.2%**	**54.9%**	**-6.7%**	**-1.9%**	**-5.3%**	**18.8%**	**80.7%**	**49.0%**
Depreciation	47.41	209.45	256.85	44.93	156.39	201.32	31.05	78.69	109.74
Finance charges	81.93	331.33	413.26	96.15	293.58	389.73	39.39	136.83	176.22
Other Income	3.35	13.53	16.89	73.12	37.93	111.05	6.35	25.82	32.17
PBT (before unallocable overheads)	**10.02**	**79.46**	**89.47**	**-101.80**	**-416.27**	**-518.06**	**-4.31**	**55.58**	**51.28**
Unallocable overheads (net of income)			**29.51**			**43.85**			**-34.18**
Profit before Tax			**59.96**			**-561.91**			**85.46**
PAT (after Minority Interest)			**22.57**			**-460.22**			**34.90**

Note : The figures upto PBT (before unallocable overheads) represent stand alone business figures for biomass and wind businesses separately. The inter business transactions and corporate overheads are shown under Unallocable Overheads (net of income)

Performance Highlights – Q1 FY 2013

Biomass Business

- Units exported rose to 85.3 Million (PLF 74.9%) as against 54.3 Million units (61.4%) in Q1 FY12
- Average realisation improved to ₹5.81 per KwH from ₹5.46 per KwH in Q1 FY12 on the back of supplies to third parties in Tamil Nadu
- Sale of power increases to ₹496 Million from a level of ₹339 Million in Q4 FY12 and ₹ 297 Million in Q1 FY12
- REC revenues contribute ₹118.0 Million in the quarter with average realisation of traded RECs at ₹2313
- Fuel Costs remained high at ₹3.38 per KwH. However, O&M and other costs at ₹1.71 per KwH was lower as compared to ₹1.96 per KwH due to better PLF.
- EBITDA during the quarter was at an all time high of ₹136 Million (22.2%) as against negative EBITDA of ₹34 Million in Q4 FY12 and EBITDA of ₹60 Million (18.8%) in Q1 FY 12
- Profit before Tax of the business increased to ₹10 Million as against Loss before tax of ₹102 Million in Q4 FY12 and ₹4 Million in Q1 FY12

Performance Highlights – Q1 FY 2013

Wind Business

- During the quarter, 23.4 MW of new wind assets were commissioned
- Units generated increased to 159.88 Million (PLF 23.4%) from a level of 73.6 Million (PLF 18.9%) in Q1 FY12.
- Average sales realisation for old wind assets increased from ₹4.08 per KwH to ₹4.37 per KwH as a result of tariff increase w.e.f. 1st April 2012 which was partially nullified by increase in transmission, distribution and O&M charges
- Sales revenue touched a high of ₹667 Million (₹300 Million in Q1 FY12) aided by improved PLF and generation from new capacities
- REC revenues contributed ₹65.2 Million in the quarter
- EBITDA was at ₹607 Million (82.2%) as against negative EBITDA of ₹4 Million in Q4 FY12 and EBITDA of ₹245 Million in Q1 FY12
- Profit before Tax was at a level of ₹79 Million as against Loss before Tax of ₹416 Million in Q4 FY12 and Profit before Tax of ₹56 Million ion Q1 FY12
- During July 2012, exited the 90% JV under implementation in Sri Lanka for 10.5 MW in order to focus on the Indian market

Performance Highlights – Q1 FY 2013

Consolidated business

- Sales revenues jumped to ₹1,163 Million from a level of ₹538 Million in Q4 FY12 and ₹597 Million in Q1 FY12 due to improved PLF, increased capacities and better than expected wind performance
- REC revenues contributed to ₹183 Million in the quarter
- Overall EBITDA jumped to ₹659 Million from a level of ₹60 Million (negative) in Q4 FY12 and ₹ 270 Million in Q1 FY12
- Depreciation was higher at ₹260 Million (₹112 Million) due to increased capacities
- Finance charges were higher at ₹394 Million (₹176 Million) due to increased loan exposure for expansion and it is lower than Q4FY12 interest amount due to one time charge in Q4 FY12.
- Profit before Tax was at ₹60 Million as against Loss before tax of ₹562 Million in Q4 FY12 and PBT of ₹85 Million in Q1 FY 12 due to higher other income during the same period of previous year
- PAT (after Minority Interest) was at ₹23 Million (₹35 Million)

Balance sheet as at June 30, 2012

₹ Million

	Particulars	As at 30 June 2012	As at 30 June, 2011	As at 31 March, 2012
A	**EQUITY AND LIABILITIES**			
1	**Shareholders' funds**			
	(a) Share capital	4,681	4,681	4,681
	(b) Reserves and surplus	6,041	6,717	5,994
2	**Capital Reserve on Consoldation**	1,212	1,212	1,212
3	**Minority Interest**	478	461	403
2	**Non-current liabilities**			
	(a) Long-term borrowings	14,117	7,058	10,012
	(b) Deferred tax liabilities (net)	101	84	84
	(c) Other long-term liabilities	146	73	264
	(d) Long-term provisions	12	8	10
3	**Current liabilities**			
	(a) Short term borrowings	1,447	372	1,761
	(b) Trade payables	666	2,117	497
	(c) Other current liabilities	8,953	5,887	10,636
	(d) Short term provisions	24	106	15
	TOTAL	**37,880**	**28,775**	**35,569**

Current Liabilities includes Letters of Credit discounted by suppliers for wind mills supplied under 300MW project. These amounts shall be retired from out of term loan proceeds not yet availed, in the future. It also includes current maturities of long term loans

Balance sheet as at June 30, 2012 (contd.)

₹ Million

	Particulars	As at 30 June 2012	As at 30 June, 2011	As at 31 March, 2012
B	**ASSETS**			
1	**Non-current assets**			
	(a) Goodwill on consolidation	480	484	480
	(b) Fixed assets	-	-	-
	(i) Tangible assets	28,885	16,242	27,684
	(ii) Intangible assets	34	36	63
	(c) Non-current investments	0	0	0
	(d) Long-term loans and advances	5,201	6,182	4,950
2	**Current assets**			
	(a) Current investments	1	1,013	1
	(b) Inventories	221	599	219
	(c) Trade receivables	786	630	719
	(d) Cash and cash equivalents	1,235	2,167	865
	(e) Short-term loans and advances	198	1,160	221
	(f) Other current assets	838	262	367
	TOTAL	**37,880**	**28,775**	**35,569**

Renewable Energy Certificate

- REC Mechanism set in place since Feb.'11 has gained momentum over the past few months and reached its peak in Q4 FY12
- Company had been able to realise significant benefits of the scheme from its projects registered with NLDC. During the Quarter 55,438 RECs have been sold by both the Wind and Biomass businesses at an average price of ₹2,313 per REC.
- During July 2012, about 50,000 RECs are eligible to be issued
- OGPL's share in trading represented 12% of trading volumes during the quarter on the exchange
- While the impact of the Scheme is yet to be fully in place – since State Utilities are not yet in to the market significantly– the current year has started off well with significant demand for RECs in April/May'12. Also the REC realisation has been higher compared to the same period last year at ₹2,200 / ₹2,400 per REC (LY ₹1,500 per REC)
- Although there would be increase in supply of RECs going forward, improved compliance is expected to drive the trading in the coming sessions

REC Trading and Revenue upto June 2012

REC Trade Results - Consolidated (IEX + PXIL)					
Month	**Market Clearing Volume - Non Solar**	**REC traded from OGPL Projects**	**Market Share of OGPL (%)**	**REC Revenue (₹ Lacs)**	**Average Price (₹/ REC)**
Jan-12	1,71,524	6,768	3.95%	206	3,051
Feb-12	2,06,188	18,694	9.07%	573	3,066
Mar-12	1,99,737	20,025	10.03%	581	2,902
Apr-12	71,226	20,939	29.40%	461	2,201
May-12	1,68,675	15,878	9.41%	374	2,355
Jun-12	2,36,485	18,621	7.87%	447	2,402
Jul-12	1,58,220	16,223	10.25%	330	2,031
GRAND TOTAL	**12,12,055**	**1,17,148**	**9.67%**	**2,972**	**2,537**

	No. of RECs traded (Jan to July 2012)	**REC Revenue (Jan to July 2012) (₹ Lacs)**
BIOMASS	**91,779**	**2,353**
WIND	**25,369**	**620**
TOTAL	**1,17,148**	**2,972**

No. of Unsold RECs as of July 2012 : 22,376 Nos.

Wind Operations

Wind Operations - India

Particulars	Unit of Measurement	Q1 FY 2013	Q1 FY 2012
Capacity	MW	314.86	179.50
Units Generated	Mn KwH	159.88	73.56
Annualized PLF	%	23.4%	18.9%
Net Average Realisation (all assets without REC)	₹/ KwH	4.37	4.08
REC Realisation on eligible units traded	₹/ KwH	2.15	-

- Old assets of 179.5 MW constitute operating assets acquired at low capital cost (approx. ₹35.5 Mn. Per MW)
- New wind assets of 23.40 MW in India had been commissioned during the quarter
- Although grid back down continued in the quarter, due to better than expected wind availability, PLF improved significantly
- Realisation was higher compared to previous year due to increase in tariff effective April 2012
- Besides above tariff, REC benefit has accrued for new assets aggregating to ₹65.2 Million with average REC realisation of ₹2,148 per REC that were traded. For 4 MW of old assets, REC realisation was at ₹2,195 per REC. This trend is expected to continue in coming quarters with more capacity being registered and more compliance by buyers entering the market

Capacity Expansion Strategy – Wind

- Capacity Addition of 23.40 Mw completed in Q1 FY13
- 24.85 MW will be added in Tamil Nadu, 45.0 MW of Capacity will be added in Andhra Pradesh and 25.20 MW in Gujarat in Q2 / Q3 FY13
- Global Capacity as of 30th June 2012 was 325.36 MW and is expected to reach about 420.41 MW by Q3 FY 13
- REC Registration is expected for all new capacities in Tamil Nadu except for 32 MW

Capacity Expansion – Wind

States	Capacity (MW)	Estimated date of completion	Remarks
Tamil Nadu	107.35	64.85 MW by Q2 FY 12 18.0 MW by Q3 FY12 24.5 MW by Q4 FY 12	
Gujarat / Karnataka / Tamil Nadu	7.98	4.0 MW operational in Q3 FY 2012 and 3.98 MW operational IN Q4 FY12	
Croatia	10.5	Commissioned in Q2 FY 12	
Addition for FY 2012	**125.83**		
Tamil Nadu	48.25	23.4 MW commissioned in Q1 FY 13 and balance in Q2 FY13	Project delayed due to delay in getting regulatory approvals for connectivity
Sri Lanka	-	100% of OGPL's stake sold in July 2012	
Andhra Pradesh	94	Q2/Q4 FY 13	Project delayed due to delay in getting regulatory approvals for connectivity
Gujarat	50	Q2 / Q4 FY 13	in Gujarat, commissioning has been deferred in order to get benefit of higher preferential tariff under Feed in Tariff mechanism
Addition for FY 2013	**192.25**		

Biomass Operations

Existing Biomass Operations

Particulars	Unit of measurement	Q1 FY13	Q1 FY12
Capacity	MW	60.5	40.5
Units exported	Mn KwH	85.3	54.3
PLF	%	74.9	61.4
Average realisation	₹/ KwH	5.81	5.46
REC Realisation on traded units	₹/ KwH	2.31	-
REC Realisation on overall exported units	₹/ KwH	1.37	-
Specific fuel consumption	Kg / KwH	1.73	1.64
Fuel Cost	₹/ KwH	3.38	3.27
O&M and other costs	₹/ KwH	1.71	1.96

- Performance in Q1 FY13 was positively impacted due to better PLF in almost all the biomass units
- In Tamil Nadu, realisation across all units improved due to switch over from grid to third parties. Blended realisation was at ₹5.81 per KwH.
- All four units in Tamil Nadu and Sanjog in Rajasthan continue to get REC benefits during the quarter. Total REC income realised was ₹118 Million with average price of ₹2, 313 per REC.
- Fuel Cost was at ₹3.38 per unit (₹3.27 per unit in Q1 FY 12). It was lower as compared to Q4 FY12 due to sourcing of cheaper mix of fuel during the quarter. However, fuel prices are expected to remain high for some more time.

Existing Projects – Bio-mass power plants

Name	Capacity (MW)	Location	Fuel	Customer details	Blended tariff		
					Q1FY13	Q4FY12	Q1FY12
Kopargaon	2.0	Maharashtra	Co-generation biogas	Captive	3.5	3.5	3.5
Dindigul	7.5	Tamil Nadu	Plywood wastes, julieflora, corn stalks and other agri - residues	Merchant	6.43	5.33	6.11
Pattukkottai	7.5	Tamil Nadu	Sugarcane residue, coconut residue, julieflora and other agri - residues	Merchant	6.74	5.09	5.82
Vandavasi	7.5	Tamil Nadu	Casurina, eucalyptus waste, julieflora, sugarcane waste and groundnut stalks	Merchant	7.44	5.58	5.52
Pollachi	10.0	Tamil Nadu	Julieflora, coconut residue, saw mill waste	Merchant	6.47	4.5	-
Kotputli	8.0	Rajasthan	Mustard Husk	Grid 100%	5.44	5.19	5.19
Chippabarod	8.0	Rajasthan	Mustard Husk	Grid 100%	5	4.87	4.19
Hanumangarh	10.0	Rajasthan	Mustard Husk, Cotton stalk, paddy straw and wheat straw	Merchant	4.04	2.85	-

Biomass Performance review

- Significant improvement in PLF across all units and tariffs in Tamil Nadu plants result in improved top line and margins
- Exited from Grid PPA in Pollachi in Q1 FY 13 and with this, all four units in Tamil Nadu are now on merchant sales leading to increased tariff realisation
- REC revenues continue to be robust resulting in expansion of margins
- EBITDA at an all time high of ₹136 Million (22.2%) for a single quarter
- While fuel costs continued to be high in the quarter, our other initiatives like bulk sourcing of fuel, RDF and deployment of the crawler for Juliflora harvest are expected to provide results in coming quarters by way of moderation in the cost
- Refinancing of loans across two units aggregating to ₹55 Cr. results in lower interest rate by 1.75 % p.a.
- Sale from Hanumangarh plant presently through power exchange is resulting in low tariff. Plan to go bilateral in order to improve on tariff in the second half of FY 2013. However, in the short term, the concern of low tariff shall continue in this unit

Capacity Expansion – Biomass

Project	Capacity (MW)	Original Estimated date of completion	Revised Estimated date of completion
Maraikal	7.5	Q4 FY11	Q2 FY13
Narsinghpur	10.0	Q4 FY11	Q3 FY13
Kolhapur	20.0	Q1 FY12	Q3 FY13
Kishanganj	8.0	Q2 FY12	Q2 FY13
TOTAL	**45.5**		

- Projects have been delayed primarily due to issues associated with connectivity to the grid and resistance of States in allowing units to opt for REC Mechanism
- Sale Model for new projects
    - Sales shall be by way of merchant sale through Trading Companies
    - REC eligibility confirmed for Kolhapur plant.

Regulatory Environment

Regulatory Impact –Opportunities and Concerns

Biomass

- In Tamil Nadu, cross subsidy for all third party sales has been proposed and implemented effective July 2012 which would have a marginal impact on 3rd party sales realisations

Wind

- In Gujarat, as per the latest regulations, we could be forced to go for 50% under average Power Purchase Cost (APPC) plus REC and 50% under Feed in Tariff (FIT) respectively for the entire capacity of 50.40 MW Suzlon machines. FIT proposed to be increased to ₹4.23 per kwh from present ₹3.56 per kwh and hence, blended tariff may not be significantly affected
- Banking charges increased in Tamil Nadu effective August 12
- Petition filed with Appellate Tribunal seeking reduction in Transmission Costs
- Extension of GBI benefits yet to be notified beyond 1st April 2012
- RPO Obligations are yet to be enforced for FY12 by State RECs. This is Impacting REC Demand when supplies are on the rise with Wind Season

Wind Business Outlook

- Added 23.4 MW of Wind capacity in Tamil Nadu in Q1. Further 24.85 MW will get added in Q2 in Tamil Nadu and 70.2 MW by October 2012 in AP and Gujarat
- Transmission inadequacy continues to be an issue in Tamil Nadu. It is expected that grid back down will impact to the tune of 10-15% in this season also as in last year
- Levy of increased banking charges and transmission charges by TNEB could impact margins in coming quarters. The impact could be mitigated to the extent we are able to pass on the burden to consumers
- Though GBI and Accelerated Depreciation have been withdrawn from April'12, Industry expects that GBI continuation for this year also
- Resistance seen in some States like AP/Gujarat for REC Projects
- With a view to focus on the fast growing Indian wind energy market, the company has exited the project being implemented in Sri Lanka (10.5 MW wind project) in July 2012 resulting in cash inflow of USD 8 Million which is being deployed in Indian projects
- External Commercial Borrowing of USD 50 Million tied up at LIBOR plus 4.5% for new wind projects
- Company is continuing with its initiative at reducing interest costs through other refinancing avenues and generally to deleverage the business and same is expected to impact business positively in the second half of the year

Biomass Business Outlook

- With all Tamil Nadu based plants on Third Party sale of power (32.5 Mw) and with REC eligibility significant improvement in revenues expected to continue in coming quarters
- Biomass plant performance has significantly improved in Q1 to 74.9% PLF compared to 61.4% in Q1 FY12 and 61.7% in Q4 FY12
- Additional capacities planned 45.5 Mw in Q2/Q3 will take the total Capacity to 106.0 Mw by end Q3 FY13
- Energy plantations commenced in some of our Wind Farm lands and plans are on to extend the same in other areas also by encouraging contract farming in unused lands available in neighboring villages

Overall Business Outlook

- While short term challenges in terms of fuel cost and availability are likely to continue, revenue optimisation measures (moving out of PPA, increase in REC revenues, etc.) would lead to improved margins
- New capacities being added consistently would lead to better economies of scale resulting in lower cost of generation
- REC trading likely to increase for the company in the coming quarters leading to improved margins
- Increase in Transmission and banking charges by TNEB could negatively impact margins in coming quarters
- Sourcing of lower cost fuel through various initiatives is expected to start yielding positive results in coming quarters
- Refinancing through low cost rupee as well as ECB loans with more staggered tenors would lead to improved cash flows
- The company expects to pursue further deleveraging measures as well as exit from non core and non performing assets in the coming quarters to improve the financial health and cash flows


Thank you