



ORIENT GREEN POWER

Q1 FY20 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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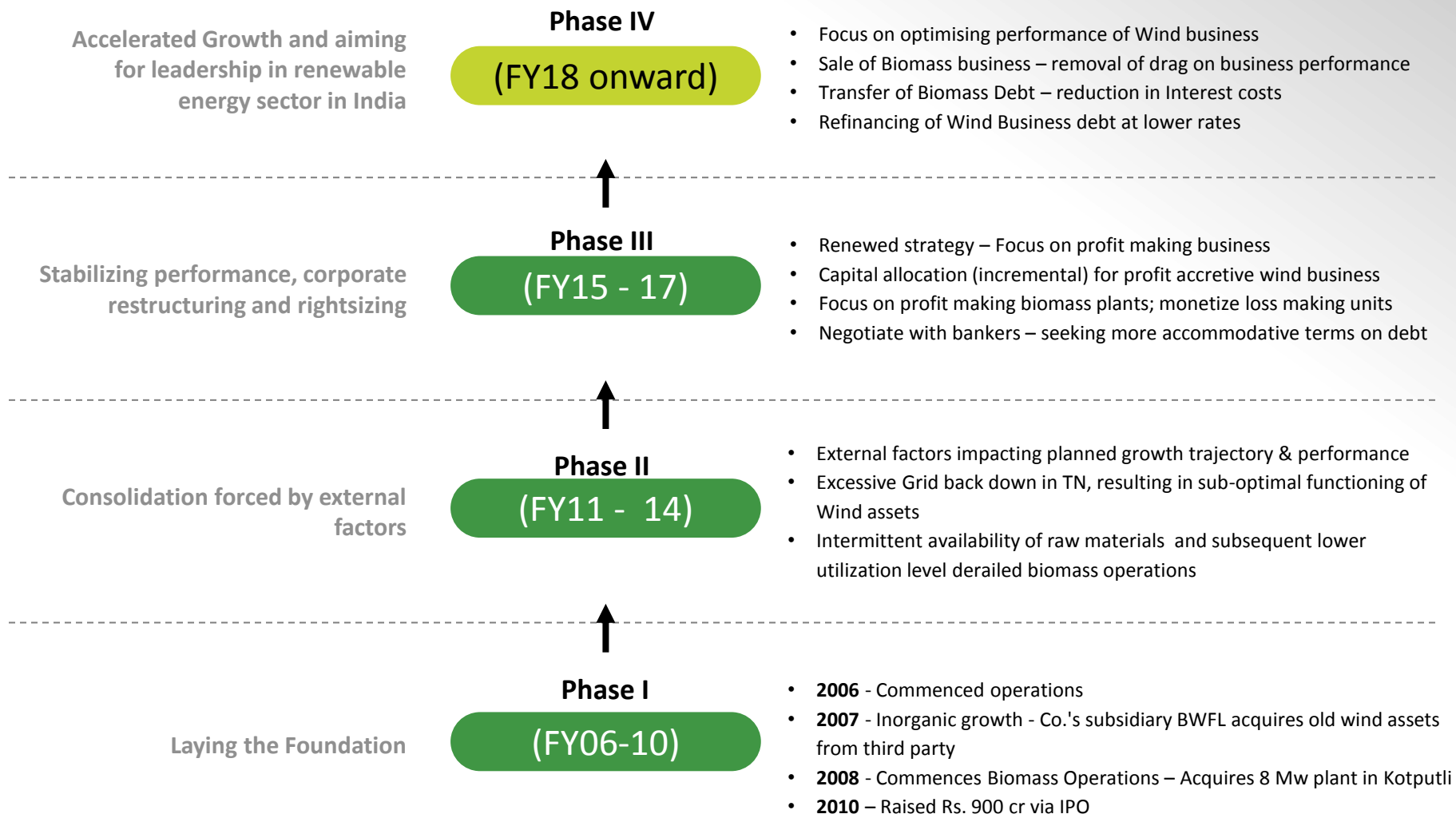


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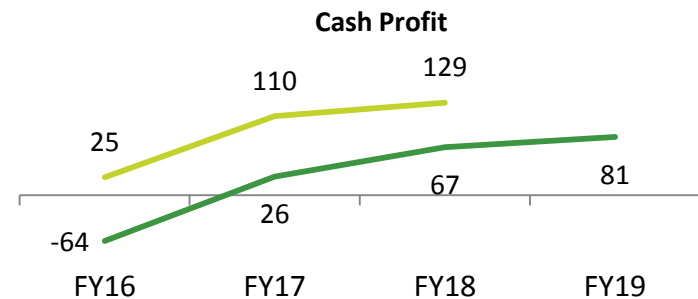
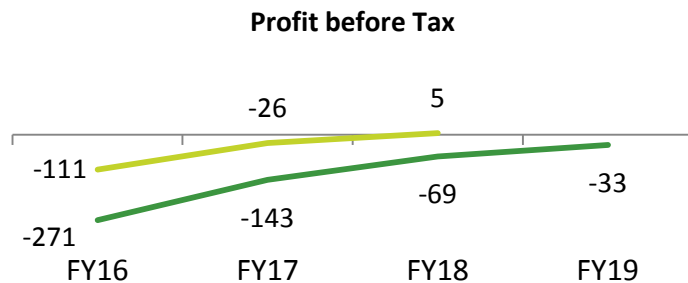
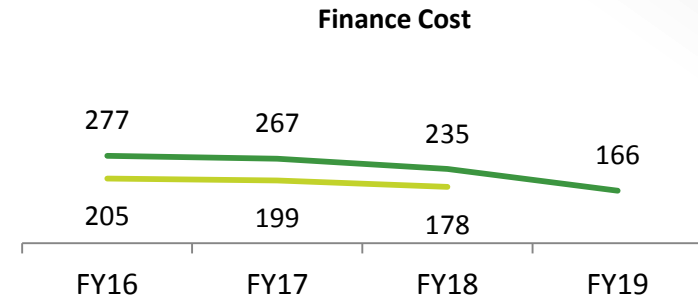
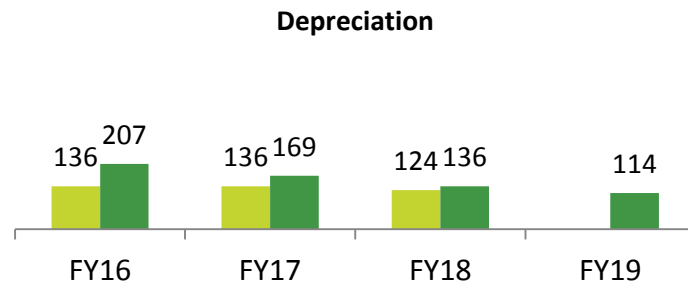
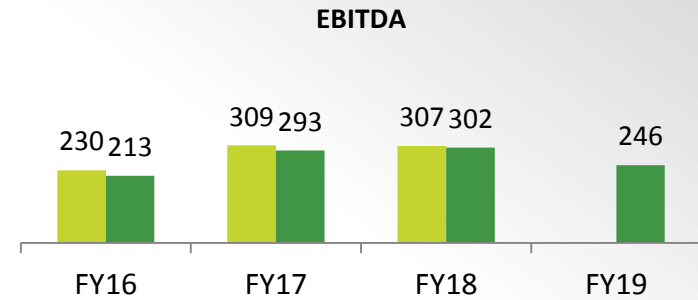
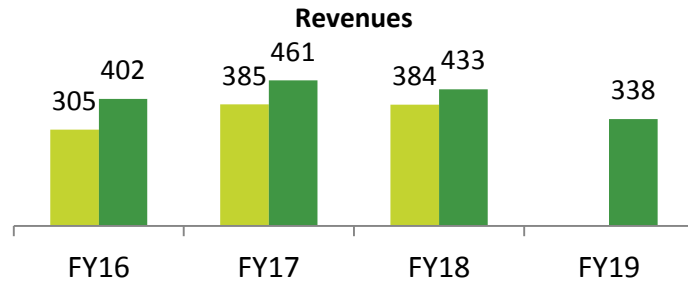
Transformation Strategy & Operational Progress

OGPL Transformation



High Potential disrupted by external factors

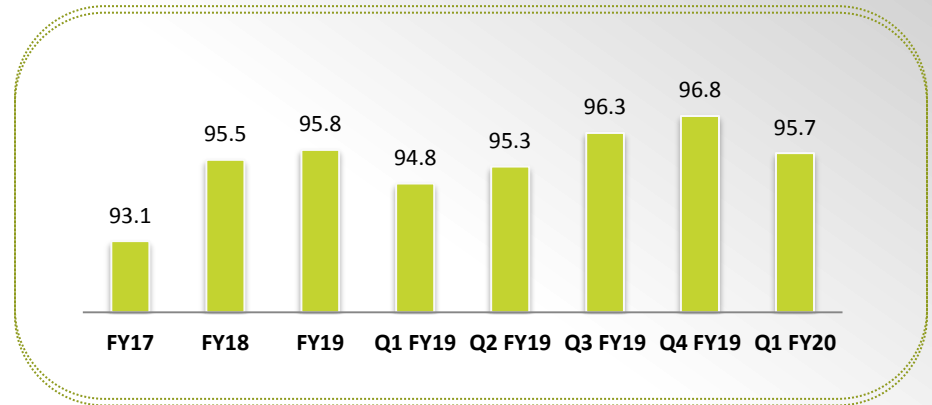
In Rs. cr



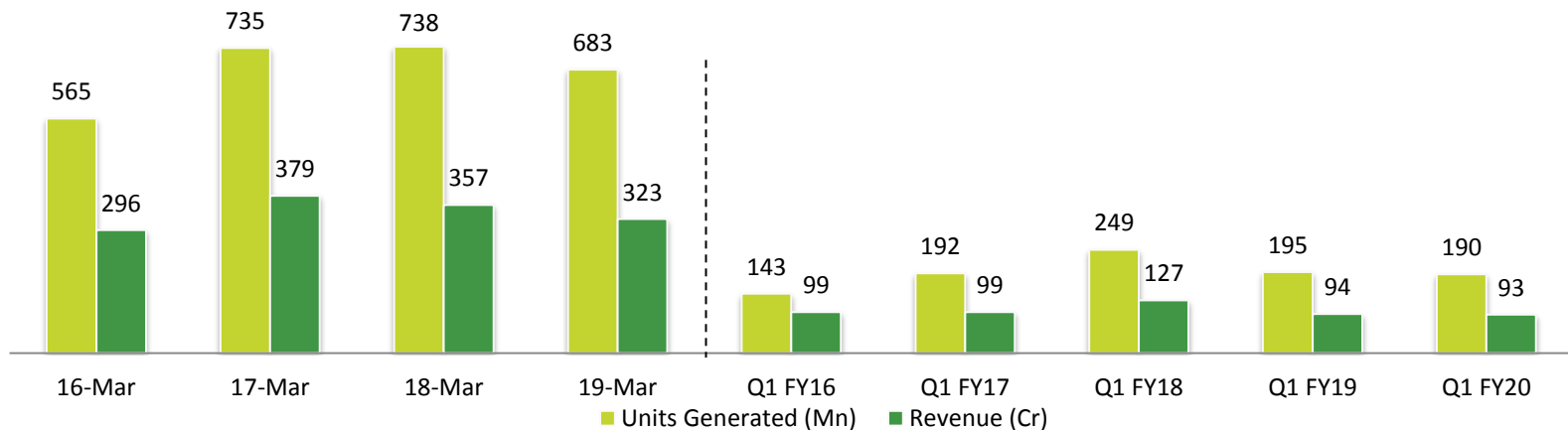
What has changed in recent times

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

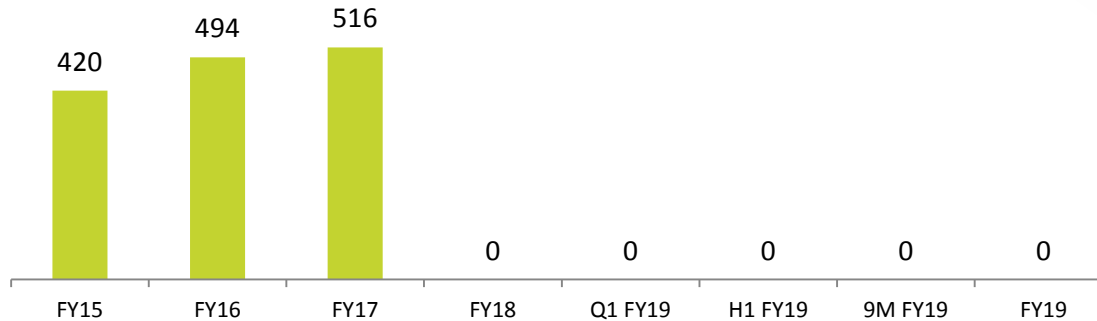


Leading to increase in wind power generation



Supported by Improvement in REC Mechanism

REC's Outstanding in thousands



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

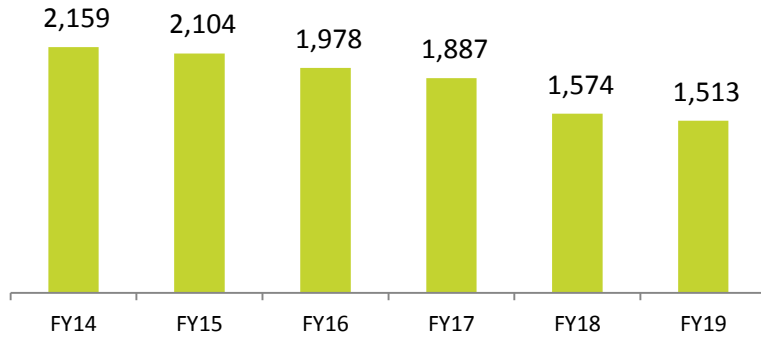
Traded REC Revenue INR Crs



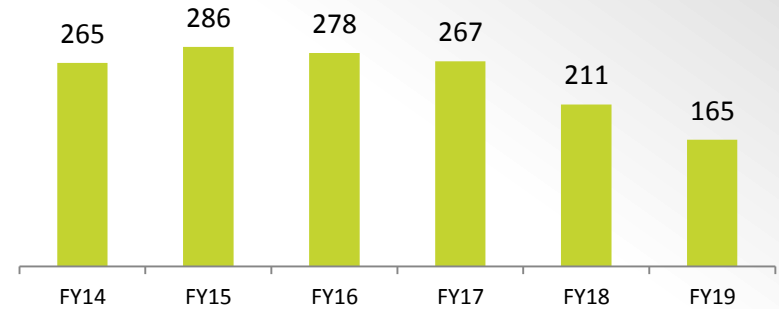
- Zero stock of issued RECs as of Mar 31, 2019
- Amount held in CERC - Rs.21 Crore
- The Supreme Court has granted stay in respect of floor price for REC's issued before 31st March 2017.

Focus on Debt Reduction

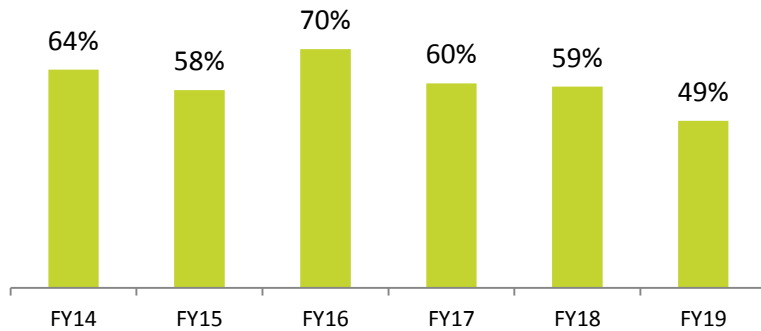
Debt (Rs. Cr)



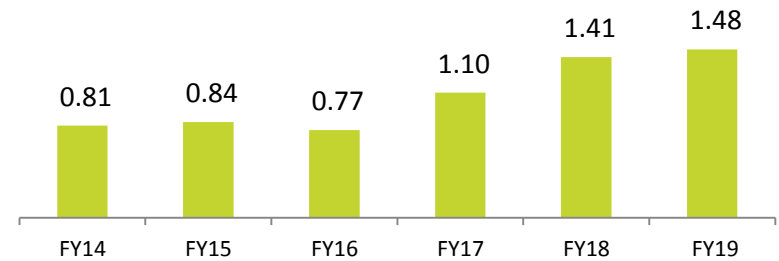
Interest Expense (Rs. Cr)



Interest / Revenue (%)

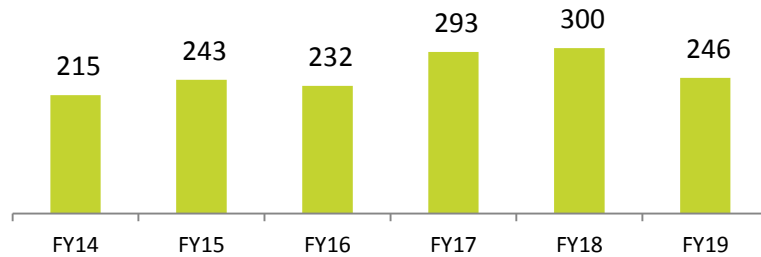


EBITDA / Interest (x)

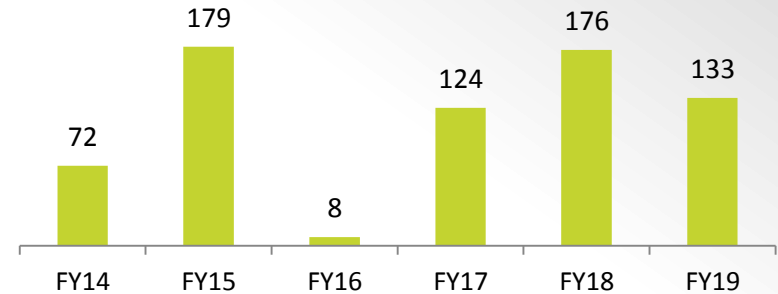


Resulting in Improved Profitability

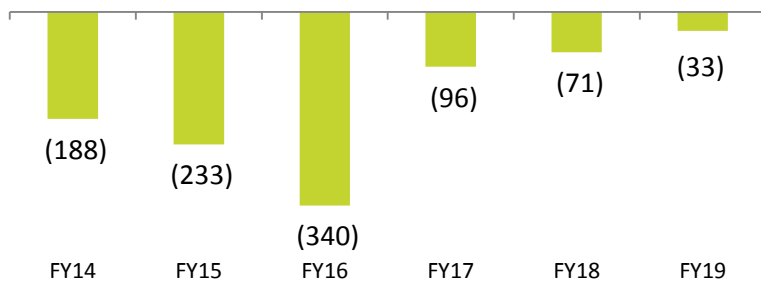
EBITDA (Rs. Cr)



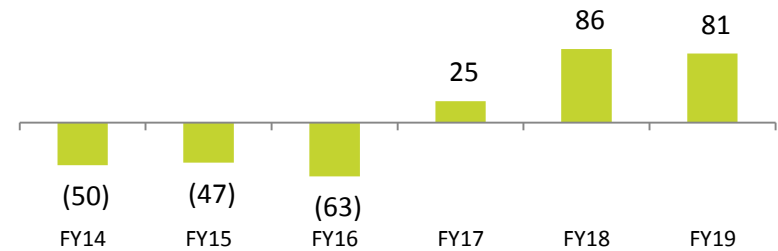
EBIT (Rs. Cr)



PAT (Rs. Cr)



Cash Profit (Rs. Cr)





Key Developments: Q1 FY20

Key Developments – Q1 FY20

Wind Business – Steady start to the year amid uneven wind patterns

- Moderation in wind intensity during the beginning of the quarter negated in part the strong operational performance delivered during the quarter
- Consistent level of grid availability especially in TN coupled with increased level of inter state power transmission following, up gradation of transmission infrastructure helped meet demand in growing markets

Debt rationalization on track – expect further moderation in cost of debt

- In discussion with bankers to further reduce credit cost & improve liquidity by extending loan tenures
 - 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 – Trading activity continues to remain elevated amid strong demand

- Buoyancy in REC market remained high on the back of strong demand
 - Certificates were traded regularly above their floor price
 - REC's getting traded at an average price of Rs.1437/Certificate during the current quarter as against Rs.1030/Certificate during the corresponding previous quarter.
 - Increased REC's realization resulting in higher operating income of Rs.384 lakhs.
- Strong demand for certificates have elevated REC realisations into a reliable revenue stream for the Company



Financial Highlights

Q1FY20 Consolidated Financial Performance

In Rs. Mn

	Q1 FY 20	Q1 FY19
Continued Operations:		
Revenue	944	994
EBITDA	720	766
EBITDA %	76%	77%
EBIT	438	481
EBIT %	46%	48%
Profit / (Loss) before tax	47	(6)
Loss from Discontinued Operations	(34)	(22)
Consolidated Profit / (Loss) before tax	13	(28)

Key Financial Highlights – Q1 FY20

Wind Business:

- Stable performance – performance would have been even better had it not been for moderation in wind intensity during the quarter.
- Grid availability remains steady especially in TN; grid availability for the Qtr. at 95.7%
- 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: Working towards lowering cost of debt

- In - discussions with bankers for refinancing debt - Working towards lowering average cost of debt from ~13% at present
- Interest cost reduced from Rs.48 Crore in Q1 FY19 to Rs.39 Crore in Q1 FY20.
- Liquidity and cash flow position to improve post completion of the exercise

REC Trading: Trading volumes and realization remain firm on the back of strong demand

- Trading volumes remain elevated on the back of strong demand
- Certificates getting traded consistently above their floor price. Average price realization at Rs.1437/Certificate during the current quarter as against Rs.1030/Certificate during the corresponding previous quarter.
- REC inventory fully liquidated and realized Rs 13.2 crore in Q1 FY20 as compared to Rs.4.8 crore during the corresponding previous quarter.



Operational Highlights

Wind Operations

Particulars	Unit of Measurement	Q1 FY20	Q1 FY19
Capacity (incl. overseas capacity)	Mw	425	425
Units Generated (Gross)	Mn	190	195
Annualized PLF	%	20.5	21.1
Average Gross Realisation (before charges and without REC)	Rs./ Unit	4.80	4.82

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 FY20				Q1 FY19			
	Effective installed capacity (Mw)	Generation (Million Kwh)	PLF (%)	Grid availability (%)	Effective installed capacity (Mw)	Generation (Million Kwh)	PLF (%)	Grid availability (%)
Tamil Nadu	308.3	142.7	21.2	95.7	308.3	139.9	20.5	94.8
Andhra Pradesh	75.4	21.8	13.2	99.2	75.4	30.9	18.6	96.7
Gujarat	29.2	19.7	30.9	99.3	29.2	19.8	30.8	99.7
Total	412.9	184.7	20.3	96.6	412.9	190.6	20.8	95.5



Outlook & Regulatory Overview

Outlook

- **Supportive macros coupled with Govt.'s efforts towards growing RE to drive 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 should help in easing cash flows and liquidity position**
 - Discussions with bankers for lowering interest rate and extending loan maturities progressing well – working towards lowering cost of debt from ~13% at present
 - Successfully repaid debt over last 5 years on the back of steady operational performance and scheduled debt repayment
 - Further reduction in Interest rates to aid overall liquidity and cash flow position of the business

Renewable Energy Certificates

- The quarter witnessed steady increase in trading volumes with certificates trading above their floor prices
 - Demand continued to outstrip supply, resulting in higher yields
 - Average price realization at Rs.1437/Certificate during the current quarter as against Rs.1030/Certificate during the corresponding previous quarter.
- Stricter enforcement by regulatory agencies, resulted in sustained buoyancy in the REC market
- OGPL sold 91,710 RECs in Q1 FY20 resulting in realization of Rs. 132 MN. OGPL's share in trading on the exchange represented 6.44% of trading volumes during Q1 FY20.
- Nil inventory of RECs as of June 30, 2019 – this is the sixth consecutive quarter in which there has been no inventory carried forward.

Regulatory & Market Developments

- **KERC notifies APPC rate for 2019-20 & truing up of 2018-19**
 - Karnataka notified the provisional APPC cost for FY 2019-20 & true up the Average Pooled Purchase Cost of 2018-19.
 - The difference of INR 21 paisa/unit will be paid by the ESCOMs to the RE generators concerned in three equal monthly installments to the extent of energy supplied under APPC during the period from 1st April 2018 to 31st March 2019.
- **Union Minister (Renewable energy) approves Dispute Resolution Mechanism for wind/solar sector**
 - Power & Energy Minister, Mr. R.K. Singh has approved for a formation of a Dispute Resolution Mechanism for Solar/Wind sector
 - The decision was taken to facilitate the solar & wind energy projects and resolve disputes between wind & solar developers with SECI/NTPC beyond contractual agreements
 - The issues dealt by the dispute committee will include:
 - All cases of appeal against decisions given by SECI on the extension of time requests based on terms of the contract
 - All cases related to issues not included in the contractual agreement like site procurement, delay in land allotment due to the policy change, processing of grant and other similar issues.
- **APERC notifies Multi Year Tariff order – wheeling tariff for distribution companies**
 - Andhra Pradesh Regulatory Commission has recently notified the new tariffs for wheeling of distribution companies for the financial years 2019-2020 & 2023-2024
 - Key points for the transmission & wheeling charges and losses
 - All the distribution system users shall pay wheeling charges and bear losses in kind
 - If the entry and exit points are of the same voltage, the wheeling charges corresponding to that voltage shall be collected. If the entry and exit points are at different voltages, the wheeling charges corresponding to the lowest voltage shall be collected
 - The wheeling tariffs payable and energy losses to be borne shall be related to the contracted capacity in KW at the entry point. For the purpose of collection of wheeling charges, 1 kVA is equal to 1 kW.



Appendix: Financial Statements

Financial Performance – Q1 FY20 (Consolidated – IND-AS)

Rs. Million

Particulars	Q1 FY20	Q1 FY19
Continuing Operations		
Sale of Power	805	846
Other Operating Income	128	97
Total Income	933	943
Total Operating Expenditure	224	228
Operational EBITDA	709	715
EBITDA (%)	75.9%	75.8%
Other Income	11	51
Total EBITDA	720	766
Depreciation	282	285
EBIT	438	481
Finance Charges	391	487
Profit / (Loss) from continuing operations before tax	47	(6)
Profit / (Loss) from continuing operations after tax	47	(6)
Profit / (Loss) from discontinued operations after tax	(34)	(23)
Profit / (Loss) for the period	13	(29)
Other Comprehensive Income / Loss	2	(11)
Total Comprehensive Income/(Loss) for the period	15	(40)

Thank You

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