ORIENT GREEN POWER

Leading Diversified Renewable Energy Generator

Investor Presentation

Q2 FY12 Results

September 2011

Biomass

Wind

Small Hydel

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Financial Results
& Operating Highlights

Q2 FY12

Financial Highlights – Q2 FY 2012

- Additional capacity of 10 MW in Biomass and 75.25 MW in Wind Business aided in improved sales revenue during the quarter (growth of 14% to a level of Rs. 684.21 Million) despite drop in existing biomass plants output
- Generation of Power and sales revenue from Biomass was affected during the quarter due to following reasons :
  - Heavy rains in Rajasthan forced shutdown of plants
  - Mounting receivables from TNEB forced us to move out of PPA for which plants had to be shut for about 3 weeks to meet the regulations governing switch over
  - Lower sales realisation since entire generation during the quarter was supplied to Grid in compliance with latest directive of TN Government
- Sales revenue (Biomass) was at Rs. 176.60 Million as against Rs. 204.39 Million in Q2 FY 2011
- Despite continuing grid availability issues in Tamil Nadu, Wind business saw PLF improve from 26.04% to 27.27% in Q2 FY 2012
- Sales revenue (Wind business) registered growth of 28% to a level of Rs. 507.651 Million
- Consolidated Operational EBIDTA rises to Rs. 373.90 Million (53%) as against Rs. 338.82 Million (52.2%)
- Due to higher depreciation and interest charges due to more borrowing and increase in rate of interest, PBT was at Rs. 100.30 Million as against Rs. 124.68 Million
- PAT before Minority Interest was at Rs. 40.22 Million as against Rs. 71.13 Million

Financial Highlights – H1 FY 2012

- Sales revenue (Biomass) was at Rs. 473.49 Million as against Rs. 453.66 Million in Q2 FY 2011
- Sales revenue (Wind business) registered growth of 28% to a level of Rs. 807.80 Million
- Consolidated Sales Revenue grew by 18% to Rs. 1281.29 Million
- Consolidated Operational EBIDTA rises to Rs. 643.99 Million (48.5%) as against Rs. 632.94 Million (45.2%)
- PBT was at a level of Rs. 185.75 Million (growth of 62%)
- PAT before Minority Interest was at Rs. 83.73 Million as against Rs. 41.01 Million (growth of 104%)

Profitability Statement – Q2 FY 2012

Rs. Million

	Q2 FY 2012			Q2 FY 2011		
	Biomass	**Wind**	**Total**	**Biomass**	**Wind**	**Total**
Sale of Power	176.60	507.61	684.21	204.39	397.00	601.39
Other Operating Income	15.99	4.76	20.75	42.55	5.24	47.80
Total Income	**192.58**	**512.37**	**704.95**	**246.94**	**402.25**	**649.19**
Expenditure						
Cost of fuel and Consumables	128.08	19.04	147.12	159.91	13.76	173.67
O&M and other costs	99.38	84.55	183.93	77.16	59.54	136.70
Total Expenditure	**227.46**	**103.59**	**331.05**	**237.07**	**73.29**	**310.37**
Operational EBITDA	**-34.88**	**408.78**	**373.90**	**9.87**	**328.95**	**338.82**
EBITDA (%)	**-18.1%**	**79.8%**	**53.0%**	**4.0%**	**81.8%**	**52.2%**
Depreciation	35.76	109.05	144.81	32.45	74.80	107.25
Finance charges	46.42	150.84	197.26	38.59	73.28	111.87
Other Income	55.08	13.39	68.47	-0.21	5.19	4.98
PBT	**-61.98**	**162.29**	**100.30**	**-61.38**	**186.06**	**124.68**
PAT (before Minority Interest)	-61.48	101.70	**40.22**	-60.13	131.26	**71.13**
PAT (after Minority Interest)	-62.56	82.55	**19.99**	-53.54	140.76	**87.23**

EBIDTA for Biomass includes corporate and other unallocable overheads. Without considering such overheads, EBIDTA for Biomass for Q2 FY 2012 would be 1.8% (9.7% in Q2 FY 2011)

Profitability Statement – H1 FY 2012

Rs. Million

	H1 FY 2012			H1 FY 2011		
	Biomass	Wind	Total	Biomass	Wind	Total
Sale of Power	473.49	807.80	1281.29	453.66	631.35	1085.01
Other Operating Income	37.28	8.66	45.93	61.92	9.07	70.99
Total Income	**510.76**	**816.46**	**1327.22**	**515.58**	**640.42**	**1156.01**
Expenditure						
Cost of fuel and Consumables	314.98	31.85	346.84	325.31	22.79	348.10
O&M and other costs	205.84	130.55	336.39	183.59	101.24	284.83
Total Expenditure	**520.82**	**162.40**	**683.23**	**508.91**	**124.03**	**632.94**
Operational EBITDA	**-10.06**	**654.06**	**643.99**	**6.68**	**516.40**	**523.07**
EBITDA (%)	**-2.0%**	**80.1%**	**48.5%**	**1.3%**	**80.6%**	**45.2%**
Depreciation	68.71	187.74	256.45	62.52	141.91	204.43
Finance charges	85.81	287.66	373.48	75.96	135.35	211.30
Other Income	134.59	37.09	171.68	1.12	5.89	7.01
PBT	**-30.00**	**215.75**	**185.75**	**-130.68**	**245.03**	**114.34**
PAT (before Minority Interest)	**-53.94**	**137.66**	**83.73**	**-132.20**	**173.21**	**41.01**
PAT (after Minority Interest)	**-53.94**	**108.83**	**54.89**	**-131.77**	**173.21**	**41.44**

EBIDTA for Biomass includes corporate and other unallocable overheads. Without considering such overheads, EBIDTA for Biomass for H1 FY 2012 would be13.4% (9.2% in H1 FY 2011)

Balance sheet

		Rs. Million	
	September 30, 2011	September 30, 2010	March 31, 2011
SOURCES OF FUNDS			
Shareholders Funds			
Share Capital	4,681	7,509	4,681
Reserves & Surplus	7,996	1,161	7,883
Minority Interest	469	209	360
Loan Funds	8,576	6,095	8,026
Total	**21,722**	**14,974**	**20,949**
APPLICATION OF FUNDS			
Fixed Assets including Capital work in progress	24,705	11,811	17,751
Goodwill on Consolidation	484	486	484
Current Assets			
Inventories	554	196	451
Receivables	786	484	428
Cash and cash equivalents	1,987	5,094	4,755
Other Current Assets, Loans and Advances	2,225	1,299	1,297
Less : Current Liabilities and Provisions	-9,020	-4,397	-4,218
Net Current Assets	**-3,468**	**2,677**	**2,713**
Total	**21,722**	**14,974**	**20,949**

Current Liabilities include Rs. 5,220 Million Letters of Credit for Capital expenses which have been accepted and discounted by the suppliers

Wind Operations

Existing Wind Operations

Particulars	Unit of Measurement	Q2 FY 2012	Q2 FY 2011	H1 FY 2012	H1 FY 2011
Capacity	MW	254.00	179.50	254.00	172.53
Units Generated	Mn	124.85	95.22	198.40	161.19
Annualized PLF	%	27.27	26.04	23.47	22.93
Average Realisation	Rs./ Unit	4.24	4.17	4.25	3.92

- Existing assets of 179.5 MW constitute operating assets acquired at low capital cost (approx. Rs. 35.5 Mn. Per MW)
- New wind assets of 64.75 MW in India and 10.5 MW in Croatia had been commissioned during the quarter
- Performance continued to be impacted due to about 10-15% drop in grid availability during the quarter and this situation is expected to continue in coming quarters as well
- Realisation was higher as compared to previous year due to more sales to Group Captive consumers which is expected to continue in the future as well

Capacity Expansion Strategy – Wind

- Further addition in capacity by 33 MW already erected and expected to be commissioned in Q3 FY 2012 in Tamil Nadu and balance 54.60 MW in Tamil Nadu expected to be commissioned in Q4 FY 2012

- Finalised turnkey contract with Suzlon for 50 MW in Gujarat which would be commissioned in Q1 FY 2013

- Further capacities to come up in Andhra Pradesh 50.4 MW in Q1 of FY 2013 and balance 43.2 MW by Q3 of FY 2013.

- Higher PLFs expected on new assets (29-34%)
- Sale model for new assets
  - Tamil Nadu - Group Captive – eligible for REC
  - Gujarat and Andhra Pradesh projects expected to be on PPA with APPC pricing and hence, shall also eligible for REC and GBI
- REC registration already completed for 27.2 MW and for 13.6 MW is under petition with TNERC.87.6 Mw under commissioning will be registered for RECs

Capacity Expansion – Wind

States	Capacity (MW)	Original Estimated date of completion	Revised Capacity (MW)	Revised Estimated date of completion
Tamil Nadu	120	Q4 FY 11/Q1 FY12	147.3	59.725 MW by Q2 FY 12 33.0 MW by Q3 FY12 54.60 MW by Q4 FY 12
Gujarat / Karnataka	20	Q1 FY12	5.25	Planned Potential acquisition of 5 Mw
Sri Lanka	10.5	Q1 FY12	10.5	Q3 FY 12
Croatia	10.5	Q4 FY 11/Q1 FY12	10.5	Commissioned in Q2 FY 12
Addition for FY 2012	**161**		**173.55**	
Tamil Nadu	50	Q1 FY13	50	To be reviewed based on grid availability
Maharashtra	80	Q1 FY13	80	To review based on Zone Tariff
Karnataka	-	-	50	Q2 FY 13
Andhra Pradesh	100	Q1 FY13	94	Q1/Q3 FY 13
Gujarat	50	Q1 FY13	50	Q1 FY 13
Addition for FY 2013	**280**		**324**	

Biomass Operations

Existing Biomass Operations

Particulars	Unit of Measurement	Q2 FY 12	Q2 FY 11	H1 FY 12	H1 FY 11
Capacity	MW	50.5	40.5	50.5	40.5
Units Exported	Mn	37.75	37.12	92.14	85.27
PLF	%	38.6	46.5	56.4	53.8
Average Realisation	Rs. / Unit	4.59	5.51	5.14	5.32
Specific Fuel Consumption per unit	Kg/ Unit	1.60	1.79	1.60	1.76
Fuel Cost	Rs./ Unit	3.48	3.62	3.35	3.40
O&M and other Costs	Rs./ Unit	1.50	2.04	1.30	1.99

- Performance in Q2 FY12 was negatively impacted due to lower PLF as well as truncated operations due to heavy rains
- Pollachi plant became fully operational in the quarter (10MW)
- Realisation was lower during the quarter mainly due to supply of entire generation to the grid in Tamil Nadu on account of revised guidelines and regulations
- The increased procurement cost was somewhat offset by improvement in specific fuel consumption
- O&M Costs include cost of 3rd party sale

Existing Projects – Bio-mass power plants

Name	Capacity	Location	Fuel	Customer Details	Tariff (PPA)	Blended Tariff FY 2011	Blended Tariff Q1 FY 12	Blended Tariff Q2 FY 12
BG – 02 Kopargaon	2.0	Maharashtra	Co –generation biogas	Captive	3.50	3.50	3.50	3.50
BM – 7.5 Dindugal *	7.5	Tamil Nadu	Plywood wastes, Juliflora, corn stalks and other agri-residues	Grid approx. 40% (TNB); Merchant approx . 60%	4.29	5.39	6.11	4.29
BM – 08 Kotputli	8.0	Rajasthan	Mustard husk	Grid 100% (Rajasthan SEB)	4.94	4.94	5.19	5.19
BM – 7.5 Pattukotai *	7.5	Tamil Nadu	Sugar cane residue, coconut residues, Juliflora and other agri residue	Grid approx. 40% (TNB); Merchant approx . 60%	4.65	5.64	5.82	4.65
BM – 7.5 Vandavasi *	7.5	Tamil Nadu	Coconut residue, Juliflora wood, sugarcane waste, groundnut stalks and mango wood	Grid 70% Merchant 30%	4.65	5.19	5.52	4.65
BM – 08 Chippabarod	8.0	Rajasthan	Mustard husk	Grid 100% (Jaipur, Ajmer and jodhpur distribution companies)	4.10	4.10	4.19	4.19
BM – 10 Pollachi	10.0	Tamil Nadu	Juliflora wood, coconut residue, saw mill waste, paddy husk	Grid (100%)-TNEB	4.50	-	-	4.50

* Plants partially on merchant power sales in Q1. However, entire generation in Q2 was sold to Grid

Biomass Performance review

Operational Performance

- Blended tariff got negatively impacted due to shift to grid supply during the quarter in Tamil Nadu
- Lack of fuel at the right cost and heavy rains also affected the performance leading to lower PLF
- Biomass costs continues to be high leading to lower margins. However, outlook on cost front is expected to improve in coming quarters due to :
  - Shift away from PPA to third party supplies in Tamil Nadu would lead to improved working capital cycle giving the ability to procure fuel at more reasonable prices
  - Steps being taken to broad base fuel and supplier base and fresh initiatives being taken for energy plantation which would yield positive results in coming quarters
  - Improvement in specific fuel consumption due to more usage of processed fuel / better operational efficiencies

New project commissioning

- Pollachi unit was commissioned in July 2011 and became fully operational in September 2011 (10 MW)
- Hanumangarh plant (10MW) has been commissioned in October 2011 with sale to Tata Power Trading. Plant registered and eligible for REC
- Narsinghpur and PSR Green projects totalling 17.5 Mw by end December 2011
- 20 MW DY Patil Cogen plant by Q4 FY 2012
- 8 Mw plant in Kishanganj in Q4 FY 2012.

Capacity Expansion – Biomass

States	Capacity (MW)	Original Estimated date of completion	Revised Estimated date of completion
CGL– 7.5 – Maraikal	7.5	Q4 FY11	Q3 FY12
BM – 10 – Hanumangarh	10	Q4 FY11	Commissioned in October 2011
BM – 10 – Narasinghpur	10	Q4 FY11	Q3 FY12
BM – 10 – Pollachi	10	Q4 FY11	Commissioned in Q2 FY 12
CG – 20 – Kolhapur	20	Q1 FY12	Q4 FY12
BM – 08 – Kishanganj	8	Q2 FY12	Q4 FY12
Total	**65.5**		

- Projects have been delayed mainly due to issues associated with connectivity to the grid coupled with ongoing monsoon season and resistance of States in allowing units to opt for REC Mechanism (Hanumangarh & Marikal)
- Sale Model for new projects
  - Pollachi shall be to TNEB as per PPA
  - Other projects shall be by way of merchant sale with RECs
  - REC approved for Kolhapur and Hanumangarh plants. REC eligibility likely to be conformed for Andhra Pradesh in Q4 FY 12

Regulatory Environment

Renewable Energy Certificate

- Most states have announced RPO/REC Guidelines and appointed Nodal Agency / Monitoring Agencies. Andhra Pradesh expected to finalsie REC/RPO Mechanism by Q3/Q4 FY12
- In Rajasthan, REC approved for 10 Mw Biomass Power plant at Hanumangarh which became operational in October 2011
- In Tamil Nadu, REC has been approved for 27.2 MW of wind capacity. Ultimately, REC will be available for 115 MW of wind capacity commissioned / to be commissioned by in FY 12. In respect of 13.6 MW already commissioned, petition filed before the Regulatory Commission to obtain the benefit although it is not certain if the benefit would be granted
- Two Biomass projects in TN exited from PPA and REC registration in progress for these 15 Mw
- All wind projects that shall be selling to grid at APPC prices shall be eligible for REC (Gujarat and Andhra Pradesh) .
- RECs could provide upside of Rs. 1.5 to 3.30/KWH. REC prices have reached Rs.2.70 / kwh in Oct.'11 trading and expected to average Rs. 2.00 /kwh min for the year

Regulatory Impact

Biomass

- Biomass tariff changes expected from State Electricity Regulatory Commissions in Tamilnadu and Rajasthan as current control period has already expired in Mar.’11.
- Representations made to State ERCs as well as CERC and process of revision is expected to be completed in Q3 FY 2012.
- Industry expectation of revision – Re. 0.75 – Re. 1.25 per unit

Wind

- TNERC has cleared REC eligibility for export of power under Group Captive model and 27.2 Mw of Beta project registered already
- APREC notification for increase in tariff expected in Q3 FY 12

Business Outlook – Biomass business

- Biomass operations would continue to have muted performance in the coming quarter (Q3 of FY 12) partly due to switch over to 3rd party sales after exiting PPA with RECs
- However, Biomass business expected to improve significantly from Q4 due to the following measures :
  - Shift from PPA to Third party sales in Tamil Nadu with REC
  - Capacity addition of 45.5 Mw in Q3/Q4
  - Accrual of RECs is expected from Q3/Q4 in respect of the Rajasthan and Tamilnadu plants
  - Tariff revision in Rajasthan would provide upside to Rajasthan operations
  - Improved sales realisation and working capital cycle in Tamil Nadu would aid in reduced finance costs

Business Outlook – Wind business

- Due to lower wind availability in the off season in Q3 and Q4 of FY 12, revenues would be lower for the remainder of the year
- However, significant capacity additions in the coming four quarters shall enable OGPL to reach a level of 490 MW by end of FY 2013 and benefit of full season shall be available for 2012-13
- Group captive sales and REC benefits would be the key drivers for improvement in profitability of the wind business in coming quarters
- Initiative for sourcing lower cost funds is expected to yield results in Q4 leading to lower average cost of funds aiding in improved viability


Thank you