

# ORIENT GREEN POWER LIMITED

## CORPORATE PRESENTATION

November, 2016





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# Company Overview

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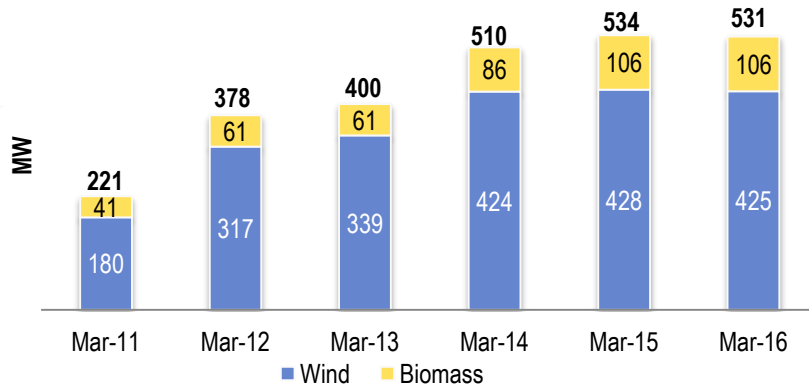


# An Independent Power Producer of Renewable Assets

## Company Overview

- Incorporated in 2006, Orient Green Power Co. Ltd. (OGPL) is the only listed Indian independent renewable energy power producer
- OGPL is promoted by the Shriram Group, which has diversified interests in financial and non - financial businesses. It is backed by global private equity funds Bessemer Venture Partners, an affiliate of Olympus Capital and Edelweiss
- The Company's portfolio stands at 531 MW currently (~425 MW<sup>(1)</sup> of wind energy and 106 MW of biomass projects). Further, it has ~44 MW at various stages of development

## Consistent Record Of Capacity Expansion



Note:  
 (1) Includes commissioned wind assets in Croatia of 10.5 MW and in Karnataka (KA) of 1.25 MW

## Strategic Initiatives & positive macros leading to improved performance

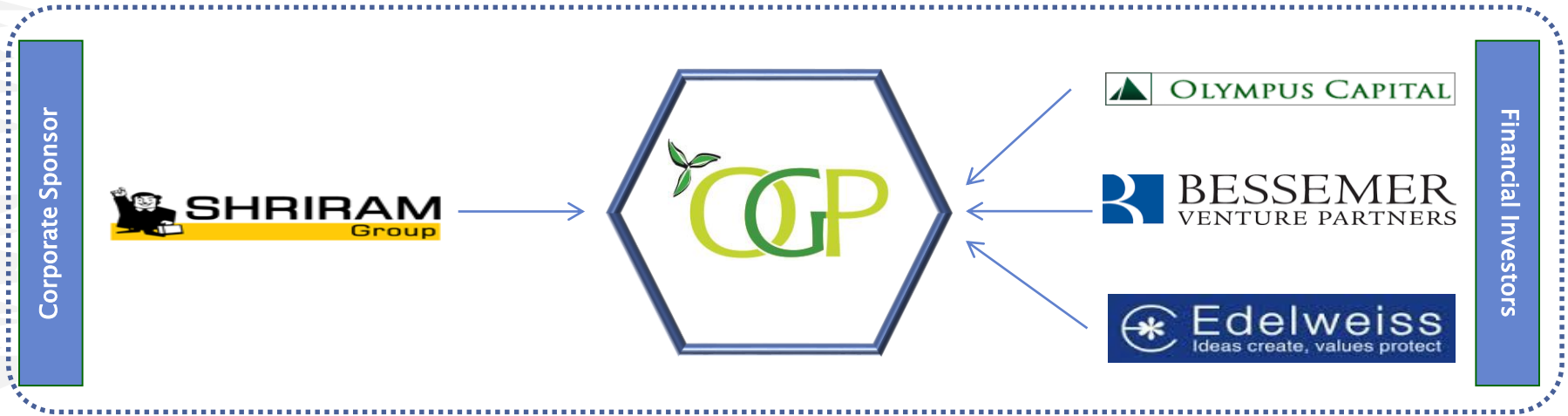
- Significant improvement in Grid Availability in TN from a level of 60% three years ago to a level of ~90% and ~95% level in H1 and Q2 FY17 respectively – leading to significantly improved financial performance in H1 FY17
- Extended the repayment tenure of the majority of term loan portfolio in Beta wind assets under the 5:25 flexible structuring scheme for a tenure of 17 years ending 2033
- Demerger of Biomass and sale of some of the units to help bring about profitability

## Portfolio Composition: State-wise

State	Wind Portfolio		Biomass Portfolio	
	Capacity	Revenue Model	Capacity	Revenue Model
Tamil Nadu (TN)	309 MW	Group Captive	33 MW	Group Captive, Merchant
Andhra Pradesh (AP) / Telangana	77 MW	PPA	8 MW	Merchant
Rajasthan (RJ)	-	-	34 MW	PPA
Gujarat (GJ)	29 MW	PPA	-	-
Maharashtra (MH)	-	-	22 MW	Merchant, PPA
Madhya Pradesh (MP)	-	-	10 MW	PPA
<b>Total</b>	<b>425 MW</b>	<sup>(1)</sup>	<b>106 MW</b>	

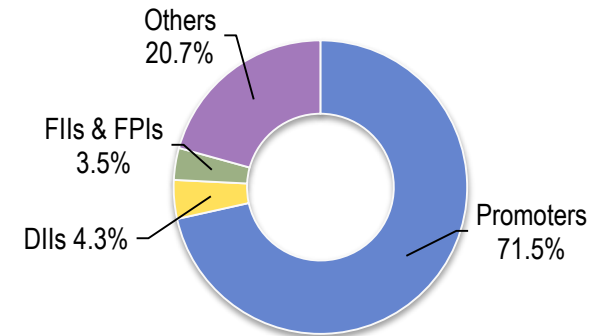


# Strong Ownership and Support From Quality Investors



- Promoter's have invested Rs. 300 Crore in two tranches over the past two years
- Transaction undertaken at fair value – validation of commitment, intent and growth potential of the business
- In addition, the promoters have also extended loan of about ~INR 550 Crore to the Company
- View supported by external investors. In September 2015, Edelweiss Group companies invested Rs. 100 Crore.

## Diversified Shareholding (Sep 2016)

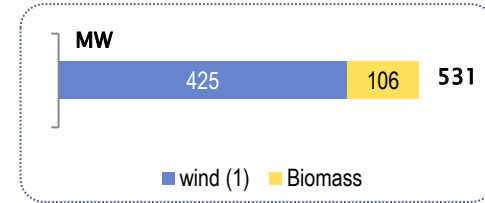




# Diversified Portfolio Of Renewable Energy

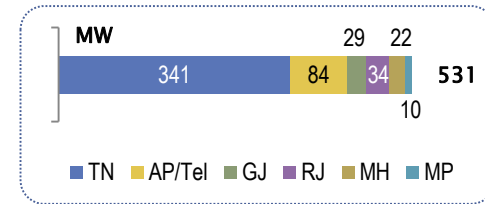
## Segment Mix

- Wind constitutes ~80% of OGPL's overall commissioned portfolio aggregating to 425 MW
- Biomass constitutes ~20% of OGPL's overall portfolio aggregating to 106 MW
  - The Company uses various fuel sources such as mustard husk, bagasse, julie flora, coconut residue etc. to mitigate fuel sourcing risk
- The Company's vision is to augment its portfolio to 1,000 MW in the coming years



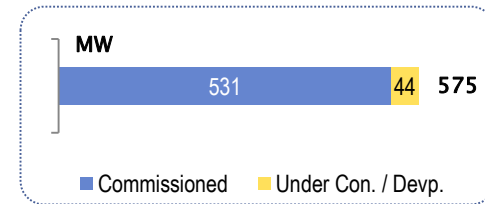
## Geographical Mix

- OGPL has a good mix of renewable projects spread across various states. Its wind projects are located in TN (309 MW), AP (77 MW), GJ (29 MW) and Karnataka (1 MW)
- Further, it has an operating wind asset of 10.5 MW in Croatia
- The Company's biomass projects are spread across 5 locations TN (~33 MW), Telangana (~8 MW), RJ (34 MW), MH (22 MW), MP (10 MW)



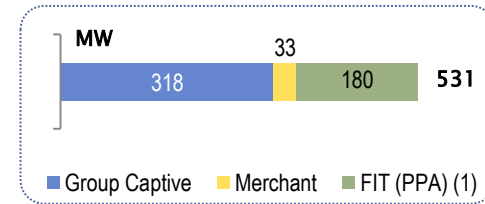
## Project Status/ Equipment Mix

- ~90% of OGPL's total planned portfolio is commissioned as on date
- The Company has a ~44 MW project in AP, where land and evacuation are available and WTG orders are placed
- It has been sourcing WTGs from various equipment suppliers such as Gamesa, Vestas, General Electric, Leitwind Shriram, Suzlon etc. to reduce dependence and increase efficiency wherever possible



## Offtake Mix

- OGPL has a mix of clients for its power off-take in wind & biomass segments
  - Balanced mix of long term PPAs with SEB/ utilities (180 MW (2)), medium term off-take contracts under group captive (~318 MW) and short term merchant sale (~33 MW)
- REC (Renewable Energy Certificate) eligibility for most of the new capacities set up in Tamil Nadu (~166 MW)
- GBI (Generation Based Incentives) eligibility for projects supplying power to state utilities (~80 MW)



Note(s):

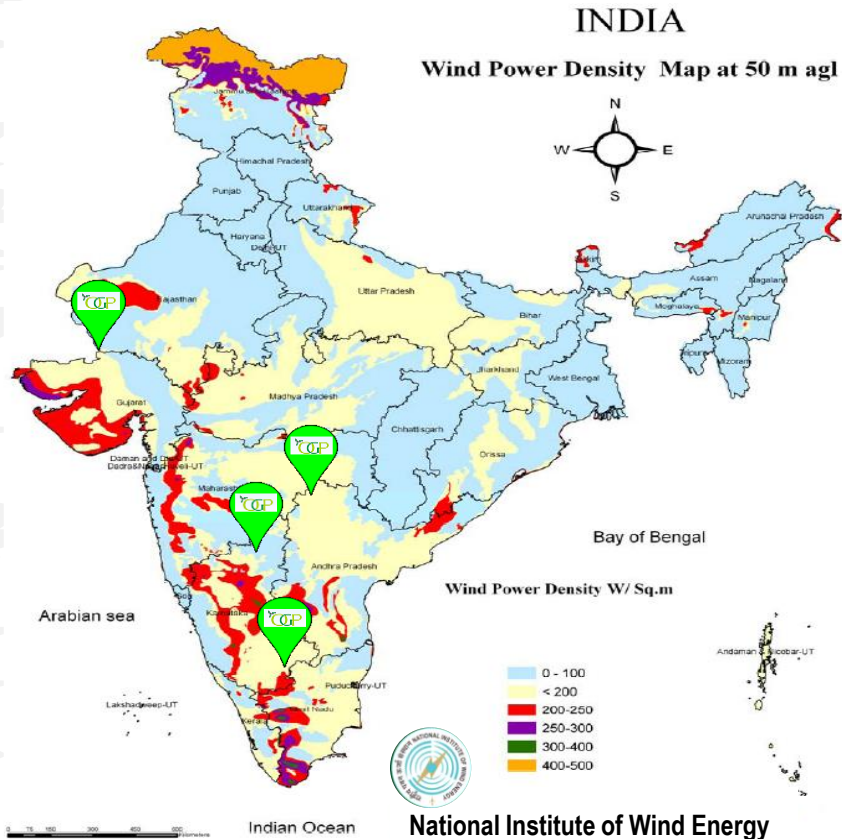
1. Includes, operating wind assets in Croatia of ~11 MW and in Karnataka of ~1 MW
2. Includes a 4 MW project in GJ which is based on APPC arrangement

As of Mar'16

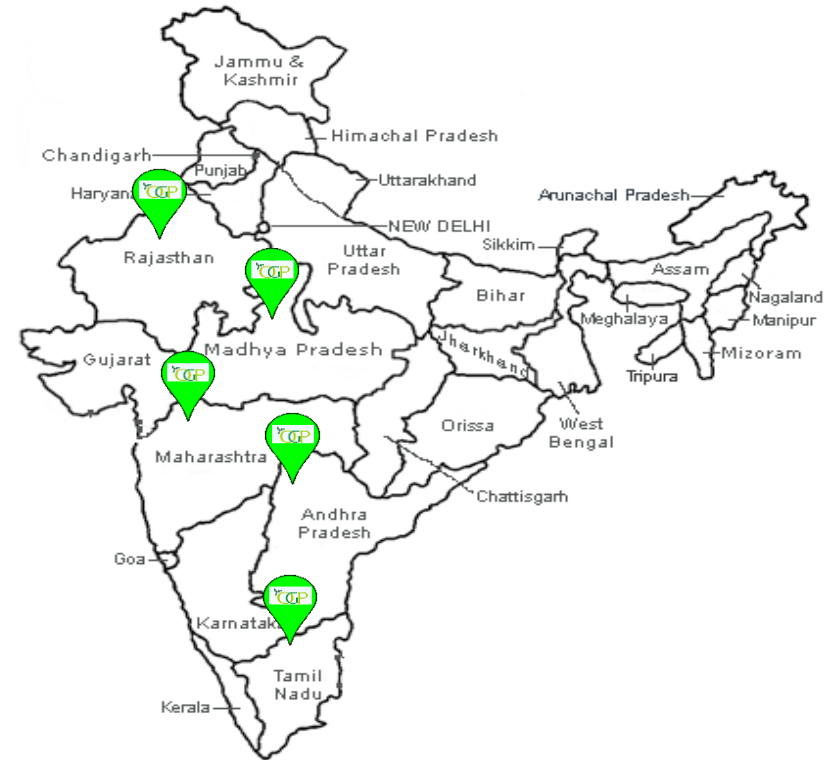
# OGPL Projects Spread Geographically



## Wind



## Biomass





# OGPL's Wind Portfolio - India



Commissioned Assets				
SPV	State	Capacity (MW)	Commissioning Status	Off-take Arrangement
Bharat	AP	26	Assets acquired between Sep 2007 to Mar 2008 (CoD in 1999–2000)	Long term PPA with SEB
Clarion	TN	92	Assets acquired between Jun 2008 to Dec 2009 (CoD between 1994–2007)	Sale through Group Captive route
Gamma	TN	51	Assets acquired between Dec 2009 to Jul 2011 (CoD between 1994–2007)	Sale through Group Captive route
Gamma	GJ	4	CoD in Aug 2011	Long term PPA with SEB
Beta	TN	165	CoD between Jul 2011 and Jul 2013	Sale through Group Captive route
Beta	AP	50	CoD in Sep 2013 / February 2015	Long term PPA with SEB
Beta	GJ	25	CoD between Jun 2013 and Mar 2014	Long term PPA with SEB
Beta	KA	1	CoD in Sep 2011	Merchant

Under Construction / Under Development Assets				
SPV	State	Capacity (MW)	Commissioning Status	Off-take Arrangement
Beta	AP	44	To be commissioned in March 2017	Company proposes to enter into long-term PPAs with SEBs

*Note(s):*

- 1. In addition to OGPL's India operations, it has operating wind assets in Croatia of ~11 MW*
- 2. Dates are merely indicative based on current assumptions and projections and are subject to change*

# OGPL's Biomass Portfolio



Commissioned Assets				
Project	State	Capacity (MW)	Commissioning Status	Off-take Arrangement
Chippabarod	RJ	8.0	Feb-2010	Long term PPA with Rajasthan utilities
Kishanganj	RJ	8.0	Oct-2013	Long term PPA with Rajasthan utilities
Narsinghpur	MP	10.0	Jan-2014	Long term PPA with MP utilities
Hanumangarh	RJ	10.0	Nov-2011	Long term PPA with Rajasthan utilities
Dindigul	TN	7.5	Nov-2007	Merchant
Pattukkottai	TN	7.5	Jan-2009	Merchant
Pollachi	TN	10.0	Mar-2011	Sale through Group Captive route
Vandavasi	TN	7.5	Feb-2010	Merchant
Maraikal	Tel.	7.5	Jan-2014	Merchant
Kopargaon	MH	2.0	May-2009	Merchant
Kotputli	RJ	8.0	Oct-2006	Operations suspended
Kolhapur	MH	20.0	Feb-2015	Long term PPA with Maharashtra utility

*Note(s):*

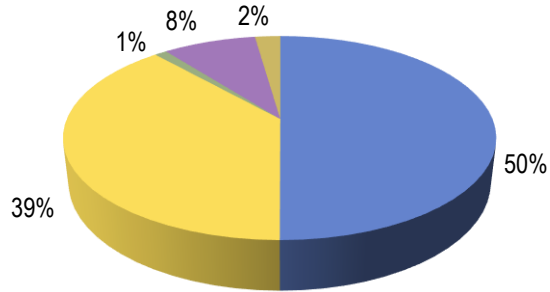
1. Tel. = Telangana

2. Dates are merely indicative based on current assumptions and projections and are subject to change

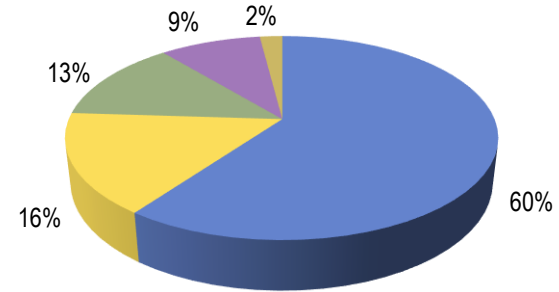
# Off-Take Arrangement Providing Revenue Stability, Security & Growth



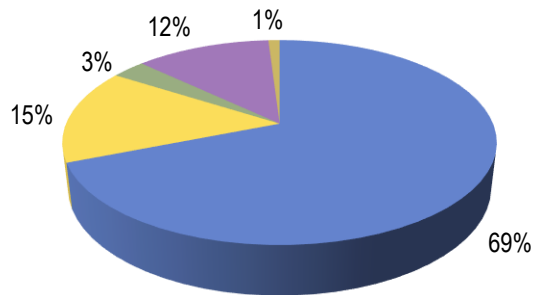
Revenue Mix (FY'2016)



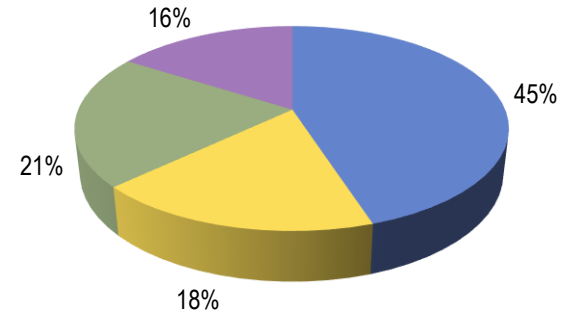
Revenue Mix (FY'2015)



Revenue Mix (FY'2014)



Revenue Mix (FY'2013)



■ Group Captive ■ FIT ■ Third Party ■ REC ■ GBI



# Investment Highlights

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# Strong Business Model Supported by Large Potential

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## Significant improvement in Grid Availability in TN

Only listed pure play Renewable Energy Generation Company in India

Strong business model with good mix of revenue from PPAs and Group Captive

Significant growth plans in high potential wind states which enjoy higher tariffs

Demerger of Biomass business and debt rescheduling to aid in unlocking shareholder value

Strong support and commitment from Promoter Group and Financial Investors

Government's ambitious plans for renewable energy sector are translating into favorable policies



# Demerger

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# Demerger Rationale

## Combination of two different businesses...

- Different dynamics of wind and biomass has resulted in disparate performance of the two businesses; Average EBITDA margin of wind business has been ~63% as against ~2% for biomass in the last 4 years;

- **H1 FY17 EBITDA margin:** Wind business 84%; Biomass 7%

## ... has resulted in contracted market multiples for OGPL's listed valuation

- OGPL's P/BV is lower when compared with peers

## Demerger expected to lead concentrated business focus...

- Focused Management & improved organization capability unlocking value of the individual businesses

## ... resulting in improvement of operational performance coupled with rerating of market multiples...

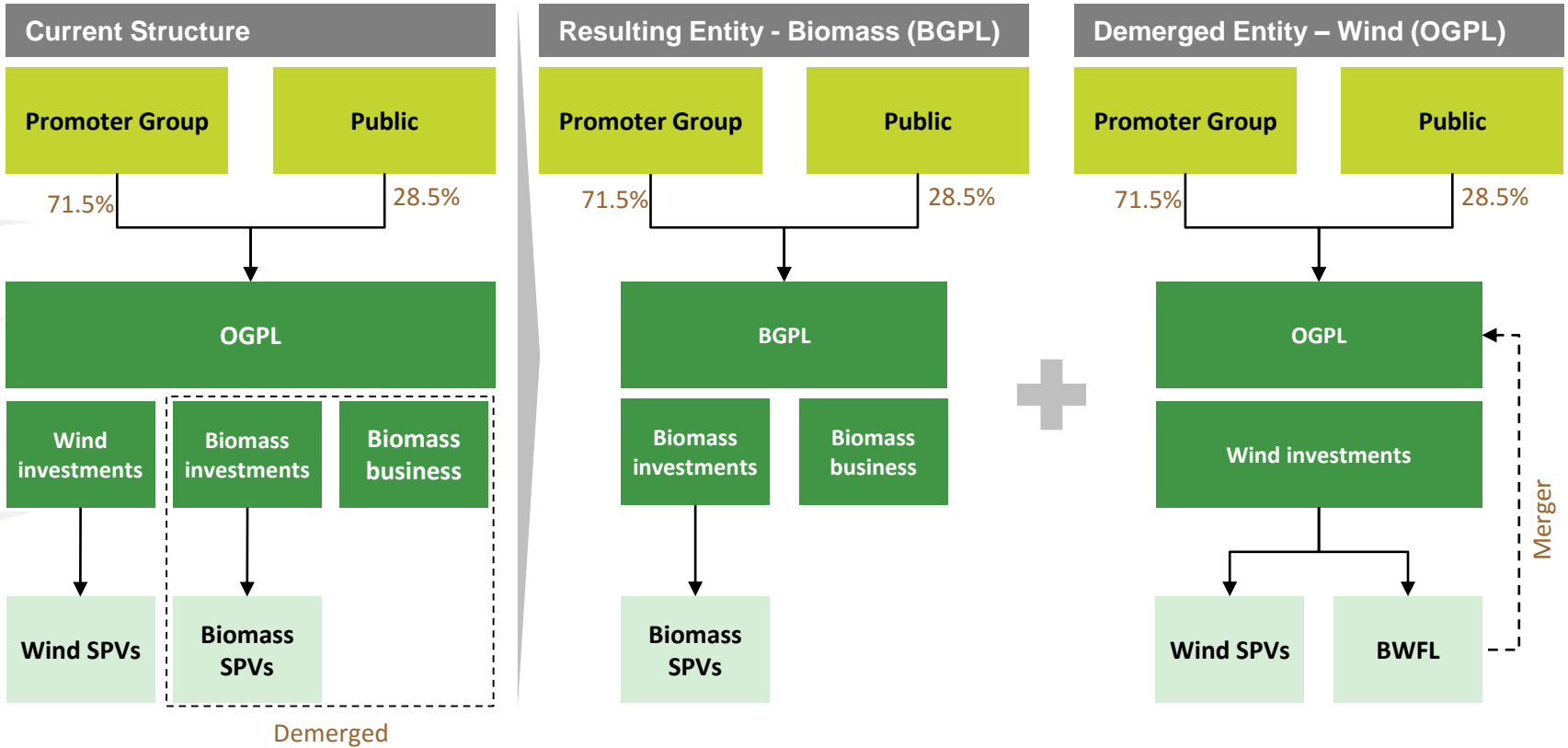
- Assuming OGPL's multiples reflect peer's multiples post demerger, valuation of Demerged Entity may grow at a faster pace

## ...facilitating increased investment & strategic partnership for individual businesses

- ~INR 75bn raised by renewable energy players in the last 3 years with 100% of the investments have happened towards wind/solar

# Scheme summary – Current Structure

Amalgamation of BWFL with OGPL and demerger of the Biomass Power Business into Biobijlee Green Power Limited (“BGPL”)







# Salient features of the Demerger Scheme



## Demerger of Biomass business

- Biomass power business undertaking along with investments in biomass power business SPVs to be demerged into SIHL Engineers Private Limited ('SEPL', wholly owned subsidiary of OGPL)
- All assets and liabilities of Biomass business to be transferred at book values to SEPL
- SEPL to issue 1 equity share of face value INR10 for every 10 equity shares held in OGPL
- SEPL to have mirror shareholding of OGPL upon demerger
- Post demerger equity shares in SEPL to be listed on BSE & NSE
- Appointed date for demerger: 1st October 2015
- Decrease in Networth (decreased from Security Premium Account) due to demerger is INR1,915mn
- Profit & Loss debit balance of OGPL to be adjusted against the Security Premium Account as on appointed date for demerger



## Merger of BWFL with OGPL

- Proposed standalone OGPL Wind holding company to have BWFL wind assets
- No shares will be issued by OGPL as consideration for merger since it is a wholly owned subsidiary of the Company
- Inter-company investments and balances to get cancelled
- Appointed date for merger: 1st April 2015



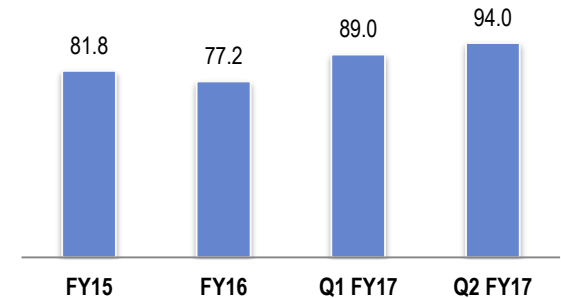
## **Business Outlook & Regulatory Developments**

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# Wind Business Outlook



- Extended the repayment tenure of the majority of term loan portfolio in Beta wind assets under the 5:25 flexible structuring scheme for a tenure of 17 years ending 2033. This will improve the cash flows in FY17 and also in the years to come
- **Favorable Macro Business conditions to continue:**
  - Significant improvement in wind power evacuation in Tamil Nadu (our largest market) during the current wind season
  - Sea change in approach and attitude of Tamil Nadu regulatory authorities
    - Sale of excess power outside the state
    - Scheduling and forecasting adopted
    - Phase-wise shutting down of thermal power plants during the wind season
    - Increased frequency bandwidth for renewables
    - Completion of Green Energy Corridor within the state
    - Work on additional 1000 MW green energy corridor expedited, which will help achieve 100% evacuation
  - Improved trading of RECs with initiatives from central government
  - Ease of long-term financing for infrastructure sector
  - Expected decline in interest rate to improve profitability and cash flow further



- **Grid evacuation levels have improved as follows**
  - Request for expedition of 1,000 MW green energy corridor to help 100% evacuation

# Capacity Expansion- Under Construction



COD	Project name	Location	Capacity (MW)	Capex to be incurred (INR mn)	WTG supplier	Estimated PLF <sup>1</sup>	Commentary
Mar '17	Beta AP	Andhra Pradesh	~44	3,200	Leitner Shriram	26.9%	<ul style="list-style-type: none"><li>• Company is already having a capacity of 50 MW in the state of Andhra Pradesh</li><li>• The new project of ~44 MW is being implemented in the same location as the existing project and to that extent, all common costs including land acquisition and evacuation infrastructure have been incurred</li><li>• Hence, the cost of implementing this project would be restricted to cost of machines and erection and commissioning only. With this new project, they would be able to optimally tap the wind potential at the site, which is a high wind area and at an attractive tariff.</li></ul>

1. Based on wind mast / wind studies (@P75)

# Biomass Business Outlook



- **Divestment on Track:**
  - Sale of one unit to be completed by Dec, 2016
  - MoU to sell one more unit has been signed
  - Discussions are in advance stages for sale of 3-4 more units
  - The proceeds from divestments will provide sufficient working capital to run the remaining units profitably
- **Tariffs are improving in Rajasthan and Maharashtra and likely upward revision expected in MP**
  - Debt refinancing under discussion with banks to reduce the interest cost and also ease the cash flows





# Management Overview

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# Professional Management Team with Rich Experience

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**Mr.S Venkatachalam**  
*Managing Director &  
CEO*

- Engineering Graduate from IIT and Management from IIM
- Has over 31 years experience across industry segments in areas of Manufacturing/ Marketing/ Supply chain/ Overall Management
- Experience in areas of Wind Energy, Plastics, FRP, Packaging, Steel
- Presently Chairman of the Expert Committee on Energy of The Madras Chamber of Commerce and Industry

**Mr. R Kulothungan**  
*Sr. Vice President  
(Biomass business)*

- Holds Bachelor's degree in Chemical Engg. from National Inst. Of Technology, Tiruchirappalli, University of Madras
- Has over 31 years of experience in Engineering projects, commissioning and process plant Management in the fertilizer and heavy chemical sectors. Previously, had served as General Manager in Tuticorin Alkali Chemicals and Fertilizers Ltd.

**Mr. R Kannan**  
*Sr. Vice President  
(Wind business)*

- Holds a B Com, degree, MBA with specialisation in finance and ACMA
- Has over 24 years of experience in handling Treasury, Accounts, Costing, Business Process Re-engineering & ERP, Contract review and negotiation, Wind business, Legal and Regulatory affairs, etc.
- Previously, has served as Vice President of Loyal Textile Mills

**Mr. K.V. Kasturi**  
*Chief Financial Officer*

- Holds B.Com. degree, and is also FCA and ACMA
  - Has over 26 years of experience in Finance covering various industries including Hospitality, ITES, Entertainment, Electronics and Fertilizers
  - Previously worked as CFO of Greenstar Fertilizers Ltd. (SPIC group)
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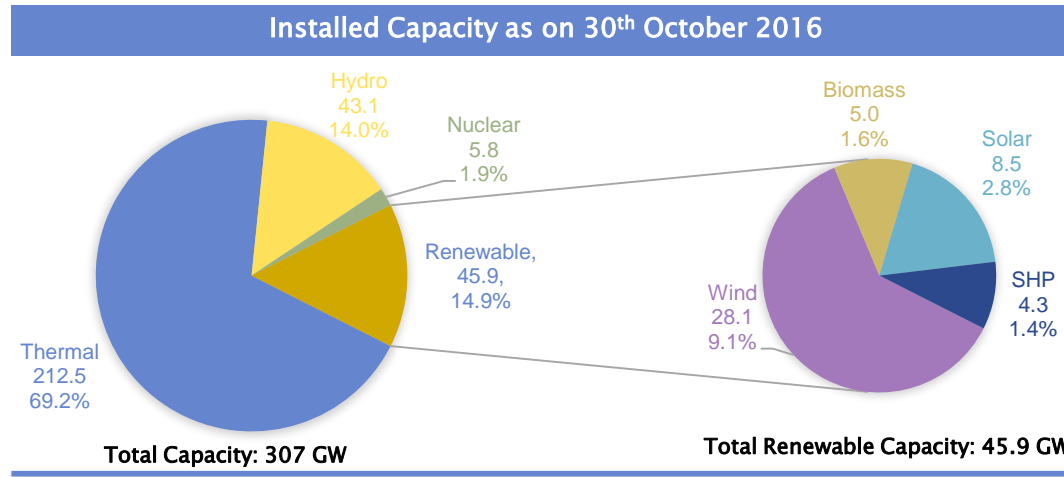


# Industry Overview

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# Increasing Prominence Of Renewable Energy



Source: Central Electricity Authority (CEA)

- Gaining prominence of Renewable Energy in India:**

- Power deficits over the last decade, rising power usage per capita and increasing proportion of families connected to electrical grid, are driving a long term need for alternative energy sources
- India has renewable energy capacity of ~ 46 GW with wind energy contribution of > 28 GW currently (61%)
- Renewable Energy contributes ~ 15% of country's installed capacity of 307 GW

- Wind likely to dominate renewable energy market in India:**

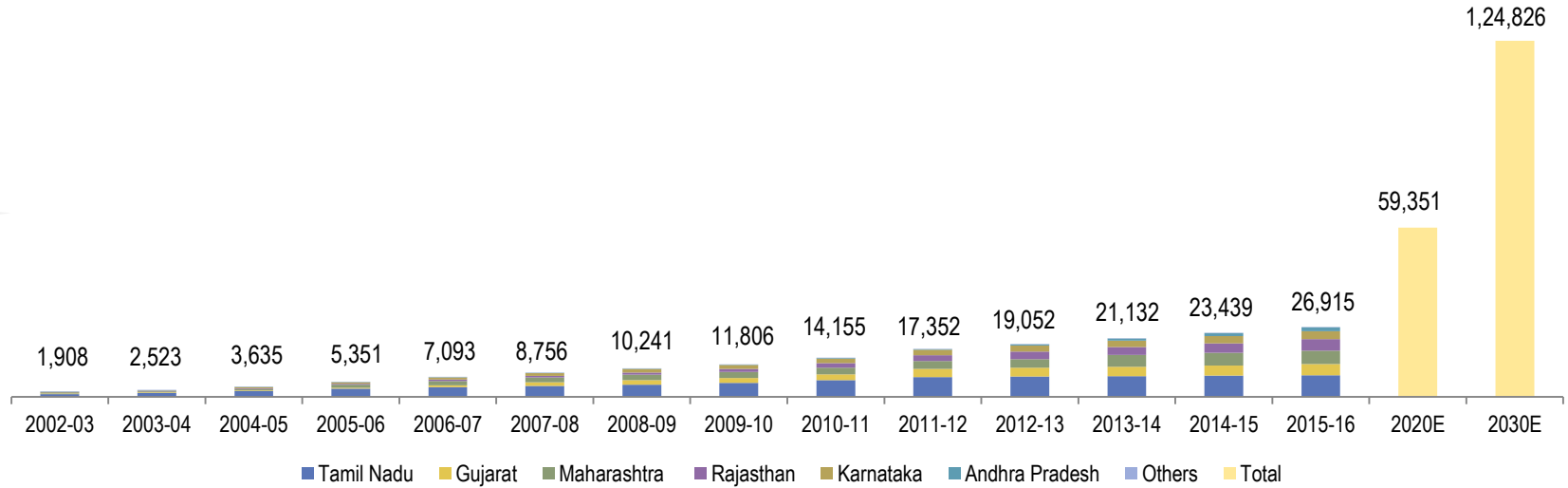
- Given current prices for thermal power, energy from wind projects is now at near-parity compared to other energy sources, especially considering the volatility in coal prices
- India is the 5th largest global market in installed capacity

# Wind Energy Industry Growth



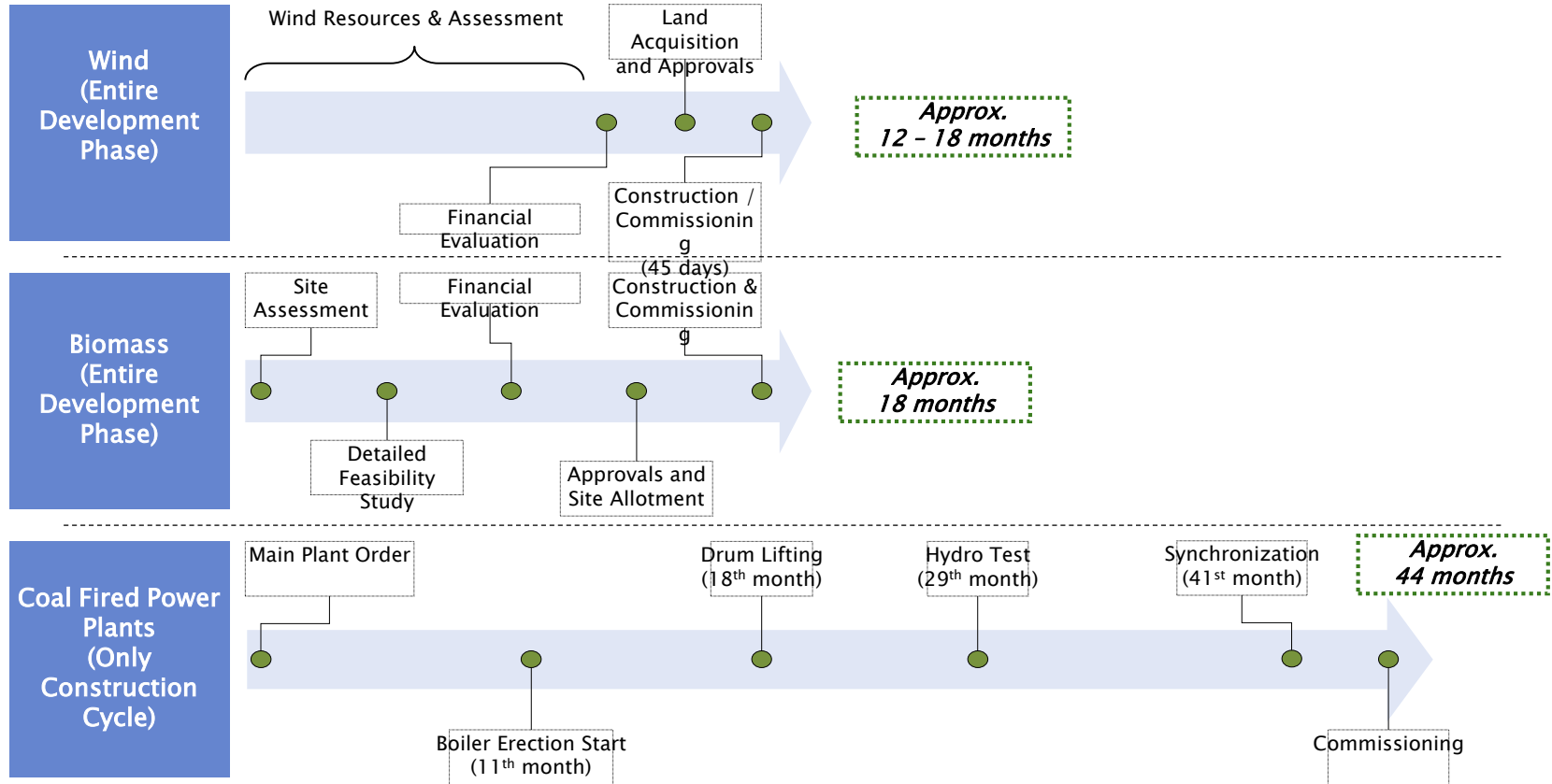
## Cumulative Wind Capacity in India

MW



Source: IWTMA

# Shorter Execution Cycle Of Wind Projects



**Entire Development Phase for Wind and Biomass is Relatively Shorter than the Construction Cycle for Conventional Power Plants**

Note(s):  
 1. The time frames set out herein are typical and may be subject to variance on a case to case basis



## **Recent Performance – H1FY17**

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# Strong Operating Performance



	Wind			Biomass			Total		
<i>Figures in Rs. Mn</i>	H1FY17	H1FY16	Changes (%)	H1FY17	H1FY16	Changes (%)	H1FY17	H1FY16	Changes (%)
REVENUES	2,735	2,310	18%	360	427	-16%	3,095	2,737	13%
EBITDA	2,307	1,869	23%	24	-45	NA	2,331	1,824	28%
<b>Margins%</b>	<b>84%</b>	<b>81%</b>		<b>7%</b>	<b>NA</b>		<b>75%</b>	<b>67%</b>	
EBIT	1,632	1,189	37%	-141	-240	NA	1,491	949	57%
<b>Margins%</b>	<b>60%</b>	<b>51%</b>		<b>NA</b>	<b>NA</b>		<b>48%</b>	<b>35%</b>	
PBT*	607	67		-449	-548	NA	158	-481	NA

\*PBT before exceptional items

# Key Financial Highlights

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## Wind Business:

- Revenue increased by 18% to Rs. 2,735 mn compared to Rs. 2,310 mn and EBITDA improved to Rs. 2,307 mn from Rs.1,869 mn during the corresponding period of last year
- EBITDA margin improved from 81% to 84%
- Strong performance by Wind business was due to:
  - Best grid availability in TN over the last six months, resulting in greater evacuation of power
  - Good and timely onset of wind season

## Biomass:

- Biomass business revenue declined since few plants were non-operating. However, the EBITDA increased to Rs.24 mn compared to loss of Rs.(45) mn.

## Consolidated:

- Consolidated revenues was higher by 13% from Rs. 2,737 million in H1FY16 to Rs. 3,095 million in H1FY17
- Consolidated EBITDA for the first half improved by 28% from Rs. 1,824 million to Rs. 2,331 million on the back of higher revenue generation

# Contact Us

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**For further information please contact**

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**Thank You**

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