



ORIENT GREEN POWER

H1 FY19 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

Index

Transformation
Strategy & Operational
Progress



4

Key
Developments:
H1 FY19



11

Financial
Highlights



13

Operational
Highlights



16

Outlook &
Regulatory
Overview



18

Appendix:
Financial
Statements

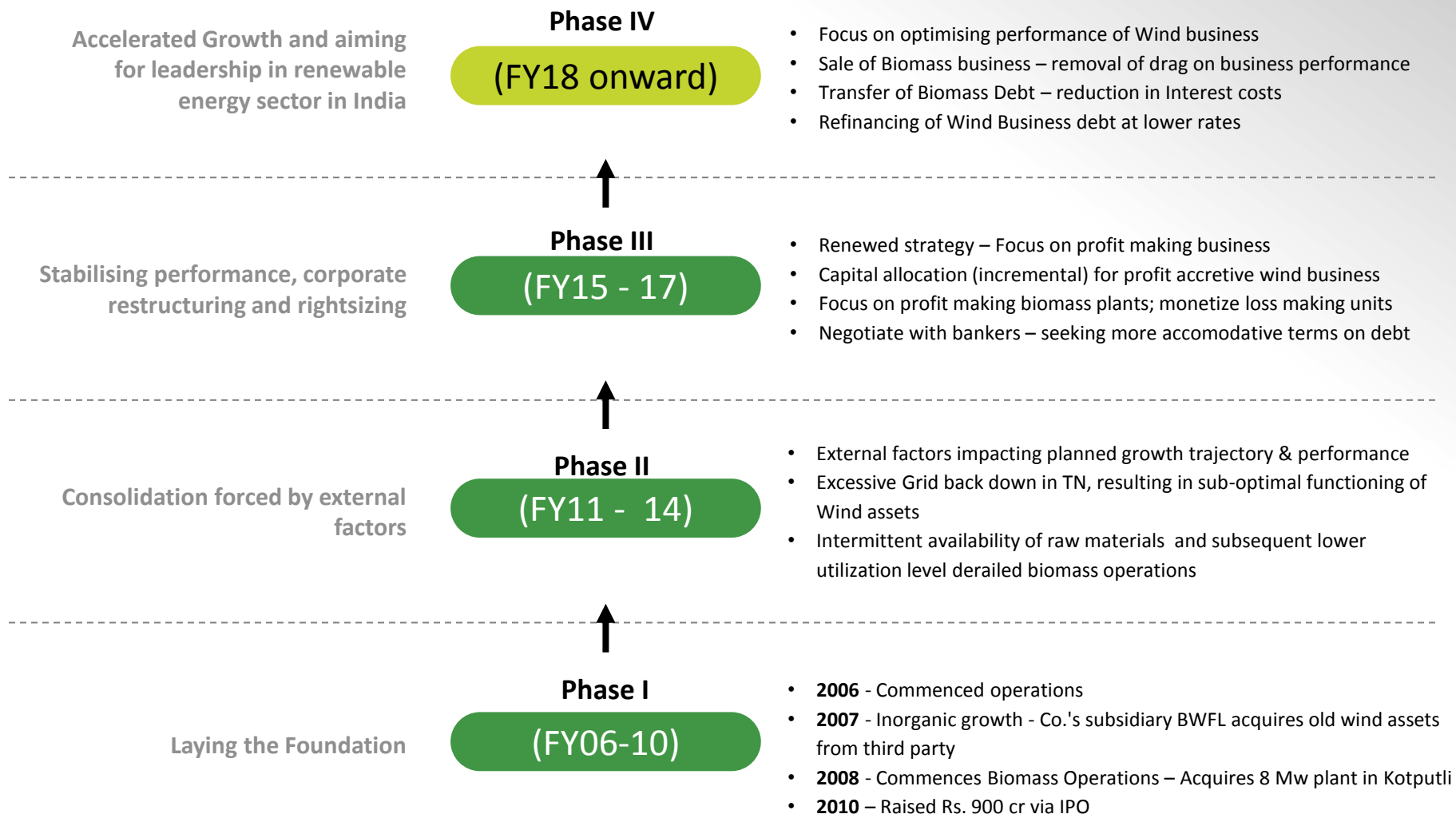


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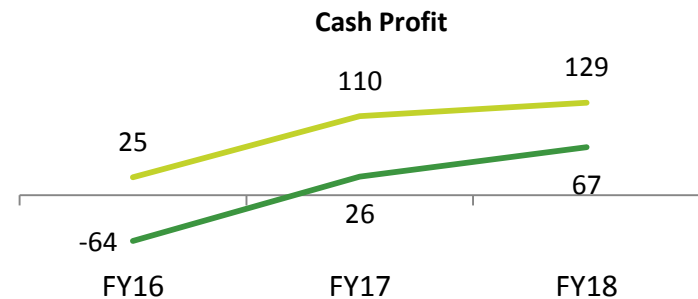
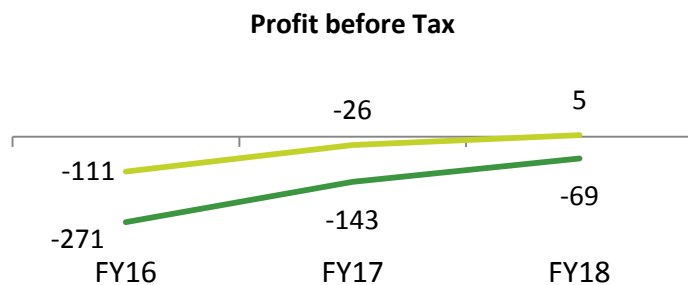
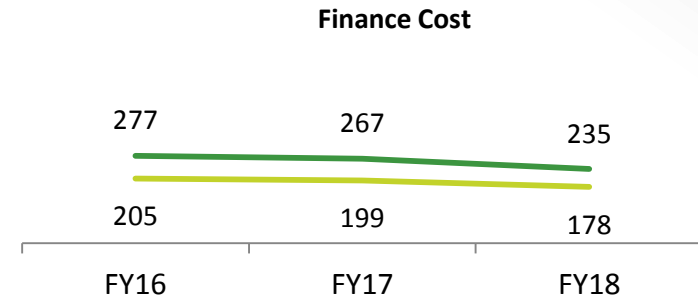
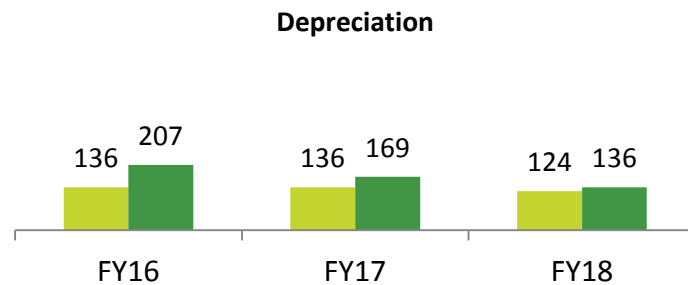
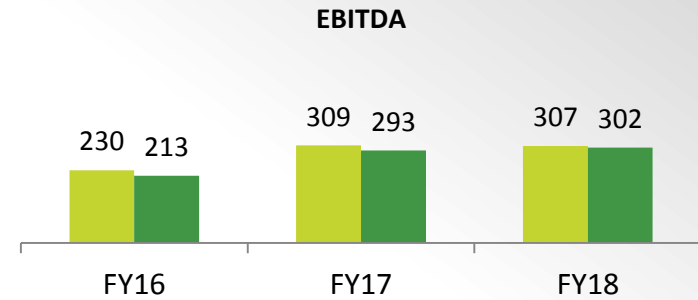
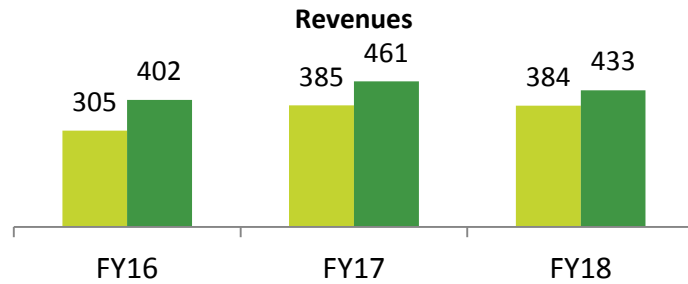
Transformation Strategy & Operational Progress

OGPL Transformation



High Potential disrupted by external factors

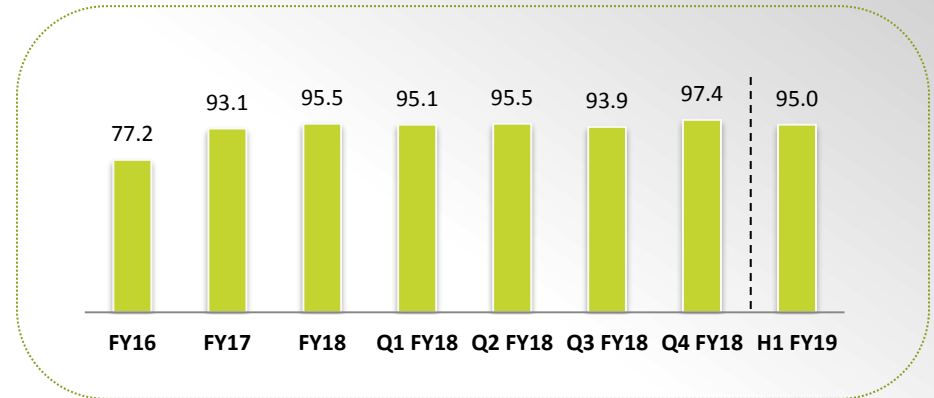
In Rs. cr



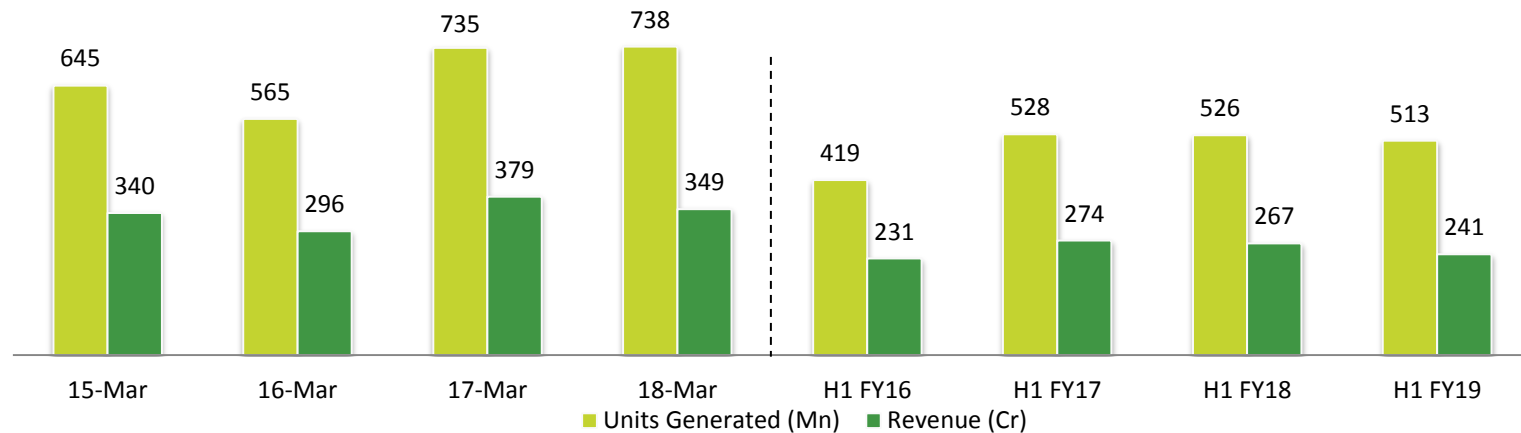
What has changed in recent times

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

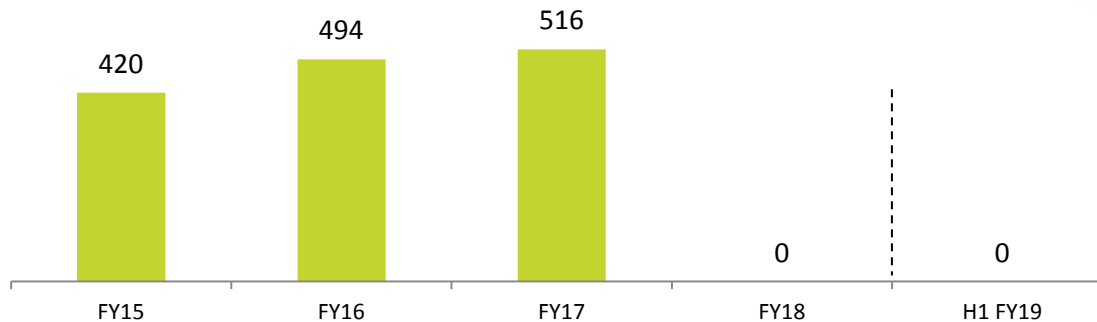


Wind power generation



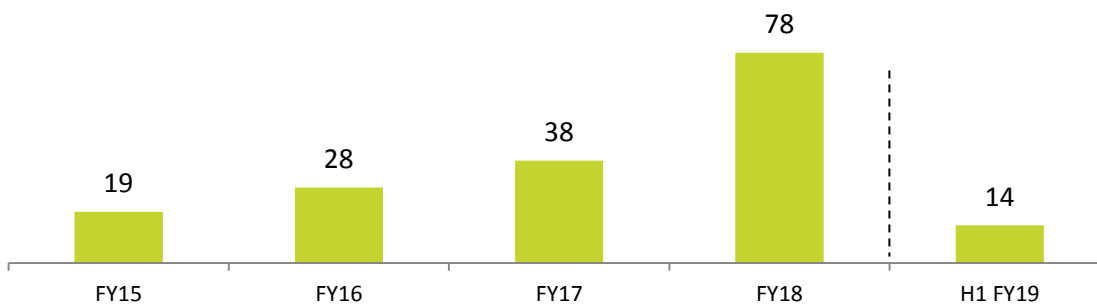
Supported by Improvement in REC Mechanism

REC's Outstanding in thousands



- Sharp increase in RECs traded in FY17 & FY18 on stricter implementation
- REC Trading volumes on energy exchanges set new records in FY18
- 100% realization of REC stocks

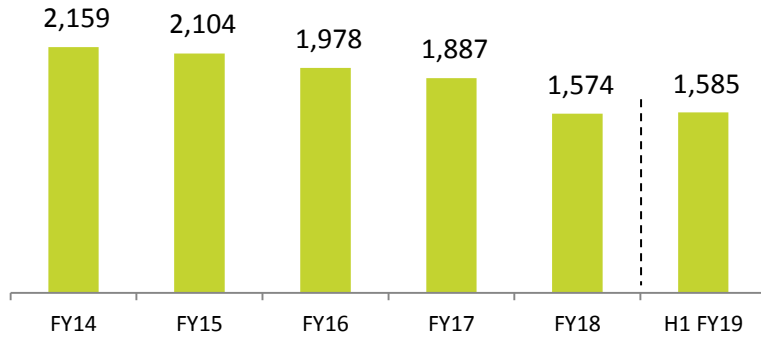
Traded REC Revenue INR Crs



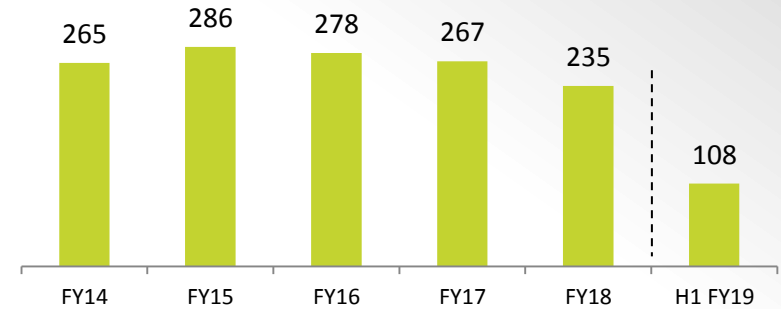
- Zero stock of issued RECs as of Sep 30, 2018
- Amount held in CERC - Rs.21 Crore
- The Supreme Court has granted stay in respect of floor price for REC's issued before 31st March 2017.

Focus on Debt Reduction

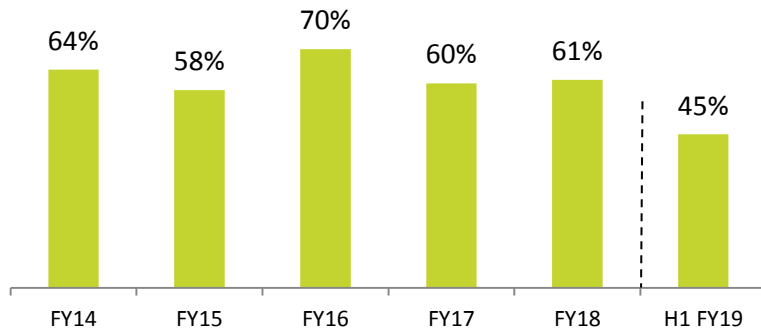
Debt (Rs. Cr)



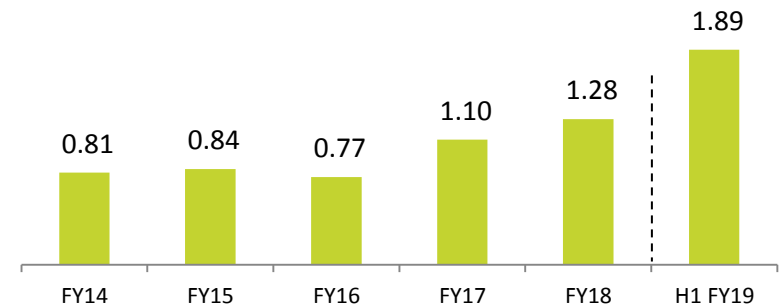
Interest Expense (Rs. Cr)



Interest / Revenue (%)

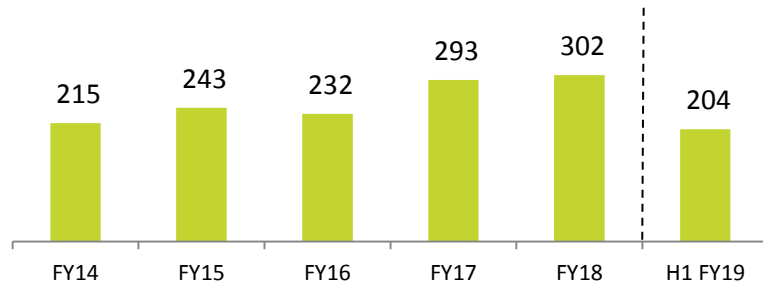


EBITDA / Interest (x)

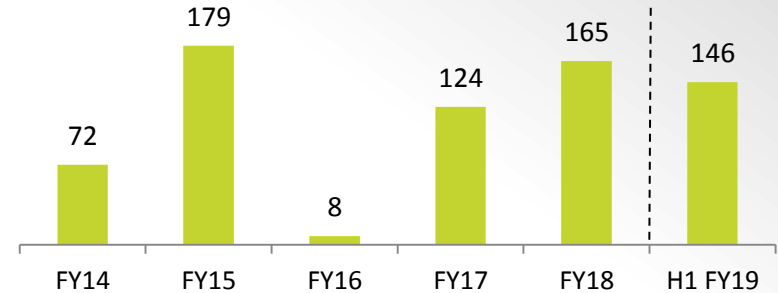


Resulting in Improved Profitability

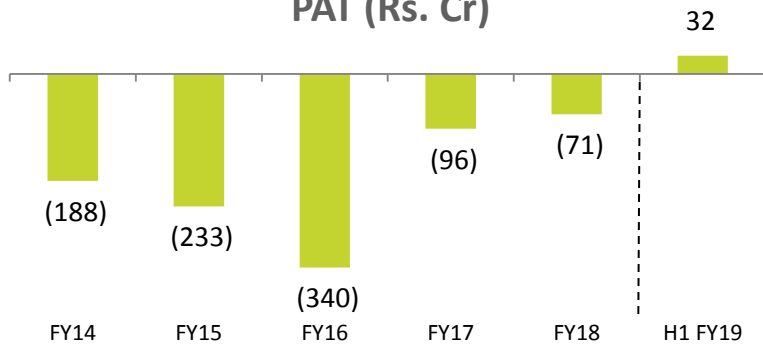
EBITDA (Rs. Cr)



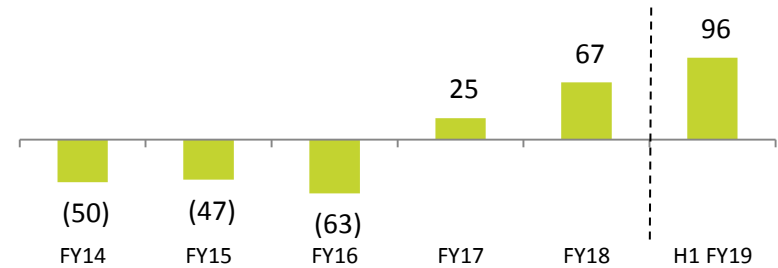
EBIT (Rs. Cr)



PAT (Rs. Cr)



Cash Profit (Rs. Cr)





Key Developments: H1 FY19

Key Developments – H1 FY19

Wind Business – Maintaining growth momentum

- Diversified asset base and improving macros have resulted in strong momentum in revenue and EBITDA growth in recent years.
- Marked improvement of Grid Availability (95%) in TN – sharp reduction in frequency of grid back down and consistent grid availability is expected to sustain henceforth resulting in sustainably elevated level of evacuation.

Debt Rationalisation & Balance Sheet Management

- In discussion with bankers for lowering credit cost & extending loan maturities.
 - Refinancing existing high debt cost to result in lower interest outgo and profitability improvement.
 - Working towards bringing down average cost of debt from ~13% at present to single digits.

REC Trading

- Trading volumes continued to remain high - all the RECs generated in H1 FY19 have been realised.
- Strong demand for certificates have elevated REC realisations into a reliable revenue stream for the Company.
- **REC trading at Rs.100-Rs.200 above the floor price of Rs.1000 from Apr'2018 onwards.**



Financial Highlights

H1 FY19 Consolidated Financial Performance

In Rs. Mn

	H1 2018-19	H1 2017-18
Continued Operations:		
Revenue	2,491	2,962
EBITDA	2,044	2,426
Margins %	82.1%	81.9%
EBIT	1,456	1,794
EBIT %	58.5%	60.5%
PBT	374	714
Discontinued Operations PBT	(48)	(188)
Consol PBT	326	526

1. Late start to the wind season resulted in lower unit generation in Q1FY19 (lower by over 50 Mn units). However, this was significantly made up in Q2 leaving an overall drop in H1 generation by around 13.0 Mn units.
2. In H1 FY19 REC is being accounted at Rs.1,000/- per unit as compared to Rs.1,500/- per unit for H1 of the previous year. This difference would account for a lower reported revenue by Rs. 87.3 Mn in the present year.
3. Further, H1 FY18 had an exceptional income of Rs.156 Mn.

Key Financial Highlights – H1 FY19

Wind Business:

- Strong Q2 performance offsetting the soft performance delivered in the previous quarter, owing to delayed onset of the wind season.
- Expect business momentum to continue:
 - Supportive macros :
 - Consistent grid availability especially in TN; grid availability for the Qtr. Stood at 95%.
 - Strong support from regulators and electricity distribution companies / SEBs is contributing to a favourable outlook for the industry.

REC Trading: High volumes on the back of strong demand

- Trading volumes continued to remain high on the back of robust demand and limited availability of the certificates.
- Strong demand resulted in trading of certificates above the floor price after a gap of 5 years.
 - REC trading has evolved into a reliable revenue stream for the Company.



Operational Highlights

Wind Operations

Particulars	Unit of Measurement	H1 FY19	H1 FY18
Capacity (incl. overseas capacity)	Mw	425	425
Units Generated (Gross)	Mn	513	526
Annualized PLF	%	27.5	28.2
Average Gross Realisation (before charges and without REC)	Rs./ Unit	4.94	5.11

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	Q2 FY19				Q2 FY18			
	Effective installed capacity (Mw)	Generation (Million Kwh)	PLF (%)	Grid availability (%)	Effective installed capacity (Mw)	Generation (Million Kwh)	PLF (%)	Grid availability (%)
Tamil Nadu	308.3	220	32.3	95.3	308.3	197	29	95
Andhra Pradesh	75.4	67	40.2	99.5	75.4	54	32	99
Gujarat	29.2	25	38.8	98.0	29.2	21	33	99
Total	412.9	312	34.2	96.3	412.9	272	30	96

State	H1 FY19				H1 FY18			
	Effective installed capacity (Mw)	Generation (Million Kwh)	PLF (%)	Grid availability (%)	Effective installed capacity (Mw)	Generation (Million Kwh)	PLF (%)	Grid availability (%)
Tamil Nadu	308.3	360	26.6	94.8	308.3	378	27.9	95
Andhra Pradesh	75.4	98	29.6	96.7	75.4	94	28.5	98
Gujarat	29.2	45	35.1	99.7	29.2	43	33.6	99
Total	412.9	503	27.7	95.5	412.9	515	28.4	96



Outlook & Regulatory Overview

Outlook - Wind

- **Positive business outlook on the back of improving macros**

- Supportive Govt. policies in terms of improving grid availability, introducing innovative project funding models and working towards developing favorable viable tariff regime.
- Improving macros coupled with Company's strategic initiatives towards delivering growth augurs well for the future.

- **Strengthening balance sheet by paring down debt**

- Discussing with bankers for lowering interest rate.
- Focusing on improving cash flow and liquidity profile.
- In active discussions with banks for refinancing debts to the tune of Rs.1,000 crore to a single digit interest rate (from current average cost of debt of 13%).

Renewable Energy Certificates

- Elevated trading volumes during the quarter; maintained positive momentum from previous Qtr.
 - Zero inventory for the third consecutive quarter.
- Strong volumes on the back of higher demand and limited availability resulted in most of the certificates getting traded at premium to the floor price (Rs.100 – Rs.200).
- OGPL sold 80,034 RECs in Q2 and 1,27,016 REC's upto H1 FY19 resulting in realization of Rs. 90.7 million in Q2 and Rs.139.1 million upto H1 FY19. OGPL's share in trading on the exchange represented 8.75% of trading volumes during Q2 FY19.
- OGPL had nil inventory of RECs as of Sep 30, 2018 – this is the third consecutive quarter in which there has been no inventory carried forward.

Regulatory & Market Developments

- **TNERC announces the pooled cost of power purchase for FY19 –**
 - Rs.3.97 per unit subject to the maximum of 75% of the preferential tariff fixed by the Commission to that category / subcategory of NCES generators i.e. Rs.3.97 per unit or 75% of the preferential tariff fixed by the Commission to that category / subcategory of NCES generators, whichever is less.
 - The Order came into effect from 1st April 2018.

- **Andhra Pradesh Govt. asks State Discoms to accept full power from Wind Developers –**
 - Andhra Pradesh Government has asked the state DISCOMs to take all the power the wind developers produce and further pay for it, irrespective of the Capacity Utilization Factor (CUF) of the developer's project.
 - In one of the state's order regarding the feed-in-tariff for wind energy, the CUF was discovered at 23.5% for an average wind project.

- **CERC announces regulations for implementation of Interstate transmission system in the country –**
 - Objective of the regulations:
 - Lay down the broad principles, procedures, and processes to be followed for planning and development of an efficient, coordinated, reliable and economical system of an inter-State transmission system (ISTS) for smooth flow of electricity from generating stations to the load centers.
 - Ensure wider participation of stakeholders in the planning process and specify the procedures for stakeholders consultation and participation.
 - Specify procedures to bring about transparency in the planning process.
 - Demarcate the roles and responsibilities of various organizations in line with the Act for meeting the above objectives
 - The regulation states responsibilities of the concerned entities like the Central Transmission Utility, Transmission Licensees, Regional Power Committee (RPC), RLDCs, NLDCs & SLDCs respectively and their roles in implementing the above-stated objectives of the regulations.



Appendix: Financial Statements

Financial Performance – H1 FY19 (Consolidated – IND-AS)

Rs. Million

	H1 FY19	H1 FY18
Continued Operations		
Sale of Power	2,166	2,344
Other Operating Income	241	322
Total Income	2,407	2,666
O & M and Other costs	448	536
Total Expenditure	448	536
Operational EBITDA	1,959	2,130
EBITDA (%)	81.4%	79.9%
Other Income	84	296
Total EBITDA	2,043	2,426
Depreciation	588	632
EBIT	1,455	1,794
Finance Charges	1,032	1,080
Loss on derecognition of hedging instrument	49	-
Profit / (Loss) from continued operations before tax	374	714
Profit / (Loss) from continued operations after tax	373	714
Profit / (Loss) from discontinued operations after tax	(48)	(188)
Profit / (Loss) for the period	325	526
Total Comprehensive Income/(Loss) for the period	30	37

1. A very late start of the wind season left Q1 lower by over 50 Mn units. However, this was significantly made up in Q2 leaving an overall drop in H1 generation by around 13.0 Mn units.
2. In H1 FY19 REC is being accounted at Rs.1,000/- per unit as compared to Rs.1,500/- per unit for H1 of the previous year. This difference would account for a lower reported revenue by Rs. 87.3 Mn in the present year.
3. Further, H1 FY18 had an exceptional income of Rs.156 Mn.

Thank You

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