



ORIENT GREEN POWER COMPANY LIMITED

08th November 2019

**The BSE Limited
Corporate Relations Department,
P.J. Towers,
Dalal Street,
Mumbai-400 001.
Scrip Code: 533263**

**The National Stock Exchange
of India Limited
Department of Corporate Services,
Exchange Plaza, 5th Floor,
Bandra-Kurla Complex,
Mumbai-400 051.
Scrip Code: GREENPOWER**

Dear Sirs,

Sub: Investor Presentation.

We enclosed H1 FY20 Investor Presentation.

We request you to kindly take the same on record.

Thanking you.

**Yours faithfully,
For Orient Green Power Company Limited**

**P Srinivasan
Company Secretary & Compliance Officer**



Encl: as above



ORIENT GREEN POWER

H1 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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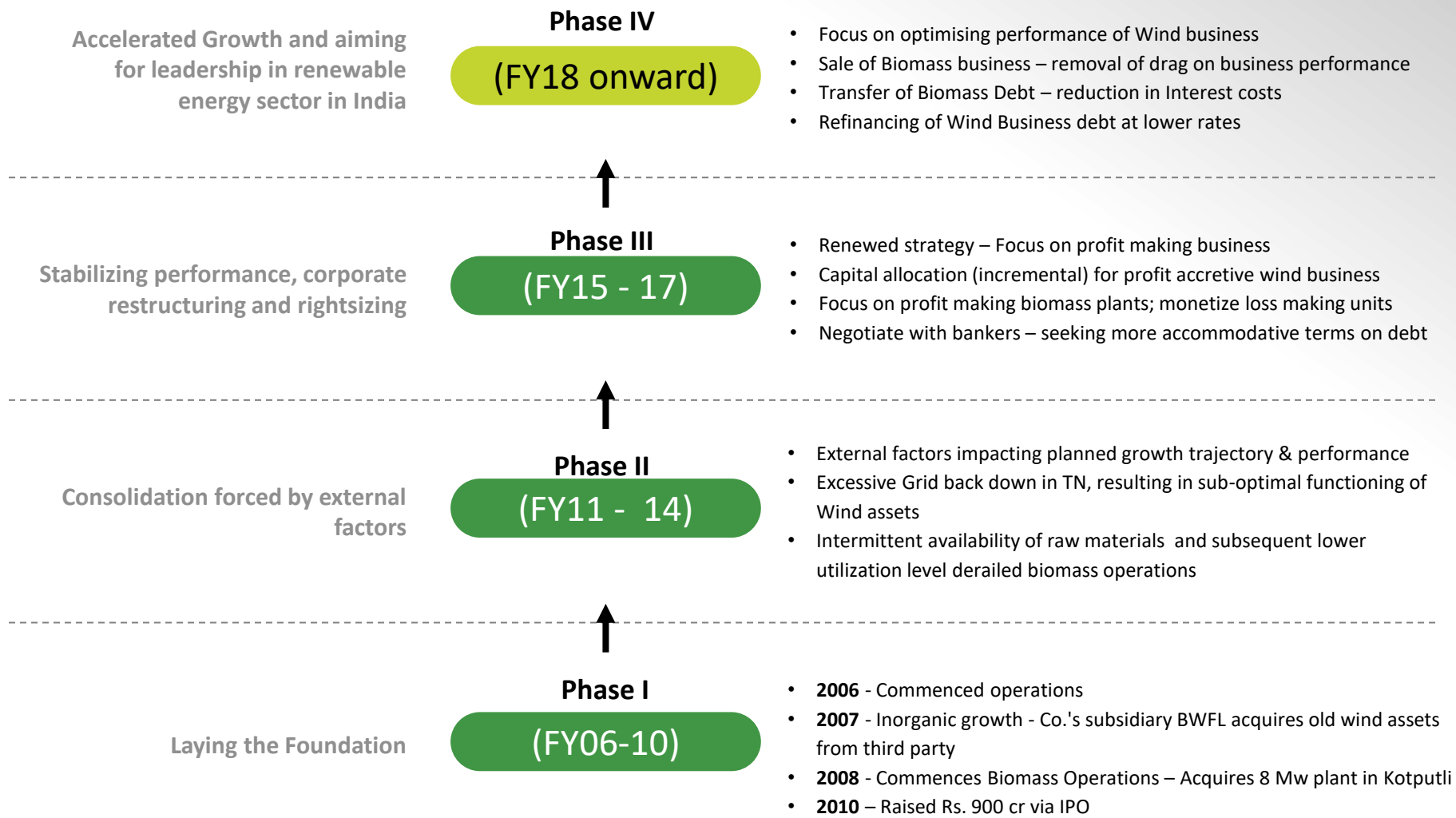


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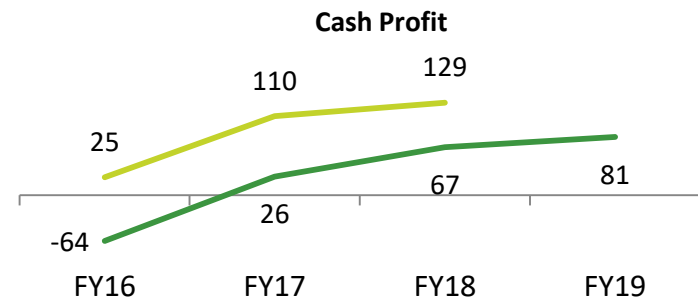
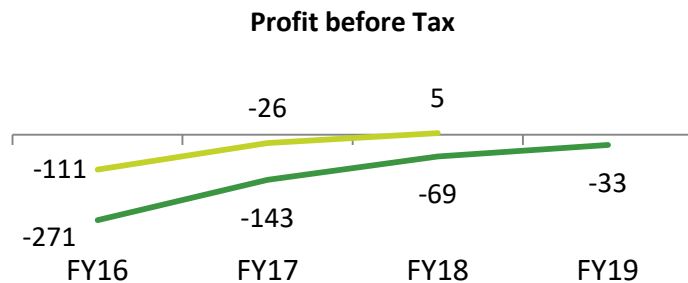
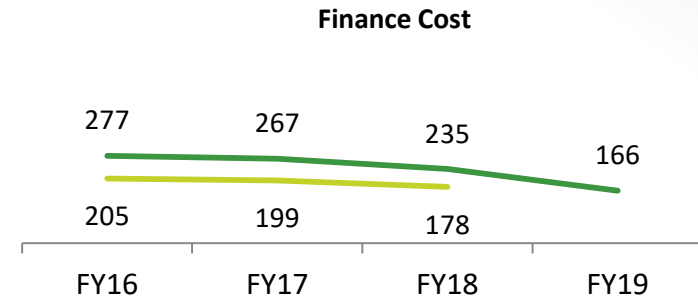
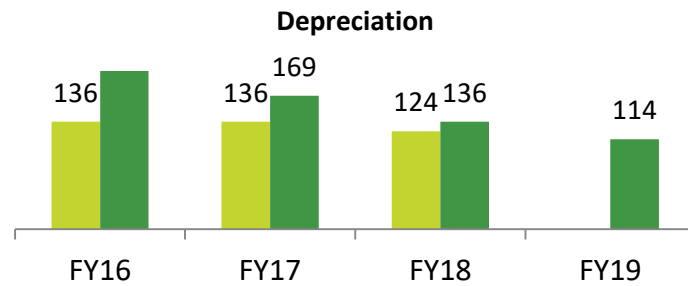
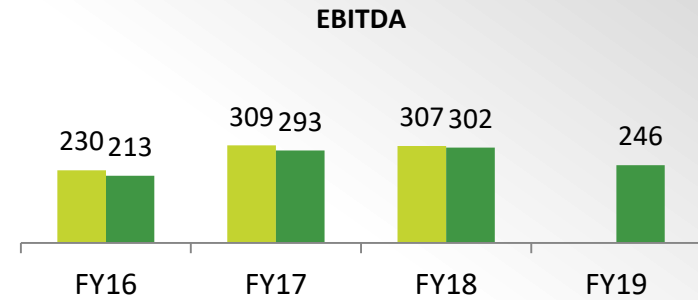
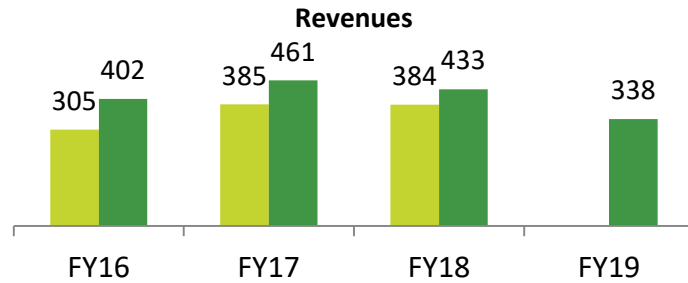
Transformation Strategy & Operational Progress

OGPL Transformation



High Potential disrupted by external factors

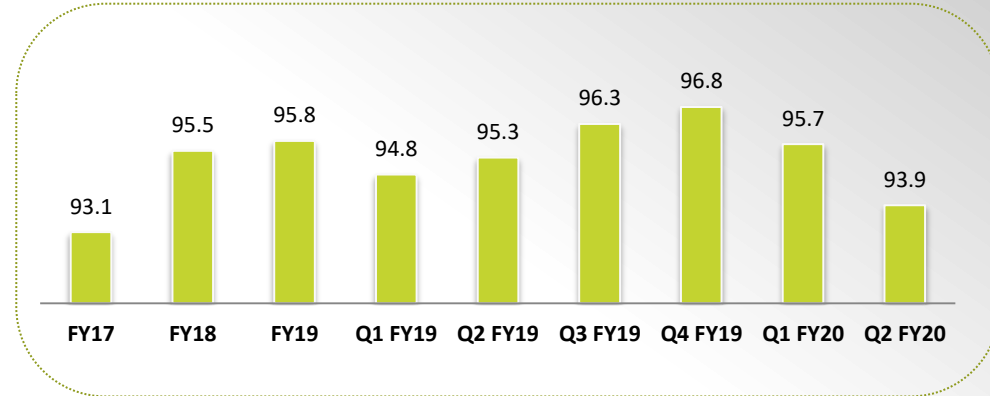
In Rs. cr



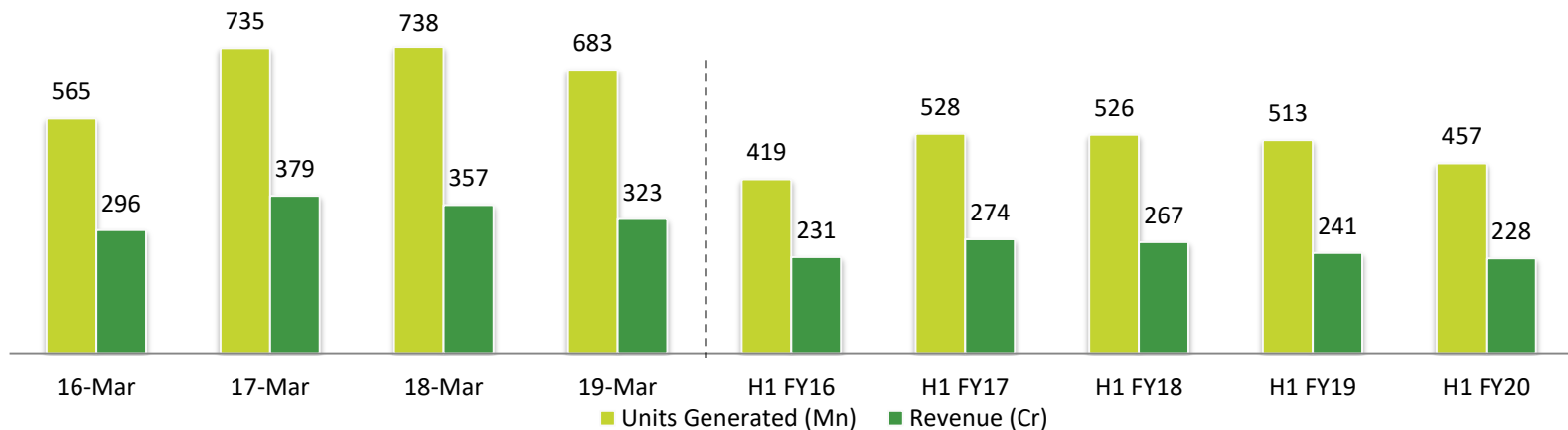
What has changed in recent times

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

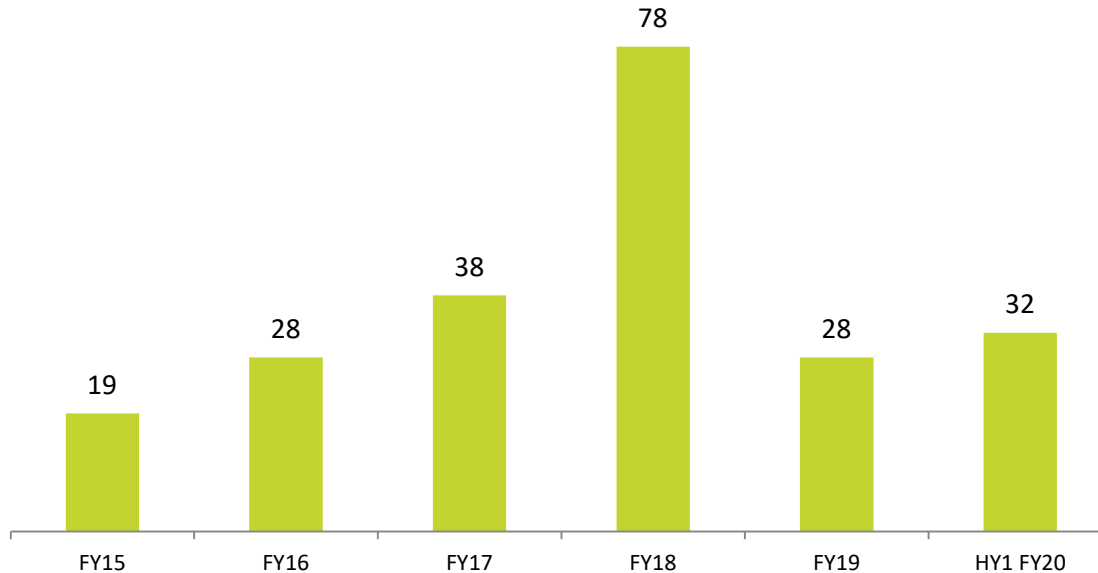


Leading to increase in wind power generation



Supported by Improvement in REC Mechanism

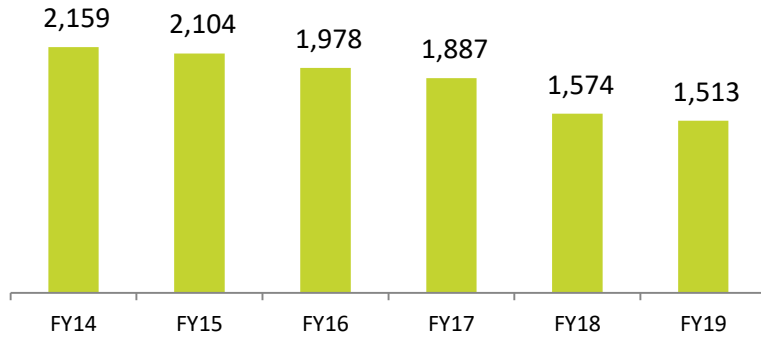
Traded REC Revenue INR Crs



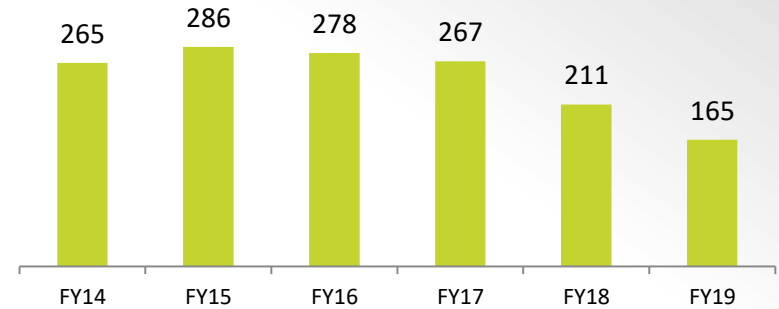
- Zero stock of issued RECs as of Sep 31, 2019.
- Maintaining of zero stock level since Apr'2018.
- Amount held in CERC - Rs.21 Crore
- The Supreme Court has granted stay in respect of floor price for REC's issued before 31st March 2017.

Focus on Debt Reduction

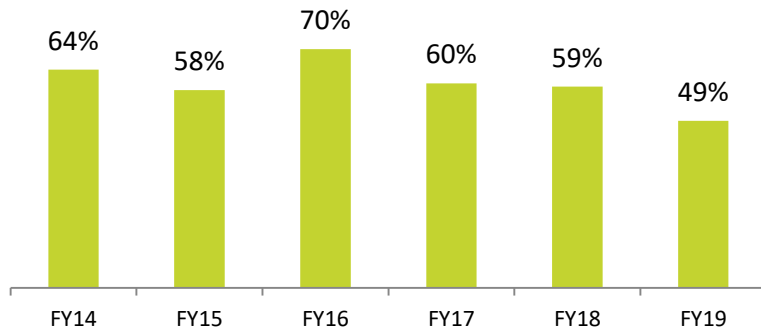
Debt (Rs. Cr)



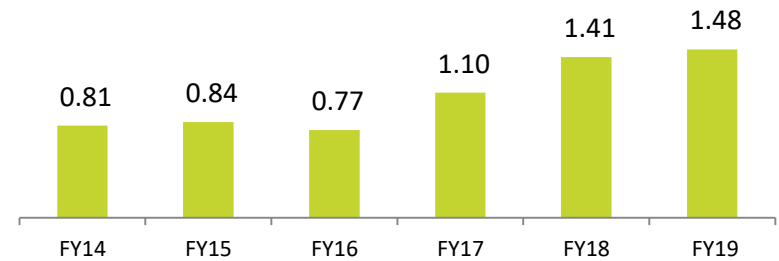
Interest Expense (Rs. Cr)



Interest / Revenue (%)

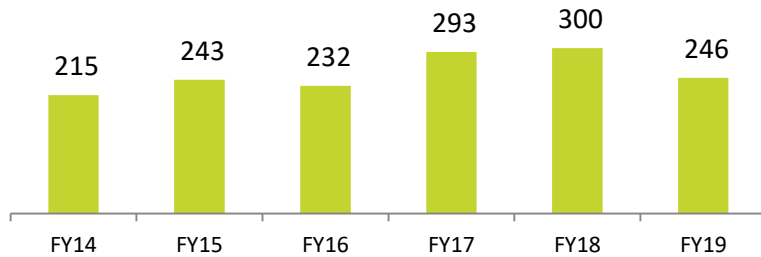


EBITDA / Interest (x)

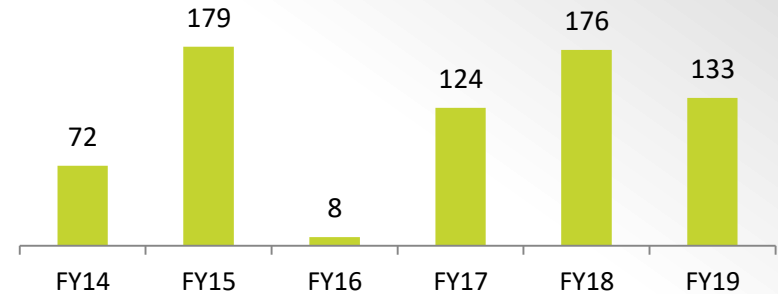


Resulting in Improved Profitability

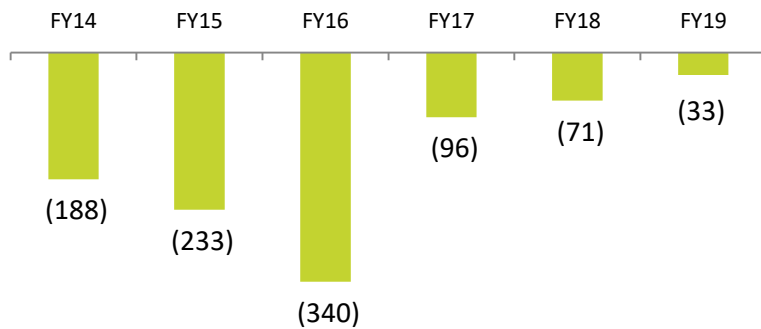
EBITDA (Rs. Cr)



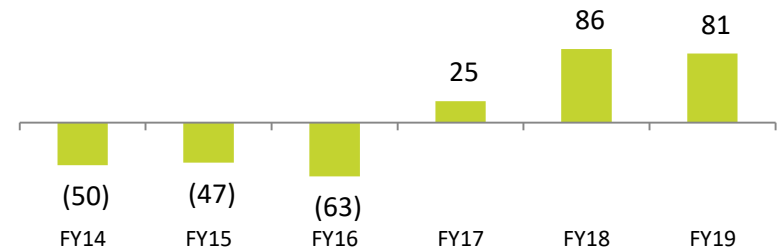
EBIT (Rs. Cr)



PAT (Rs. Cr)



Cash Profit (Rs. Cr)





Key Developments: H1 FY20

Key Developments – H1 FY20

Wind Business – Challenging macros decelerates business momentum

- Variation in Wind patterns coupled with excessive monsoon and lower off take from certain state Discoms impacted wind generation and subsequently financials during the period under review
- On a structural basis though, the outlook remains positive on the back of - Higher grid availability especially in TN, increased level of inter state power transmission following, up gradation of transmission infrastructure

Debt rationalization program remains on track – expect moderation in capital cost

- In discussion with bankers to further reduce credit cost & improve liquidity by extending loan tenures
 - Efforts underway to refinance existing debt
 - With RBI prodding banks to lower interest rate, expect some positive development
 - Working towards bringing down average cost of debt from ~13% at present to 10% -11%.

REC – Buoyancy maintained amid improving demand – supply scenario

- 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.1,547 Certificate during the current quarter as against Rs.1,102 Certificate during the corresponding period previous. year
 - Increased REC's realization resulting in higher operating income of Rs.1,043 lakhs.
- Strong demand for certificates have elevated REC realisations into a reliable revenue stream for the Company

Board approves capital reduction to right size reserves

- Board of Directors approved Share capital reduction plan - to present fair financial position of the Company.



Financial Highlights

H1FY20 Consolidated Financial Performance

In Rs. Mn

	H1 FY20	H1 FY19
Continued Operations:		
Revenue	2,295	2,491
EBITDA	1,839	2,044
EBITDA %	80.1%	82.1%
EBIT	1,270	1,456
EBIT %	55.3%	58.5%
Profit / (Loss) before tax	485	374
Discontinued Operations PBT	(99)	(48)
Consolidated Profit / (Loss) before tax	386	326

Key Financial Highlights – H1 FY20

Wind Business:

- Relative soft performance amid challenging business environment – wind variability, extended monsoon and lower off-take by certain SEBs.
- Performance would have been much better had it not been for the above factors – lost 558 lakhs units owing to monsoon factor
- Structurally though the business remains positive - support from regulators and electricity distribution companies / SEBs as well as buoyant demand trends

Debt rationalization: In talks with bankers for lowering Interest rate

- In - discussions with bankers for refinancing debt - Working towards lowering average cost of debt from ~13% at present to 10%-11%
- Interest cost reduced from Rs.5,939 Lakhs in Q2 FY19 to Rs.3,933 Lakhs in Q2 FY20 and from Rs.10,138 Lakhs in HY1 FY20 to Rs.7,841 Lakhs in HY1 FY19
- Liquidity and cash flow position to improve post completion of the exercise

REC Trading: Demand momentum sustained resulting in higher volumes and realisations

- Trading volumes remain elevated on the back of strong demand & stringent action on the part of the regulators towards defaulting entities
- Certificates getting traded consistently above their floor price. Average price realization at Rs1,547 Certificate during the current quarter as against Rs.1,102 Certificate during the corresponding period last year.
- REC inventory fully liquidated and realized Rs 3,258 lakhs in H1 FY20 as compared to Rs.1,391 lakhs during the corresponding period last year.

Board approves Share Capital reduction plan

- Board of Directors approves Share capital reduction plan - to present fair financial position of the Company.



Operational Highlights

Wind Operations

Particulars	Unit of Measurement	H1 FY20	H1 FY19
Capacity (incl. overseas capacity)	Mw	425	425
Units Generated (Gross)	Mn	457	513
Annualized PLF	%	24.5	27.5
Average Gross Realisation (before charges and without REC)	Rs./ Unit	5.12	4.94

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 FY20				Q2 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	199.3	29.3	93.9	308.3	219.9	32.3	95.3
Andhra Pradesh	75.4	47.0	28.2	98.1	75.4	67.6	40.6	99.5
Gujarat	29.2	16.9	26.2	98.9	29.2	24.9	38.6	98.0
Total	412.9	263.2	28.8	95.0	412.9	312.4	34.3	96.3

State	H1 FY20				HY1 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	342.0	25.3	94.8	308.3	359.7	26.6	94.8
Andhra Pradesh	75.4	68.8	20.8	98.8	75.4	98.5	29.7	96.7
Gujarat	29.2	36.6	28.5	99.1	29.2	44.7	34.9	99.7
Total	412.9	447.4	24.7	95.8	412.9	502.9	27.7	95.5



Outlook & Regulatory Overview

Outlook

- **Near term challenges to persist; long term view remains constructive**
 - Sector headwinds - low wind season, lower off-take from certain state SEBs and delayed payment from DISCOMs may pose near term challenges
 - Long term view remains positive - 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 to 10%-11%
 - 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

- **One time cash inflow to restore balance sheet – receipt of outstanding dues**
 - Supportive actions on the part of Regulatory bodies / Power Ministry - directing state discoms to clear their outstanding's towards power generators to help provide much needed cash inflows.
 - In addition, favorable verdict from Supreme Court's on pending REC receipt could further improve the liquidity position
 - Expected settlement of outstanding's will to provide the much needed liquidity gush, helping us to address debt commitments and liquidity requirements

Renewable Energy Certificates

- H1 FY20 continued to witness strong buoyancy in the REC market on the back of steady demand
 - Demand continued to outstrip supply, resulting in higher yields
 - Average price realization at Rs.1,547 Certificate during the first half as against Rs.1,102 Certificate during the corresponding period last year.
- Stricter enforcement by regulatory agencies, ensured consistent demand for the certificates
- OGPL sold 2,10,559 RECs in H1 FY20 resulting in realization of Rs. 3,258 lakhs. OGPL's share in trading on the exchange represented 7.00% of trading volumes during H1 FY20.
- Nil inventory of RECs as of Sept. 30, 2019 – this is the seventh consecutive quarter in which there has been no inventory carried forward.

Regulatory & Market Developments

DERC penalizes state DISCOMs over RPO non-compliance

- Delhi Electricity Regulatory Commission has penalized the state discoms TYPDL, BRPDL, BYPDL for non-compliance of RPO obligations for consecutive three years i.e. FY 13-14, FY 14-15, FY 15-16
- Delhi is the second state to have penalized its DISCOMs over non-compliance of RPO. earlier Bihar Regulatory Commission has also penalized its DISCOMs over RPO non-compliance.

UPERC announces Captive and Renewable Energy plants Regulations, 2019

- For renewable energy captive and co-generating plants,
- No specific instructions are given for the installed capacity criteria in the regulations and are said to be in sync with the MNRE specifications as updated from time to time.
- However, for small hydro, the capacity of less than or equal to 25 MW is allowed and for biomass projects, plants using Rankine cycle technology and biomass fuel sources are made eligible
- UPERC recently announced the draft Open Access regulations, 2019 similar to other states like Andhra Pradesh as the grid distribution is changing rapidly, states are making appropriate changes in their Open Access regulations to accommodate the new renewable capacity generated in the state

DISCOM	Date	Default Days	Penalty (in Rs.)
TPDDL*	FY 2012-2013: 1st July 2013 - 22nd February 2017	1332	66,60,000
	FY 2013-2014: 1st July 2014 - 27th Sept 2017	1182	59,20,000
	FY 2014-2015: 1st July 2015 - 29th November 2017	882	44,10,000
BRPL & BYPL	FY 2012-2013: 1st July 2013 - 20th Sept 2019	2272	1,13,60,000
	FY 2013-2014: 1st July 2014 - 20th Sept 2019	1907	95,35,000
	FY 2014-2015: 1st July 2015 - 20th SEpt 2019	1542	77,10,000

MERC publishes order on various petitions for the Forecasting & Scheduling regulations [\(Source\)](#)

- Maharashtra Electricity Regulatory Commission published an order on various petitions on the Forecasting & Scheduling regulations. The order discusses queries on several procedural difficulties that the RE generators & QCAs are facing in the implementation of the regulations. MERC has made changes to many aspects of the original regulations so as to enable smooth implementation of DSM in the states
- This order has comes as a huge relief to the RE generators.



Appendix: Financial Statements

Financial Performance – H1 FY20 (Consolidated – IND-AS)

Rs. Million

Particulars	H1 FY20	H1 FY19
Continuing Operations		
Sale of Power	1,951	2,166
Other Operating Income	325	241
Total Income	2,276	2,407
Total Operating Expenditure	456	448
Operational EBITDA	1,820	1,959
EBITDA (%)	79.9%	81.4%
Other Income	19	84
Total EBITDA	1,839	2,043
Depreciation	570	588
EBIT	1,269	1,455
Finance Charges	784	1,032
Loss on de-recognition of hedging instrument	-	49
Profit / (Loss) from continuing operations before tax	485	374
Profit / (Loss) from continuing operations after tax	485	373
Profit / (Loss) from discontinued operations after tax	(99)	(48)
Profit / (Loss) for the period	386	325
Total Comprehensive Income/(Loss) for the period	387	355

Thank You

For further information please contact

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