ORIENT GREEN POWER

Leading Diversified Renewable Energy Generator

Investor Presentation

Q2 & H1 FY13 Results

Biomass

Wind

Small Hydel

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Financial Results
& Operating Highlights - Q2 & H1 FY13

Financial Highlights – Q2 FY 2013

Rs. Million

	Q2 FY 2013			Q2 FY 2012		
	Biomass	Wind	Total	Biomass	Wind	Total
Sale of Power	372.46	943.81	1316.27	176.60	507.61	684.21
Other Operating Income	83.00	116.36	199.36	16.79	4.76	21.55
Total Income	**455.46**	**1060.16**	**1515.62**	**193.39**	**512.37**	**705.76**
Expenditure						
Cost of fuel and Consumables	257.25	33.39	290.63	126.82	19.04	145.86
O&M and other costs	140.41	72.99	213.41	61.64	81.38	143.02
Total Expenditure	**397.66**	**106.38**	**504.03**	**188.46**	**100.42**	**288.88**
EBITDA	**57.80**	**953.78**	**1,011.59**	**4.93**	**411.95**	**416.88**
EBITDA (%)	**12.7%**	**90.0%**	**66.7%**	**2.5%**	**80.4%**	**59.1%**
Depreciation	47.73	225.93	273.67	33.83	108.72	142.55
Finance charges	112.38	444.59	556.97	53.97	150.62	204.59
Other Income	20.70	107.69	128.39	13.61	13.36	26.97
PBT (before unallocable overheads)	**-81.61**	**390.95**	**309.35**	**-69.26**	**165.97**	**96.71**
Unallocable overheads (net of income)			-2.18			-3.59
Profit before Tax			**311.52**			**100.30**
PAT (after Minority Interest)			**225.43**			**19.99**

Financial Highlights – H1 FY 2013

Rs. Million

	H1 FY 2013			H1 FY 2012		
	Biomass	Wind	Total	Biomass	Wind	Total
Sale of Power	868.19	1610.88	2479.07	473.49	807.80	1281.29
Other Operating Income	201.04	187.8	388.84	38.08	8.66	46.74
Total Income	**1069.23**	**1798.68**	**2867.91**	**511.57**	**816.46**	**1328.03**
Expenditure						
Cost of fuel and Consumables	582.40	109.71	692.11	313.72	31.85	345.57
O&M and other costs	**288.79**	164.08	452.87	133.13	127.38	260.51
Total Expenditure	**871.19**	**273.79**	**1144.98**	**446.85**	**159.23**	**606.08**
EBITDA	**198.04**	**1524.89**	**1722.93**	**64.72**	**657.23**	**721.95**
EBITDA (%)	**18.5%**	**84.8%**	**60.1%**	**12.7%**	**80.5%**	**54.4%**
Depreciation	95.14	435.38	530.52	64.88	187.41	252.29
Finance charges	194.31	775.92	970.23	93.36	287.45	380.81
Other Income	24.09	156.82	180.91	19.96	37.06	57.02
PBT (before unallocable overheads)	**-67.32**	**470.41**	**403.09**	**-73.56**	**219.43**	**145.87**
Unallocable overheads (net of income)			**31.62**			**-39.89**
Profit before Tax			**371.47**			**185.76**
PAT (after Minority Interest)			**248.00**			**54.89**

Performance Highlights – Consolidated Q2 FY 2013

- Sales revenue touched a all time high of Rs. 13,163 Lacs (Rs. 6,842 Lacs in Q2 FY12) – growth of 92% aided by improved PLF and generation from new capacities
- Sales realisation continued to improve for both businesses with increase in tariffs and shift in sales mix from PPA to merchant
- REC revenues contributed Rs. 1,993 Lacs in the quarter thereby improving revenue growth by 115% to Rs. 15,156 Lacs
- Operational EBITDA was at Rs. 9,297 Lacs (after unallocable overheads) as against Rs. 3,739 Lacs in Q2 FY 12
- Cumulative operational EBITDA for H1 was at Rs. 16,231 Lacs after unallocable overheads (56.6%) as against Rs. 6,440 Lacs (48.5%) in H1 FY12
- Total EBITDA for H1 FY 13 was at Rs. 18,435 Lacs as against Rs. 8,157 Lacs in H1 FY12
- Other income was high during the quarter at Rs. 2,009 Lacs due to gain on sale of equity stake in Sri Lankan subsidiary (Rs. 275 Lacs) and foreign exchange gain upon taking hedge of ECB amounting to Rs. 960 Lacs)
- Profit before Tax was at a level of Rs. 3,115 Lacs as against Rs. 1,003 Lacs in Q2 FY 12 and Rs. 3,715 Lacs in H1 FY13 as against Rs. 1,858 Lacs in H1 FY 12

Performance Highlights – Q2 FY 2013

BIOMASS BUSINESS

- Units exported dropped sharply from 83.35 Million Units in Q1 to 59.02 Million units due to suspension of operations in one plant in north and subdued performance across other units due to increased cost and non availability of fuel
- PLF dropped to 52.1% from 74.9% (65.5% on operated Capacity)
- Average realisation improved to Rs. 6.31 per KwH from Rs. 5.82 per KwH in Q1 FY13 on the back of 100% supplies to third parties in Tamil Nadu
- Fuel Costs remained high at Rs. 3.49 per KwH

WIND BUSINESS

- During the quarter, 12.05 MW of new wind assets were commissioned
- Robust growth in sales through much improved PLF
- Units generated increased to 234 Million units from a level of 160 Million units in Q1 FY13 for all assets (growth of 46%)
- Average sales realisation increased to Rs. 4.55 per KwH as a result of tariff increase w.e.f. 1st April 2012 which was partially nullified by increase in transmission, distribution and O&M charges

Balance sheet as at September 30, 2012

			Rs. Million
Particulars	As at September 30, 2012	As at June 30, 2012	As at March 31, 2012
EQUITY AND LIABILITIES			
Shareholders funds			
a) Share capital	4,681	4,681	4,681
b) Reserves and surplus	6,327	6,041	5,994
Capital reserve on consolidation	1,212	1,212	1,212
Minority Interest	581	478	403
Non-current liabilities			
a) Long-term borrowings	12,478	14,117	10,012
b) Deferred tax liabilities (Net)	94	101	84
c) Other Long term liabilities	55	146	25
d) Long-term provisions	14	12	6
Current liabilities			
a) Short-term borrowings	1,314	1,447	1,761
b) Trade payables	358	666	497
c) Other current liabilities	8,539	8,953	10,875
d)Short-term provisions	17	24	19
Total	**35,670**	**37,880**	**35,569**

Current Liabilities includes Letters of Credit discounted by suppliers for wind mills supplied under 300MW project. These amounts shall be retired from out of term loan proceeds not yet availed, in the future. It also includes current maturities of long term loans

Balance sheet as at September 30, 2012 (contd.)

			Rs. Million
Particulars	As at September 30, 2012	As at June 30, 2012	As at March 31, 2012
ASSETS			
Non-current assets			
Goodwill on Consolidation	498	480	480
Fixed assets	0		0
a) Tangible assets	28,747	28,885	27,659
b)Intangible assets	33	34	63
			0
(c) Non-Current Investments	0	0	0
(d) Long-term loans and advances	3,077	5,201	4,976
(e) Other Non-Current Assets	97		0
			0
Current assets			0
a) Current investments	1	1	1
b) Inventories	191	221	219
c) Trade receivables	919	786	719
d) Cash and cash equivalents	757	1,235	865
e) Short-term loans and advances	258	198	177
f) Other current assets	1,093	838	410
Total	**35,670**	**37,880**	**35,569**

Renewable Energy Certificate

- Enhanced supply of RECs in the market due to Wind season and poor enforcement of RPO by all States the market led to RECs being sold at floor price during August -- October 2012
- As against 2,467,630 RECs available for trading in the exchanges during Q2 only 696,529 RECs got traded at Floor Price of Rs.1500 per REC -- about 28% of available volume
- In Oct.'12 also trading has been subdued with 15.06 Lacs RECs available in the registry of which 10.13 Lacs had been offered for sale. Of these only 2.23 Lacs have been sold resulting in huge backlog of unsold RECs. OGPL has 13,912 RECs as unsold as of end Oct.'12 as we were able to sell most of the RECs credited
- OGPL's share in trading represented 12% of trading volumes during the quarter on the exchange
- Post Wind Season supply of RECs going forward will be relatively less and improved compliance is expected to drive the trading in the coming sessions

REC Trading and Revenue upto October 2012

REC Trade Results - Consolidated (IEX + PXIL)					
Month	Market Clearing Volume - Non Solar	REC traded from OGPL Projects	Market Share of OGPL (%)	REC Revenue (Rs. Lacs)	Average Price (Rs./ REC)
Jan-12	171,524	6,768	3.95%	206	3,051
Feb-12	206,188	18,694	9.07%	573	3,066
Mar-12	199,737	20,025	10.03%	581	2,902
Apr-12	71,226	20,939	29.40%	461	2,201
May-12	168,675	15,878	9.41%	374	2,355
Jun-12	236,485	18,621	7.87%	447	2,402
Jul-12	158,220	16,223	10.25%	330	2,031
Aug -12	273,893	46,524	16.99%	705	1,514
Sept -12	264,446	70,896	26.81%	1,063	1,500
Oct - 12	222,700	33,096	14.86%	496	1,500
GRAND TOTAL	**1,973,094**	**267,664**	**13.56%**	**5,236**	**1,956**

	No. of RECs traded (Jan to Oct 12)	**REC Revenue (Jan to Oct 2012) (Rs. Lacs)**
BIOMASS	148,277	3,415
WIND	119,387	1,821
TOTAL	**267,664**	**5,236**

No. of Unsold RECs as of October 2012 : 13,912 Nos.

Wind Operations

Wind Operations - India

Particulars	Unit of Measurement	Q2 FY 2013	Q2 FY 2012	H1 FY 2013	H1 FY 2012
Capacity	MW	337.41	254.75	337.41	254.75
Units Generated (Gross)	Mn	234.00	124.85	393.88	198.40
Annualized PLF	%	32.29	27.27	29.00	23.47
Net Average Realisation on Net Generation (without REC)	Rs./ Unit	4.55	4.24	4.47	4.25

- Old assets of 179.5 MW constitute operating assets acquired at low capital cost (approx. Rs. 35.5 Mn. Per MW)
- New wind assets of 12.05 MW in India had been commissioned during the quarter
- Although grid back down continued in the quarter, due to better than expected wind availability, PLF improved significantly
- Realisation was higher compared to previous year due to increase in tariff effective April 2012
- Besides above tariff, REC benefit has accrued for new assets aggregating to Rs. 116.36 Million during the quarter and the cumulative REC revenues for H1 FY13 aggregated to Rs. 187.8 Million thereby resulting in significant upside to both revenues and profits

Capacity Expansion Strategy – Wind

- Capacity Addition of 12.05 Mw completed in Q2 FY13
- 12.8 MW will be added in Tamil Nadu, 45.0 MW of Capacity will be added in Andhra Pradesh and 25.20 MW in Gujarat by Q4 FY13
- Current Capacity is 337.41 MW and is expected to reach about 420.41 MW by Q4 FY 13

Capacity Expansion – Wind

States	Capacity (MW)	Estimated date of completion	Remarks
Tamil Nadu	107.35	64.85 MW by Q2 FY 12 18.0 MW by Q3 FY12 24.5 MW by Q4 FY 12	
Gujarat / Karnataka / Tamil Nadu	7.98	4.0 MW operational in Q3 FY 2012 and 3.98 MW operational IN Q4 FY12	
Croatia	10.5	Commissioned in Q2 FY 12	
Addition for FY 2012	**125.83**		
Tamil Nadu	48.25	23.4 MW commissioned in Q1 FY 13, 12.05 MW commissioned in Q2FY13 and balance in Q4 FY13	Balance 12.8MW delayed further due to technical issues
Sri Lanka	-	100% of OGPL's stake sold in July 2012	
Andhra Pradesh	94	Q4 FY 13	Project delayed due to delay in getting regulatory approvals for connectivity
Gujarat	50	Q4 FY 13	in Gujarat, commissioning has been deferred in order to get benefit of higher preferential tariff under Feed in Tariff mechanism
Addition for FY 2013	**192.25**		

Biomass Operations

Existing Biomass Operations

Particulars	Unit of Measurement	Q2FY13	Q2FY12	H1FY13	H1FY12
Capacity	MW	60.5	50.5	60.5	50.5
Units Exported	Mn	59.02	39.20	144.32	93.58
PLF	%	52.1	38.6	63.4	56.4
Average Realisation	Rs. / Unit	6.31	4.51	6.02	5.06
Specific Fuel Consumption per unit	Kg/ Unit	1.84	1.60	1.79	1.60
Fuel Cost	Rs./ Unit	3.49	3.27	3.43	3.37
O&M and other Costs	Rs./ Unit	2.38	2.54	2.00	2.08

- Performance in Q2 FY13 was negatively impacted due to temporary shut down of one of the north based plants and also due to lack of availability of dry fuel across units due to monsoon
- In Tamil Nadu, realisation across all units continued to be robust due to switch over from grid to third parties. Blended realisation was at Rs. 6.31 per KwH
- All four units in Tamil Nadu and Sanjog in Rajasthan continue to get REC benefits during the quarter. Total REC revenues during the quarter aggregated to Rs. 83 Million with cumulative REC revenues for H1 FY13 being at Rs. 201 Million
- Fuel Cost was at Rs. 3.49 per unit (Rs. 3.27 per unit in Q2 FY 12) due to less availability of dry fuel. These prices are expected to remain high for some more time

Existing Projects – Bio-mass power plants

Name	Capacity (MW)	Location	Fuel	Customer details		Blended tariff		
					Q2 FY13	Q1 FY13	Q4 FY12	Q1 FY12
Kopargaon	2.0	Maharashtra	Co-generation biogas	Captive	3.50	3.50	3.50	3.50
Dindigul	7.5	Tamil Nadu	Plywood wastes, julieflora, corn stalks and other agri - residues	Merchant	6.76	6.43	5.33	6.11
Pattukkottai	7.5	Tamil Nadu	Sugarcane residue, coconut residue, julieflora and other agri - residues	Merchant	6.31	6.74	5.09	5.82
Vandavasi	7.5	Tamil Nadu	Casurina, eucalyptus waste, julieflora, sugarcane waste and groundnut stalks	Merchant	7.20	7.44	5.58	5.52
Pollachi	10.0	Tamil Nadu	Julieflora, coconut residue, saw mill waste	Merchant	6.29	6.47	4.5	-
Kotputli	8.0	Rajasthan	Mustard Husk	Grid 100%	5.44	5.44	5.19	5.19
Chippabarod	8.0	Rajasthan	Mustard Husk	Grid 100%	5.01	5	4.87	4.19
Hanumangarh	10.0	Rajasthan	Mustard Husk, Cotton stalk, paddy straw and wheat straw	Merchant	4.25	4.04	2.85	-

Biomass Performance review

- Suspension of operations in one of the units and fuel availability and cost pressures lead to depressed performance in the quarter. PLF also impacted due to monsoon season
- Exit from Grid PPA in all south based units continues to contribute positively. Although prices were somewhat subdued in the quarter due to wind power availability, they are expected to improve going forward due to increased power demand
- REC revenues continue to flow although at lower price. Price realised at floor for the last two months
- While fuel costs continued to be high in the quarter, our other initiatives like bulk sourcing of fuel, RDF and deployment of the crawler for Juliflora harvest are expected to provide results in coming quarters by way of moderation in the cost
- Price realisation in Hanumangarh plant continued to be an area of concern due to low prices in the exchange. Action taken for moving away from Power exchange in Hanumangarh plant effective November 2012 and this is expected to improve realisation and margins
- Exploring alternatives to revive the Kotputli plant which is presently not operational due to very high fuel cost in order to arrest the cash losses

Capacity Expansion – Biomass

Projects	Capacity (MW)	Original Estimated date of Completion	Revised Estimated date of Completion
Maraikal	7.5	Q4FY11	Q3FY13
Narsinghpur	10.5	Q4FY11	Q4FY13
Kolhapur	20.0	Q1FY12	Q4FY13
Kishanganj	8.4	Q2FY12	Q4FY13
Total	**45.5**		

- Projects have been delayed primarily due to issues associated with connectivity to the grid and resistance of States in allowing units to opt for REC Mechanism
- Sale Model for new projects
  - Sales shall be by way of merchant sale through Trading Companies
  - REC eligibility confirmed for Kolhapur plant

Regulatory Environment

Regulatory Impact –Opportunities and Concerns

- Renewable Purchase Obligation has not been implemented by most States resulting in low demand for Renewable Energy Certificates
- While petitions seeking to exempt from RPO by some obligated entities has been rejected by Rajasthan High Court, in Maharashtra MERC has given time till Mar.'13 to meet 2011-12 obligations. In Tamil Nadu High Court has given stay RPO Compliance on a host of petitions by Open Access Customers
- In Andhra Pradesh, FIT is yet to be notified for Wind and expected in the next 2 weeks at around Rs.4.70 per kwh. This would lead to improved viability of A.P. wind project
- CERC appointed committee has taken up issue of annual reset of Biomass tariff and had its 1st meeting recently. It is expected that matter will be taken up at Forum of Regulators in the next 3 months

Wind Business Outlook

- Added 12.05 MW of Wind capacity in Tamil Nadu in Q2. Overall capacity stands at 337.41 MW
- Technical issues delaying commissioning of balance 12.8 MW in Tamil Nadu and it is expected that these shall be commissioned in Q4 FY 13
- Regulatory and grid connectivity issues have delayed commissioning of wind capacities in Gujarat and A.P. Expect commissioning of first stage of 70.2 MW in Q4 FY 13.
- Transmission inadequacy continues to be an issue in Tamil Nadu. It is expected that grid back down will continue to impact to the tune of 10-15% for at least a couple of more years
- Levy of increased banking charges and transmission charges by TNEB had impacted margins.. Action taken to partially mitigate the impact in Q2 by way of pass through to customers. Also expect partial roll back by Appellate Tribunal
- External Commercial Borrowing of USD 35 Mn availed in Q1 has now been fully hedged with IRR of about 10.8%. Further USD 15 Mn shall be availed in Q4 FY 13
- Company is continuing with its initiative at reducing interest costs through other refinancing avenues and generally to deleverage the business and same is expected to impact business positively in the second half of the year

Biomass Business Outlook

- With all Tamil Nadu based plants on Third Party sale of power (32.5 Mw) and with REC eligibility significant improvement in revenues expected to continue in coming quarters
- REC trading likely to improve in the coming couple of months due to improved compliance efforts by regulators
- Exploring alternate options in Kotputli, Rajasthan subsidiary where the operations have been temporarily suspended due to higher fuel costs and increasing losses, Expect to restart operations with improved viability by end of Q3
- Finalised 3rd party sale model for exiting unviable trading sale model in Hanumangarh, Rajasthan subsidiary. Realisation likely to be higher by Rs. 0.75 per KwH
- Additional capacities planned 45.5 Mw in Q4 will take the total Capacity to 106.0 Mw by end of the year Q3
- Energy plantations commenced in some of our Wind Farm lands and plans are on to extend the same in other areas also by encouraging contract farming in unused lands available in neighboring villages

Overall Business Outlook

- While short term challenges in terms of fuel cost and availability are likely to continue, revenue optimisation measures (moving out of PPA, increase in REC revenues, etc.) are further being pursued to improve margins
- New capacities being added consistently would lead to better economies of scale resulting in lower cost of generation
- REC trading volumes likely to increase for the company in the coming quarters leading to improved margins
- Increase in Transmission and banking charges by TNEB could negatively impact margins in coming quarters as well till APTEL decides to moderate the same by its order on petition pending
- Sourcing of lower cost fuel through various initiatives is expected to start yielding positive results in coming quarters
- Refinancing through low cost rupee as well as ECB loans with more staggered tenors would lead to improved cash flows
- The company expects to pursue further deleveraging measures as well as exit from non core and non performing assets in the coming quarters to improve the financial health and cash flows

Thank you