



ORIENT GREEN POWER

Leading Diversified Renewable Energy Generator

Investor Presentation

Q1 FY14 Results



Biomass



Wind



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Performance Highlights

WIND BUSINESS

- 19.0 Mw was added during the quarter and aggregate of 67.0 Mw added upto August 12th 2013
- Even though grid back down issues continue in Tamil Nadu, the generation from assets was better due to better wind availability and refurbishment of certain under performing assets
- Operating revenues improve by 5% to ₹807.3 Million
- EBIDTA improves to ₹704.36 Million from a level of ₹606.71 Million in Q1 FY13 on the back of increased capacity, better generation and realisation. PLF would have been better but for the grid back down during the season
- Petition filed at APTEL on Transmission Charges has been allowed and the TNERC / TANGEDCO have reduced the transmission charges by about 70% of existing levels leading to significant savings accruing from 21st June 2013 onwards
- Aggressively pursuing further capacity additions in potentially good wind sites during the year in order to achieve commissioning before the season of 2014



Performance Highlights

BIOMASS BUSINESS

- One unit in Rajasthan which faced fuel issues has turned around with 81% PLF in Q1
- Plans on to commission balance 45.5 Mw units over the next 3 months
- Tariff levels remain firm in Tamil Nadu at ₹6.50/ ₹6.75 per kwh
- Operations continued to be suspended in two units in Rajasthan due to very low tariff levels and high cost of fuel. Efforts on to revive the operations in these units
- Operating revenues for Q1 were at ₹455.91 Million and EBITDA at ₹67.63 Million
- During the quarter, Indian Biomass Power Association through the active support of Ministry for New and Renewable Energy (MNRE) has petitioned Ministry of Finance for following measures and benefits :
 - Introduction of Generation Based Incentive (GBI) for biomass industry
 - Interest subvention of at least 2% p.a. for all loans to this sector
 - According Priority sector status for lending to this industry



Financial Highlights – Q1 FY14

| | Rs. Million | | |
|--|-----------------|-----------------|-----------------|
| | Q1 FY 14 | Q1 FY 13 | 2012-13 |
| Sale of Power | 1,087.82 | 1,155.97 | 3,682.93 |
| Other Operating Income | 175.398 | 193.003 | 671.57 |
| Total Income | 1,263.21 | 1,348.98 | 4,354.50 |
| Expenditure | | | |
| Cost of biomass fuel | 251.84 | 339.78 | 1,142.27 |
| O&M and other costs | 283.136 | 345.19 | 1342.94 |
| Total Expenditure | 534.98 | 684.97 | 2,485.22 |
| Operational EBITDA | 728.24 | 664.01 | 1,869.29 |
| EBITDA (%) | 57.6% | 49.2% | 42.9% |
| Other Income | 32.277 | 55.142 | 376.049 |
| TOTAL EBITDA | 760.52 | 719.15 | 2,245.34 |
| Depreciation | 284.48 | 260.39 | 1,100.20 |
| EBIT | 476.03 | 458.76 | 1,145.13 |
| Finance charges | 542.20 | 398.80 | 1,891.72 |
| Profit / (Loss) before Tax | -66.17 | 59.96 | -746.59 |
| Profit / (Loss) after Tax | -71.07 | 42.84 | -817.11 |
| Profit / (Loss) after Minority Interest | -87.16 | 22.57 | -698.88 |

During Q1 FY 14, power sales from biomass units was at ₹ 455.91 Million and EBITDA was at ₹67.63 Million, while power sales from wind units was at ₹807.30 Million and EBITDA was at ₹704.36 Million



Balance sheet as at June 30, 2013

| | 30.06.2013 | 30.06.2012 | 31.03.2013 | Rs. Million |
|--|---------------|---------------|---------------|---------------|
| EQUITY AND LIABILITIES | | | | |
| Shareholders' Funds | 5,681 | 4,681 | 4,681 | 4,681 |
| Reserves and Surplus | 6,645 | 7,253 | 6,208 | 6,208 |
| Share Application Money | 62 | 85 | 1,523 | 1,523 |
| Minority Interest | 303 | 393 | 295 | 295 |
| Non Current Liabilities | | | | |
| Long term bank borrowings | 15,047 | 14,943 | 14,433 | 14,433 |
| Long term group support | 1,657 | 1,575 | 1,722 | 1,722 |
| Other liabilities | 141 | 139 | 127 | 127 |
| Current Liabilities | | | | |
| Loans due within one year | 2,520 | 1,304 | 2,801 | 2,801 |
| Short Term borrowings | 989 | 610 | 752 | 752 |
| Other current liabilities | 3,039 | 6,713 | 2,814 | 2,814 |
| TOTAL LIABILITIES | 36,085 | 37,696 | 35,356 | 35,356 |
| ASSETS | | | | |
| Non Current Assets | | | | |
| Fixed Assets (including Capital Work in Progress) | 29,389 | 28,918 | 29,576 | 29,576 |
| Goodwill on consolidation | 542 | 480 | 512 | 512 |
| Other Non Current assets | 3,409 | 5,201 | 2,726 | 2,726 |
| Current Assets | | | | |
| Current investments | 3 | 1 | 3 | 3 |
| Inventories | 278 | 221 | 186 | 186 |
| Trade Receivables | 874 | 861 | 794 | 794 |
| Cash and Cash equivalents | 444 | 983 | 726 | 726 |
| Short term loans and advances and other current assets | 1,147 | 1,031 | 833 | 833 |
| TOTAL ASSETS | 36,085 | 37,696 | 35,356 | 35,356 |

Share Capital of ₹1,500 Million have since been issued to Shriram Industrial Holdings Ltd. in April 2013



Change in Promoter Holding and Preferential Issue

- Post restructure, Shriram Industrial Holdings Ltd. (SIHL) holds all the investments in Orient Green Power Company Limited (OGPL)
- SIHL has further infused ₹150 crore by way of preferential issue in the Equity Share Capital of OGPL in March / April 2013 at Rs. 15 per share (about 30% premium over prevailing market price)
- Post open offer also @ ₹15 per share, SIHL now holds 47.54% of the share capital of OGPL directly and indirectly
- The above investments reinforce the strong commitment of the Shriram group towards supporting and growing the renewable energy business



Renewable Energy Certificate

- Supply of RECs continued to be more than demand in the market due to poor enforcement of RPO by all States leading to RECs being sold at floor price during the quarter
- During the second half of the year 2012-13, demand continued to be sluggish (although March 2013 saw brisk trading at 4.28 Lac RECs traded)
- Trading has now picked up with July 2013 recording the highest sale in a single months so far in the financial year 2013-14
- OGPL's share in trading represented more than 10% on the exchanges upto July 2013 starting from the beginning of trading participation by OGPL
- In the near term also, sale of RECs will be relatively less and only improved compliance would drive the trading in the coming sessions
- A positive development towards better compliance is a recent order from MERC in Maharashtra directing all obligated entities to fulfill their cumulative obligations upto 2013-14 before 31st March 2014
- Entry of other discoms in the REC market and improved thrust on compliance of RPO would certainly drive REC trading volumes in the medium term. Petitions have been filed with APTEL by Industry bodies and we expect a positive outcome in the next few months
- Another key positive was that the CERC in its recent order has extended the validity of RECs issued on or after November 1, 2011 from 365 days to 730 days



REC Trading Receipts up to July 2013

| 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 | |
| Nov - 12 | 132,352 | 7,770 | 5.87% | 117 | 1,500 | |
| Dec - 12 | 273,644 | 11,096 | 4.05% | 166 | 1,500 | |
| Jan -13 | 193,337 | 10,598 | 5.48% | 159 | 1,500 | |
| Feb - 13 | 152,952 | 6,222 | 4.07% | 93 | 1,500 | |
| Mar - 13 | 427,871 | 31,193 | 7.29% | 468 | 1,500 | |
| Apr - 13 | 44,459 | 3,308 | 7.44% | 50 | 1,500 | |
| May - 13 | 52,968 | 4,111 | 7.76% | 62 | 1,500 | |
| Jun - 13 | 72,486 | 5,740 | 7.92% | 86 | 1,500 | |
| Jul - 13 | 161,402 | 12,850 | 7.96% | 193 | 1,500 | |
| GRAND TOTAL | 3,484,565 | 360,552 | 10.35% | 6,630 | 1,839 | |



Operating Metrics – Q1 FY14

| Wind units | Unit of Measurement | Q1 FY14 | Q1 FY13 |
|---------------------|---------------------|---------|---------|
| Capacity | Mw | 351.6 | 314.86 |
| Units Generated | Mn Kwh | 176.00 | 159.88 |
| PLF | % | 24.3 | 23.4 |
| Average Realisation | ₹/Unit | 5.19 | 4.77 |

| Biomass Units | Unit of Measurement | Q1 FY14 | Q1 FY13 |
|------------------------------------|---------------------|---------|---------|
| Capacity | Mw | 60.5 | 60.5 |
| Units Exported | Mn Kwh | 60.57 | 85.3 |
| PLF * | % | 58.6 | 74.9 |
| Average Realisation | ₹/Unit | 6.28 | 5.81 |
| Specific Fuel Consumption per unit | Kg/ Unit | 1.86 | 1.73 |
| Fuel Cost | ₹/Unit | 4.16 | 3.38 |
| O&M and other Costs ** | ₹/Unit | 2.07 | 1.71 |

* Two biomass units were shut during the quarter due to low tariff and high fuel costs. Expect to revive operations at both units in the next couple of months

**O&M cost are higher due to lower PLF and expected to moderate downwards as output improves



Key data – Bio-mass power plants

| Name | Capacity (Mw) | Location | Fuel | Customer details | Blended Tariff | | | |
|--------------|---------------|-------------|---|------------------|----------------|---------|---------|---------|
| | | | | | Q1 FY14 | Q4 FY13 | Q3 FY13 | Q2 FY13 |
| Kopergaon | 2.0 | Maharashtra | Co-generation biogas | Captive | 3.50 | 3.50 | 3.50 | 3.50 |
| Dindigul | 7.5 | Tamil Nadu | Plywood wastes, julieflorea, corn stalks and other agri - residues | Merchant | 6.75 | 7.00 | 6.74 | 6.76 |
| Pattukkottai | 7.5 | Tamil Nadu | Sugarcane residue, coconut residue, julieflorea and other agri - residues | Merchant | 6.77 | 6.63 | 6.38 | 6.31 |
| Vandavasi | 7.5 | Tamil Nadu | Casurina, eucalyptus waste, julieflorea, sugarcane waste and groundnut stalks | Merchant | 6.89 | 7.18 | 7.08 | 7.20 |
| Pollachi | 10.0 | Tamil Nadu | Julieflorea, coconut residue, saw mill waste | Merchant | 6.71 | 6.50 | 6.56 | 6.29 |
| Kotputli | 8.0 | Rajasthan | Mustard Husk | Grid 100% | No sale | No sale | No Sale | 5.44 |
| Chippabarod | 8.0 | Rajasthan | Mustard Husk | Grid 100% | 5.13 | 5.13 | 5.00 | 5.01 |
| Hanumangarh | 10.0 | Rajasthan | Mustard Husk, Cotton stalk, paddy straw and wheat straw | Merchant | 4.29 | 3.79 | 3.73 | 4.25 |



CAPACITY ADDITION PLANS (in Mw)

| 2010-11 | 2011-12 | 2012-13 | Business | 2013-14 (till Aug12, 2013) | 2013-14 (expected by end Aug 2013) | Planned before Season of 2014 |
|---------|---------|---------|--------------|----------------------------------|--|-------------------------------------|
| 179.5 | 317.1 | 339.0 | WIND | 406.0 | 424.6 | 494.6 |
| 40.5 | 60.5 | 60.5 | BIOMASS | 60.5 | 76.0 | 106.0 |
| 220.0 | 377.6 | 399.5 | Total | 466.5 | 500.6 | 600.6 |



Geographic Capacity Expansion

| States | Wind Capacity (Mw) | Remarks |
|-----------------------------|-------------------------|--|
| Tamil Nadu | 12.80 | Commissioned in July 2013 |
| Andhra Pradesh | 43.20 50.40 | 43.20 Mw commissioned upto 12 th August 2013 and balance 50.40 Mw planned before the season of 2014 |
| Gujarat / Tamil Nadu | 12.60 12.60 25.20 | 12.60 Mw has been commissioned in May 2013 12.60 Mw to be commissioned before end August 2013 Balance 25.20 Mw planned before the season of 2014 |
| Addition for FY 2014 | 156.80 | |

| Projects | Biomass Capacity (Mw) | Estimated date of Completion |
|-----------------------------|-----------------------|------------------------------|
| Maraikal | 7.5 | Q2 FY14 |
| Narsinghpur | 10.0 | Q2 FY14 |
| Kolhapur | 20.0 | Q3 FY14 |
| Kishanganj | 8.0 | Q2 FY14 |
| Addition for FY 2014 | 45.5 | |

- Projects have been delayed primarily due to issues associated with right of way issues, PPA approval, connectivity to the grid and resistance of States in allowing units to opt for REC Mechanism.



Regulatory Impact and other challenges

- Grid congestion and infrastructure related issues continuing in Tamil Nadu in larger measure in 2013-14 leading to back down in wind generation in almost all locations leading to loss of revenue and margins
- Biomass Tariff revisions unduly delayed in Rajasthan and other northern states
- Generation Based Incentives (GBI) yet to be finally notified and uncertainty in the period of eligibility and amount continues
- While introduction of REC Mechanism is positive, many States are blocking registration to meet their RPO
- Transmission and right of way related issues hampered prompt commissioning of machines leading to loss of revenue
- Refusal to sign PPA by Gujarat utility and the delay in approving the wind policy led to delay in commissioning of 12.6 Mw capacity in that state
- Recently, Central Electricity Regulatory Commission (CERC) has issued an order on Scheduling and Forecasting as per which wind power generators are to forecast their generation of the next day, for every 15 minute interval and face penalty if the actual generation is 30 per cent more or less than the submitted forecast. This is indeed an onerous requirement and hence the same has been challenged through the associations before the High courts



Key mitigants and initiatives that would positively impact performance in coming quarters / years

Wind Business

- Grid infrastructure is expected to improve significantly in Tamil Nadu only after the next 2 years which would lead to improved PLFs from 2015-16 onwards
- Appellate Tribunal for Electricity's (APTEL) order granting relief from excessive transmission charges in Tamil Nadu would go a long way in improving margins
- Increase in Feed in Tariff rate from ₹3.50 per kWh to ₹4.70 per kWh would provide improved viability to Andhra Pradesh business
- Renegotiating terms with customers to increase tariffs by way of pass through of additional levies partly
- Tied up External Commercial Borrowings (ECB) of USD 50 Million which would reduce blended cost of borrowing and complete hedging done for drawn down amount of USD 35 Million with an IRR of 10.7% and settlement at INR 53.56
- Actively pursuing refinancing / securitisation of receivables in respect of the entire loan of about ₹300 crore relating to old wind assets with intent to reduce cost of borrowing besides a more staggered repayment schedule



Key mitigants and initiatives that would positively impact performance in coming quarters / years

Biomass Business

- Close to finalising option of outsourcing operations of one biomass plant in Rajasthan which is now shut – expected to generate positive cash flows once implemented
- Actively pursuing regulatory agencies in Rajasthan and elsewhere for annual tariff fixation based on fuel price -- APTTEL petition in final stages
- Evaluating option of Group Captive model for optimising sales realisation
- Energy Plantation as a means for fuel security – at Wind farms /Contract farms expected to moderate the cost of fuel – expect captive generation of fuel on about 1,000 acres of land in 2013-14 in Tamilnadu and exploring options in Rajasthan
- Continuously focusing on measures to refinance existing high cost debt at lower rates of interest and generally to deleverage the business

Thank
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