

# Orient Green Power Co. Ltd.

---

Investor Presentation

Aug 2014



# Disclaimer

*This presentation is strictly confidential and may not be copied, published, distributed or transmitted. The information in this presentation is being provided by Orient Green Power Company Ltd. (also referred to as 'OGPL' or 'Company'). By attending a meeting where this presentation is made, or by reading this presentation material, you agree to be bound by following limitations:*

*The information in this presentation has been prepared for use in presentations by OGPL for information purposes only and does not constitute, or should be regarded as, or form part of any offer, invitation, inducement or advertisement to sell or issue, or any solicitation or any offer to purchase or subscribe for, any securities of the Company in any jurisdiction, including the United States and India, nor shall it, or the fact of its distribution form the basis of, or be relied on in connection with, any investment decision or any contract or commitment to purchase or subscribe for any securities of the Company in any jurisdiction, including the United States and India. This presentation does not constitute a recommendation by the Company or any other party to sell or buy any securities of the Company.*

*This presentation and its contents are not and should not be construed as a prospectus or an offer document, including as defined under the Companies Act, 2013, to the extent notified and in force) or an offer document under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended).*

*This presentation and its contents are strictly confidential to the recipient and should not be further distributed, re-transmitted, published or reproduced, in whole or in part, or disclosed by recipients directly or indirectly to any other person or press, for any purposes. In particular, this presentation is not for publication or distribution or release in any country where such distribution may lead to a breach of any law or regulatory requirement. No person is authorized to give any information or to make any representation not contained in or inconsistent with this presentation or and if given or made, such information or representation must not be relied upon as having been authorized by us. Receipt of this presentation constitutes an express agreement to be bound by such confidentiality and the other terms set out herein. Any failure to comply with this restriction may constitute a violation of applicable securities laws.*

*This presentation and the information contained herein does not constitute or form part of any offer for sale or subscription of or solicitation or invitation of any offer to buy or subscribe for any securities of the Company, nor should it or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever.*

*No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this presentation. Neither OGPL nor any of its affiliates, advisors or representatives shall have any responsibility or liability whatsoever (for negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with this presentation. The information set out herein may be subject to updating, completion, revision, verification and amendment and such information may change materially. This presentation is based on the economic, regulatory, market and other conditions as in effect on the date hereof. It should be understood that subsequent developments may affect the information contained in this presentation, which neither OGPL nor its affiliates, advisors or representatives are under an obligation to update, revise or affirm.*

*This presentation contains forward-looking statements based on the currently held beliefs and assumptions of the management of Orient Green Power Company Ltd., which are expressed in good faith and, in their opinion, reasonable. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, financial condition, performance, or achievements of Orient Green Power Company Ltd. or industry results, to differ materially from the results, financial condition, performance or achievements expressed or implied by such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding expansion plans and the benefits there from, fluctuations in our earnings, our ability to manage growth and implement strategies, intense competition in our business including those factors which may affect our cost advantage, costs of raw materials and equipment, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns, changes in technology, availability of financing, our ability to successfully complete and integrate our expansion plans, liabilities, political instability and general economic conditions affecting our industries. Unless otherwise indicated, the information contained herein is preliminary and indicative and is based on management information, current plans and estimates. Industry and market-related information is obtained or derived from industry publications and other sources and has not been verified by us. Given these risks, uncertainties and other factors, recipients of this document are cautioned not to place undue reliance on these forward-looking statements. Orient Green Power Company Limited disclaims any obligation to update these forward-looking statements to reflect future events or developments.*

*This presentation is not an offer for sale of securities in the UNITED STATES or elsewhere.*

# Table of Contents

---

Sections	Particulars	Page Nos.
Section 1	Company Overview	3
Section 2	Business Overview	6
Section 3	Management Overview	16
Section 4	Financial Overview	18
Section 5	Industry Overview	20

## **Section 1: Company Overview**

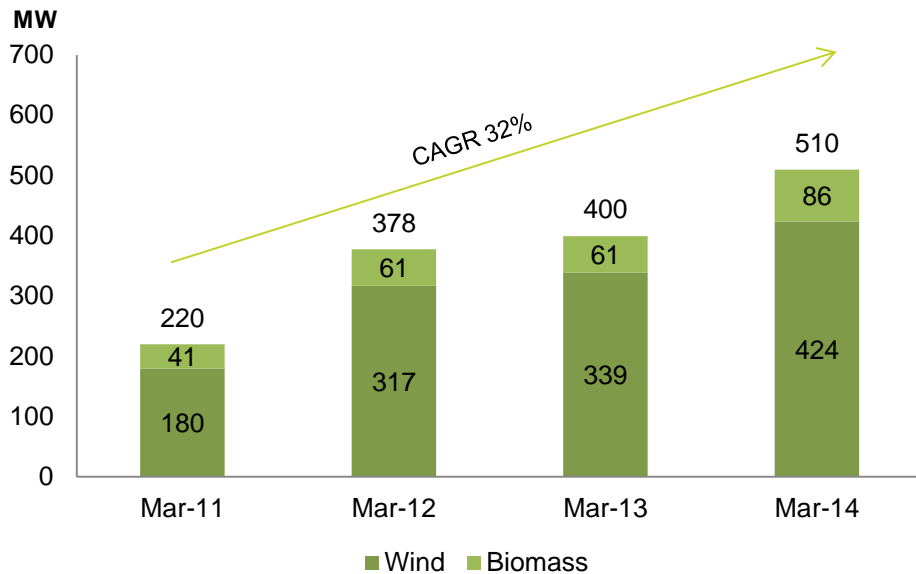
---

# OGPL: An Independent Power Producer of Renewable Assets

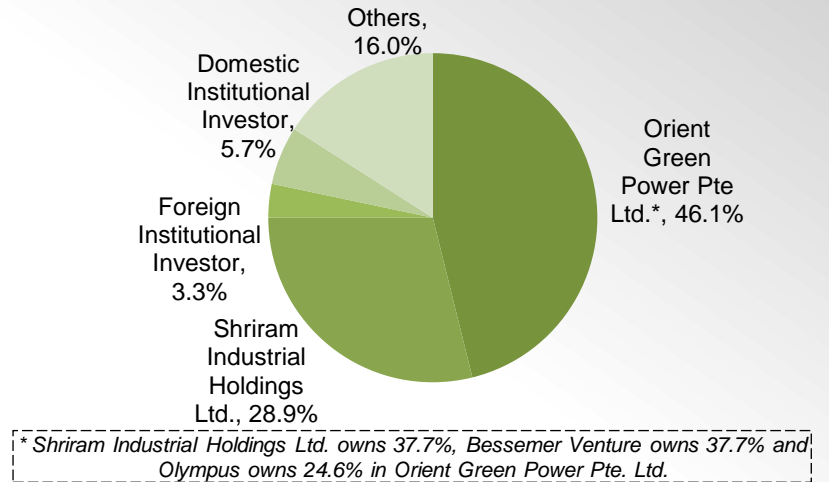
## Company Overview

- Formed in 2006, Orient Green Power Co. Ltd. (OGPL) is an Indian independent developer of renewable energy power plants (market capitalization as on 28<sup>th</sup> August 2014 is INR 7,782 million)
- 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 and an affiliate of Olympus Capital
- The Company's portfolio stood at 510.3 MW as of 31<sup>st</sup> July 2014 (424.3 MW<sup>(1)</sup> of wind energy and 86.0 MW of biomass projects). Further, it has 87.7 MW at various stages of development
- It has grown following its dual strategy of inorganic acquisitions as well as greenfield development of assets

## Consistent Record Of Capacity Expansion



## Diversified Shareholding (June 2014)



Source: BSE, Company

## Portfolio Composition: State-wise

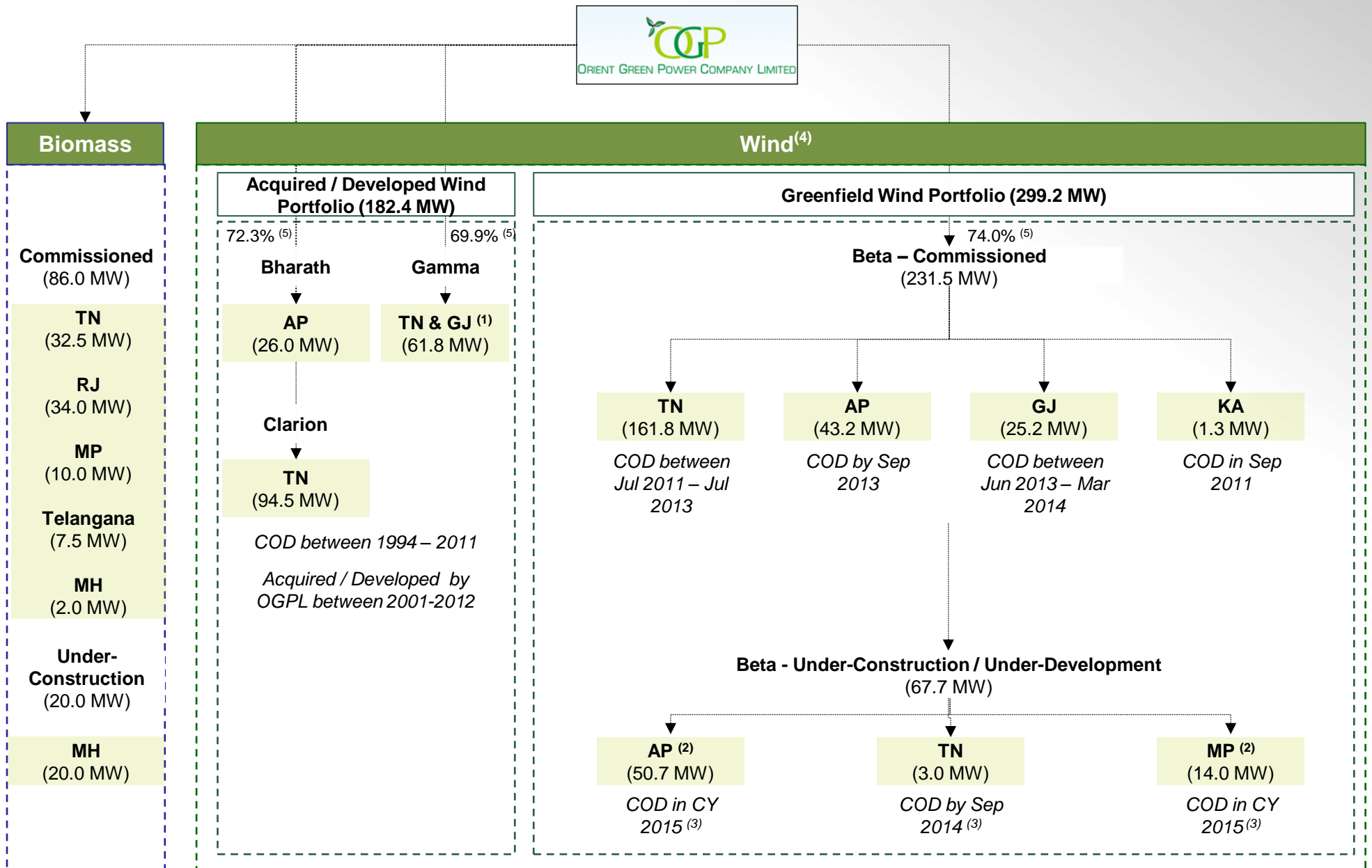
State	Wind Portfolio		Biomass Portfolio	
	Capacity	Revenue Model	Capacity	Revenue Model
Tamil Nadu (TN)	314.1 MW	Group Captive	32.5 MW	Group Captive, Merchant
Andhra Pradesh (AP) / Telangana	69.2 MW	PPA	7.5 MW	Merchant
Rajasthan (RJ)	-	-	34.0 MW	PPA
Gujarat (GJ)	29.2 MW	PPA	-	-
Maharashtra (MH)	-	-	2.0 MW	Merchant
Madhya Pradesh (MP)	-	-	10.0 MW	PPA
<b>Total</b>	<b>424.3 MW<sup>(1)</sup></b>		<b>86.0 MW</b>	



Note(s):

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

# Business Structure (Indian Operations)



Note(s):

1. 4 MW project in GJ is a greenfield project
2. Includes projects under-development of 43.5 MW in AP and entire 14.0 MW in MP
3. Dates are merely indicative based on current assumptions and projections and are subject to change
4. In addition to its Indian operations, OGPL has commissioned wind assets in Croatia of 10.5 MW, where the company's shareholding is 51%; 5. OGPL's shareholding in the SPV



## **Section 2: Business Overview**

---

# Diversified Portfolio Of Renewable Energy

- ✓ Wind constitutes ~83% of OGPL's overall commissioned portfolio aggregating to 424.3 MW (as of 31<sup>st</sup> July 2014)
- ✓ Biomass constitutes ~17% of OGPL's overall portfolio aggregating to 86.0 MW (as of 31<sup>st</sup> July 2014)
  - 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

Wind <sup>(1)</sup>	Biomass	Total
424.3	86.0	510.3
<b>MW</b>		

## Segment Mix

- ✓ OGPL has a good mix of renewable projects spread across various states. Its wind projects are located in TN (314.1 MW), AP (69.2 MW), GJ (29.2 MW) and Karnataka (1.25 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 (32.5 MW), Telangana (7.5 MW), RJ (34.0 MW), MH (2.0 MW), MP (10.0 MW)

## Geographical Mix

TN	AP/Tel	GJ	RJ	MH	MP	Total <sup>(1)</sup>
346.6	76.7	29.2	34.0	2.0	10.0	510.3
<b>MW</b>						



Group Captive	Merchant	FIT (PPA) <sup>(2)</sup>	Total
329.1	28.3	152.9	510.3
<b>MW</b>			

## 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 (152.9 MW <sup>(2)</sup>), medium term off-take contracts under group captive (329.2 MW) and short term merchant sale (28.3 MW)
- ✓ REC (Renewable Energy Certificate) eligibility for most of the new capacities set up in Tamil Nadu (165.8 MW)
- ✓ GBI (Generation Based Incentives) eligibility for projects supplying power to state utilities

## Project Status/ Equipment Mix

Commissioned	Under Construction / Under Development	Total
510.3	87.7	598.0
<b>MW</b>		

- ✓ ~85% of OGPL's total planned portfolio is commissioned as of 31<sup>st</sup> July 2014
- ✓ The Company has 30.2 MW projects at advanced stage of construction, expected to be commissioned in CY 2015. It also has a 43.5 MW project in AP, where land and evacuation are available and WTG orders are yet to be placed, and a 14 MW project in MP where it is negotiating with the WTG supplier
- ✓ 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



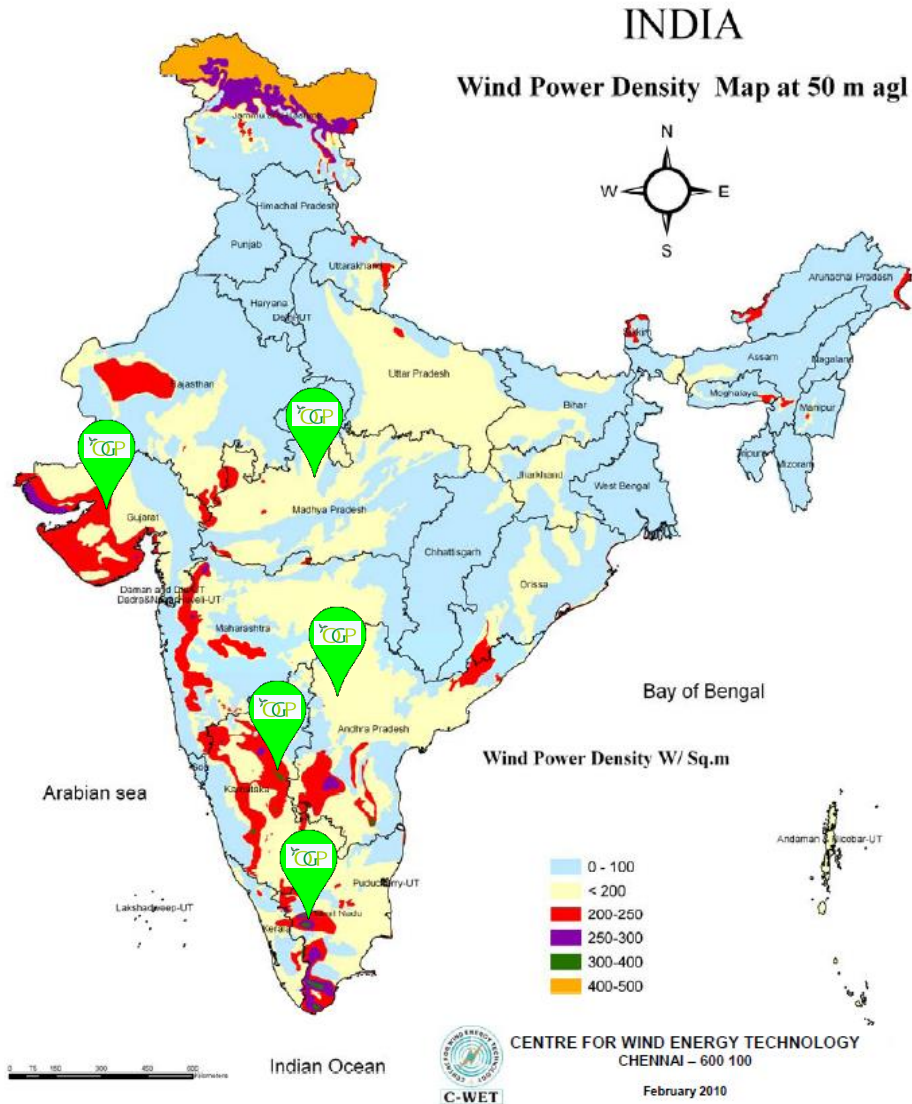
### Note(s):

1. Includes, operating wind assets in Croatia of 10.5 MW and in Karnataka of 1.25 MW
2. Includes a 4 MW project in GJ which is based on APPC arrangement

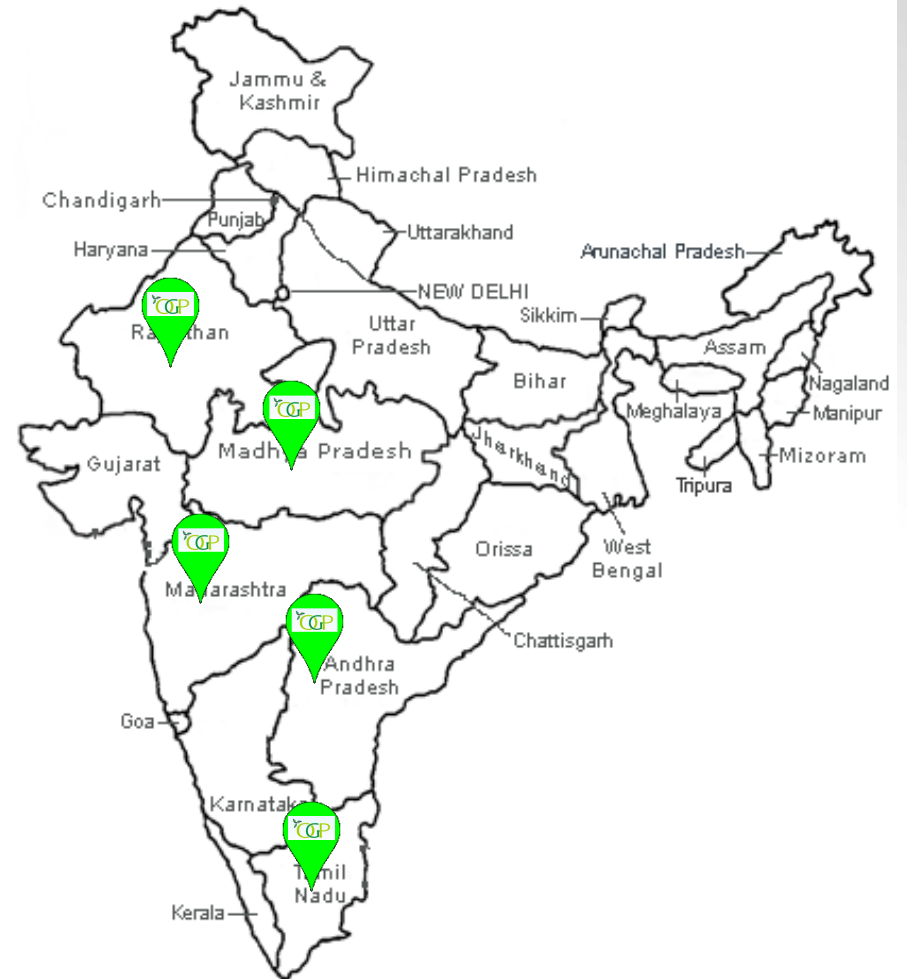


# OGPL Projects Spread Geographically

## Wind



## Biomass



SPV	State	Capacity (MW)	Commissioning Status	Off-take Arrangement
<b>Commissioned Assets</b>				
<b>Bharat</b>	AP	26.0	Assets acquired between Sep 2007 to Mar 2008 (CoD in 1999-2000)	Long term PPA with SEB
<b>Clarion</b>	TN	94.5	Assets acquired between Jun 2008 to Dec 2009 (CoD between 1994-2007)	Sale through Group Captive route
<b>Gamma</b>	TN	57.8	Assets acquired between Dec 2009 to Jul 2011 (CoD between 1994-2007)	Sale through Group Captive route
<b>Gamma</b>	GJ	4.0	CoD in Aug 2011	Long term PPA with SEB
<b>Beta</b>	TN	161.8	CoD between Jul 2011 and Jul 2013	Sale through Group Captive route
<b>Beta</b>	AP	43.2	CoD in Sep 2013	Long term PPA with SEB
<b>Beta</b>	GJ	25.2	CoD between Jun 2013 and Mar 2014	Long term PPA with SEB
<b>Beta</b>	KA	1.3	CoD in Sep 2011	Merchant
	<b>Total <sup>(1)</sup></b>	<b>413.8</b>		
<b>Under Construction / Under Development Assets</b>				
<b>Beta</b>	AP	7.2	To be commissioned in CY 2015 <sup>(2)</sup>	Company proposes to enter into long-term PPAs with SEBs
<b>Beta</b>	AP	43.2	To be commissioned in CY 2015 <sup>(2)</sup>	Company proposes to enter into long-term PPAs with SEBs
<b>Beta</b>	MP	14.0	To be commissioned in CY 2015 <sup>(2)</sup>	Company proposes to enter into long-term PPAs with SEBs
<b>Beta</b>	TN	3.0	To be commissioned by Sep 2014 <sup>(2)</sup>	Company proposes to sell electricity through the Group Captive route
	<b>Total</b>	<b>67.7</b>		



Note(s):

1. In addition to OGPL's India operations, it has operating wind assets in Croatia of 10.5 MW
2. Dates are merely indicative based on current assumptions and projections and are subject to change
3. CY refers to Calendar Year

Project	State	Capacity (MW)	Commissioning Status	Off-take Arrangement
<b>Commissioned Assets</b>				
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	Sale to grid
Hanumangarh	RJ	10.0	Nov-2011	Long term PPA with Rajasthan utilities
Dindigul	TN	7.5	Nov-2007	Sale through Group Captive route
Pattukkottai	TN	7.5	Jan-2009	Sale through Group Captive route
Pollachi	TN	10.0	Mar-2011	Merchant
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
	<b>Total</b>	<b>86.0</b>		
<b>Under Construction Assets</b>				
Kolhapur	MH	20.0	Oct-2014 <sup>(2)</sup>	Company proposes to enter into long- term PPAs with Maharashtra utility / BOOT
	<b>Total</b>	<b>20.0</b>		



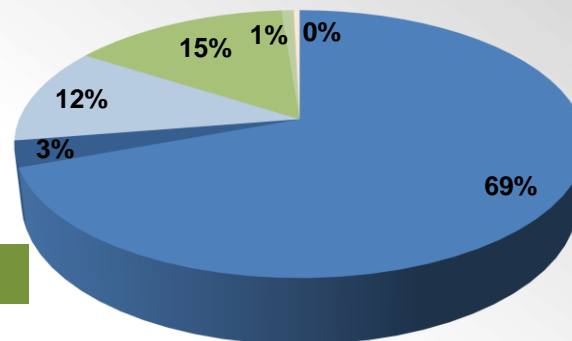
Note(s):

1. Tel. = Telangana

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

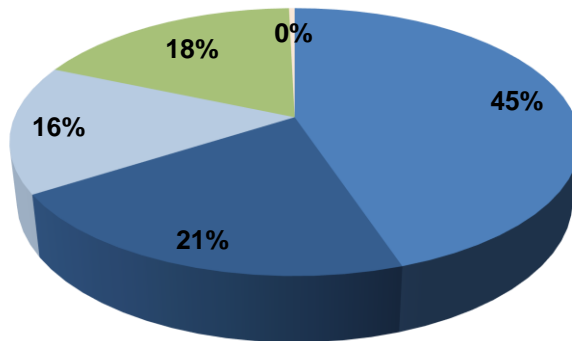
# Off-Take Arrangement Providing Revenue Stability, Security & Growth

Revenue Mix (FY'2014)



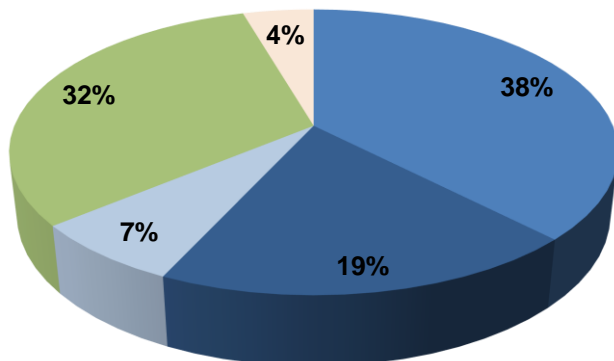
Total Operating Revenues: INR 4,129 mn.

Revenue Mix (FY'2013)



Total Operating Revenues: INR 4,220 mn.

Revenue Mix (FY'2012)



Total Operating Revenues: INR 2,421 mn.

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



## Evacuation in TN

- Petition filed by IWPA in Q2 FY'14 before the High Court seeking relief on exemption from grid back down for WEGs → Order has been remanded by the High Court to TNERC. TNERC order is awaited
- APTEL directed TNERC to consider generation from wind while approving the purchases of power by TNEB
- TN lifts ban on inter state open access thereby permitting generators in the state to sell power to outside states

## Tariff revisions

- RERC revised tariffs effective April 2014 → 3 biomass plants to enjoy better tariff levels (INR 5.76 v/s 5.04 / kWh for Chippabarod, INR 6.54 v/s 5.97 / kWh for Kishanganj and INR 6.02 / kWh in Hanumangarh)
- Maharashtra announced increase in cogen tariff to a level of INR 6.27 / kWh → to improve profitability of the upcoming 20 MW cogen plant
- MP wind tariff finalised at an all time high of INR 5.92 / kWh

## Union Budget 2015

- Restoration of accelerated depreciation to encourage the wind energy sector
- Reduction in customs duty on critical wind mill components and parts
- Funding Green Corridor in TN to augur well in bringing sustained improvement in evacuation of wind power

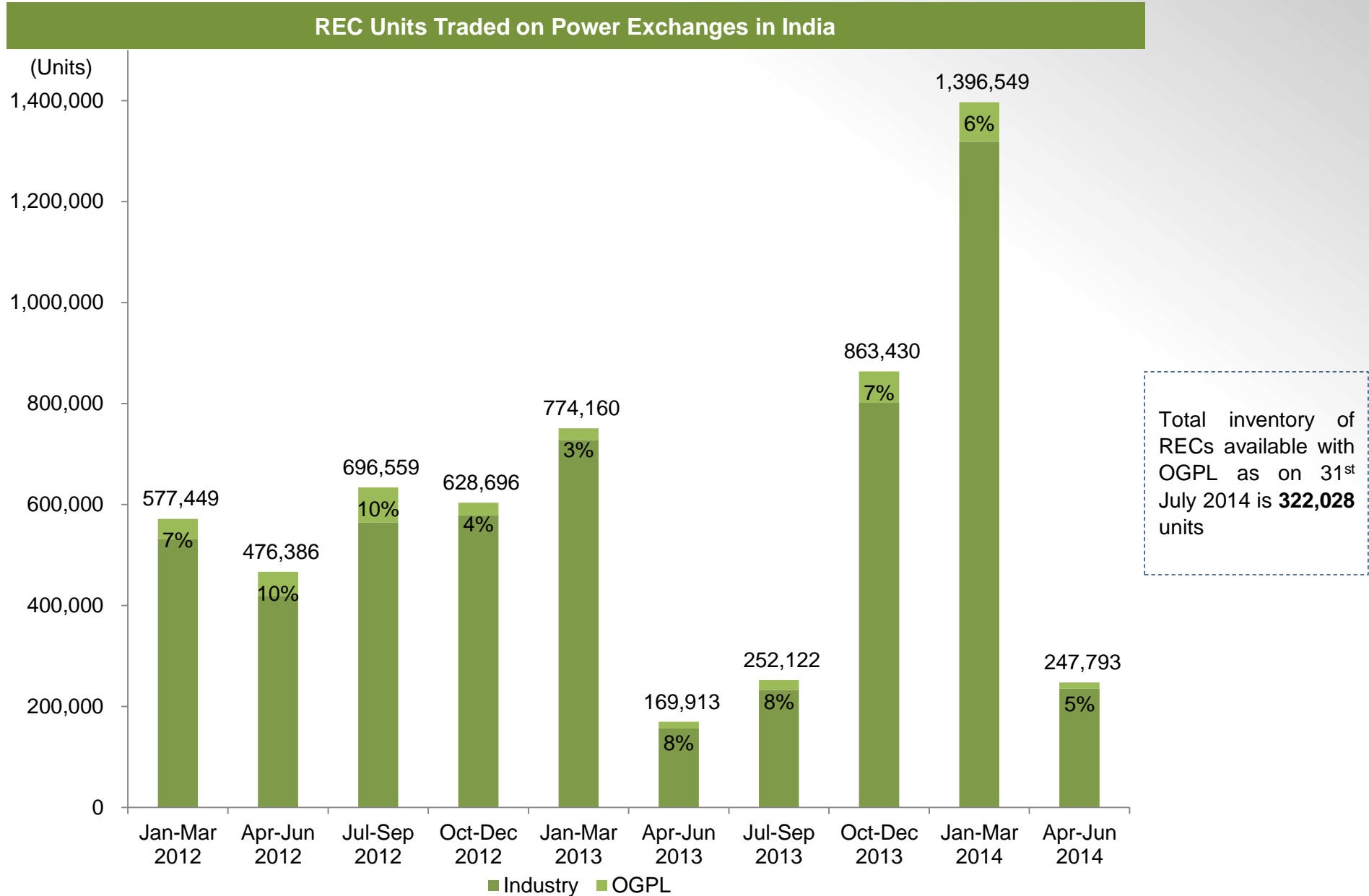
## REC / GBI

- Petition filed with APTEL through Association seeking a direction to SERCs to enforce RPO
- Uttarakhand ERC imposed penalty on the MD of the state Discom for non-compliance with RPO
- Reintroduction of GBI with higher eligibility amount would improve viability of eligible projects

## Ease of Long Term Financing for Infrastructure Sector

- RBI exempted long term bonds (25 years tenure) from regulatory pre-emptions like CRR, SLR and PSL if the money raised is used for funding of infrastructure development projects. Banks can issue long-term bonds with a minimum maturity of 7 years for this purpose
- Banks can now structure loans for up to 25 years in a manner that the loan is refinanced every 5-7 years on fresh terms. The refinancing can be done by the existing bank, a new set of banks or even via the bond markets. The banks refinance loans will be classified core, infra sectors

## Improvement In REC Market To Provide Stimulus



Source: India Energy Exchange (IEX) and Power Exchange India Ltd. (PXIL)

## Key Issues Constraining the Co. Being Addressed

### A Grid Back down in Tamil Nadu

- The Company believes that the following measures taken by TNEB will improve evacuation:
  - ✓ Removal of power cut in the state with effect from 1<sup>st</sup> June 2014 to increase consumption so more wind energy could be accommodated
  - ✓ Petitions have been filed before TNERC and CERC through Associations seeking directions for better evacuation of wind power

### B RPO Compliance

- Subdued demand in the REC market due to poor enforcement of RPO lead to lower volumes and realizations:
  - ✓ Corrective actions by State Regulators → Few state regulators like Punjab, Uttarakhand and Maharashtra exerting pressure on the obligated entities for compliance of RPO
  - ✓ Petition filed by the Association before the APTEL seeking a direction to all regulators for stricter enforcement of RPO

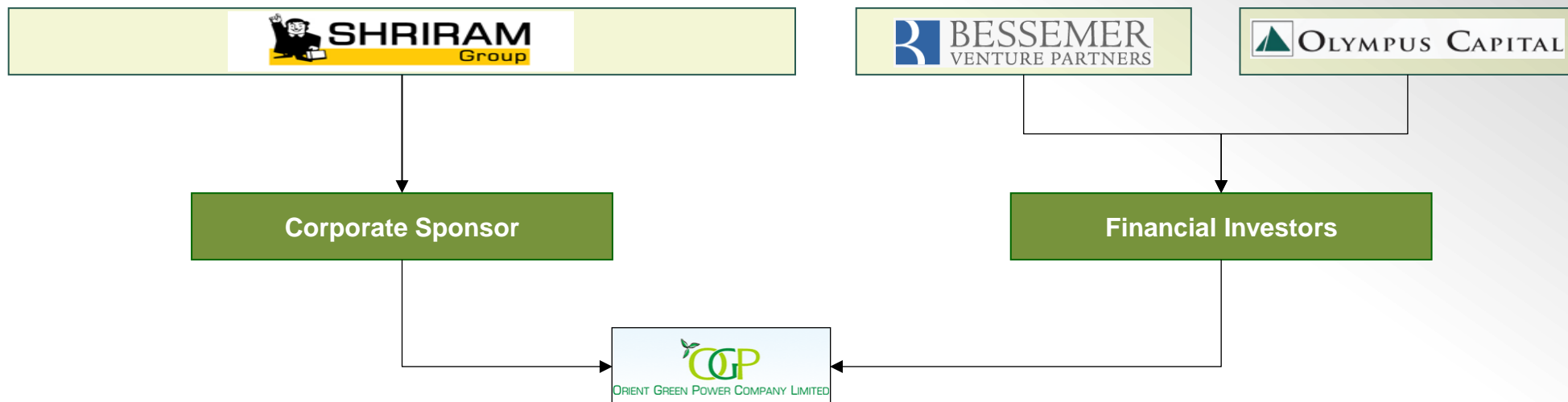
### C Debt Refinancing

- OGPL has completed the refinancing / re-schedulement of some of the smaller loans with a longer tenor and is in the process of getting the larger loans refinanced

### D Low Tariffs in Biomass

- Biomass business reeling under the pressure of lower tariffs and high fuel costs → adversely impacting profitability:
  - ✓ Recent orders on Tariff by CERC for biomass power plants with annual reset prescribed on fuel cost
  - ✓ Increase in tariff levels approved by Rajasthan ERC to enable improved margins and mitigate the adverse impact of fuel price increase
  - ✓ Removal of restriction by TN Govt. to sell power outside the state of Tamil Nadu → to enable the projects to have stable operations with an attractive tariff
  - ✓ Petitions have been filed seeking revision in tariff in MP. Further, petition has been filed through the association before APTEL seeking a direction to all SERCs for annual revision of tariffs in the states of AP, MP, Rajasthan and TN

## Strong Support From Promoters & Financial Sponsors



- In March 2013, Shriram Group infused INR 1.5 bn by way of preferential issue in OGPL at INR 15 per share (above prevailing market price at that time)
- Post open offer (at INR 15 per share – above prevailing market price at that time) and offer for sale recently, SIHL now holds 46.3% of the share capital of OGPL directly and indirectly
- The above investments along with the loan of about INR 4.1 bn already extended to OGPL reinforce the strong commitment of the Shriram group towards supporting and growing the renewable energy business



## **Section 3: Management Overview**

---

# Strong & Professional Management

**Mr. T Shivaraman**  
*Vice Chairman*

- One of the founders of Orient Green Power, currently the Managing Director and CEO of Shriram EPC Ltd.
- Holds a bachelor's degree and a master's degree in chemical engineering from Indian Institute of Technology, Madras.
- Has about 26 years of experience in plant operations and project engineering
- Immediate past President of The Madras Chamber of Commerce and Industry and Senior Vice President of Madras Management Association

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

- Engineering Graduate from IIT and Management from IIM
- Has over 30 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 30 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 and MBA with specialisation in finance
- Has 23 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. J Sivakumar**  
*Chief Financial Officer*

- Associate Member of The Institute of Chartered Accountants of India and The Institute of Company Secretaries of India
- Overall responsibility for Finance, Accounts, Treasury and Systems functions and Investor Relations
- Has over 27 years of executive experience, dealing with Finance, Accounts, Treasury, Planning, Fund raising, Taxation, MIS, Expansion and Acquisition, Secretarial and Legal functions

# Section 4: Financial Overview

---

# Financials Highlights

	INR mn				
Profit & Loss A/c Extract	FY 2012	FY 2013	FY 2014	Q1 FY 2014	Q1 FY 2015
Commissioned Capacity (MW)	378	400	510	412	510
Sale of Power	2,141	3,548	3,595	1,058	1,307
Other Operational Income	280	672	533	175	166
<b>Total Revenue from Operations</b>	<b>2,421</b>	<b>4,220</b>	<b>4,129</b>	<b>1,233</b>	<b>1,474</b>
<b>Operational EBITDA</b>	<b>611</b>	<b>1,869</b>	<b>2,068</b>	<b>728</b>	<b>905</b>
EBITDA Margins	24%	44%	50%	59%	61%
<b>PAT</b>	<b>(693)</b>	<b>(699)</b>	<b>(1,876)</b>	<b>(87)</b>	<b>(261)</b>

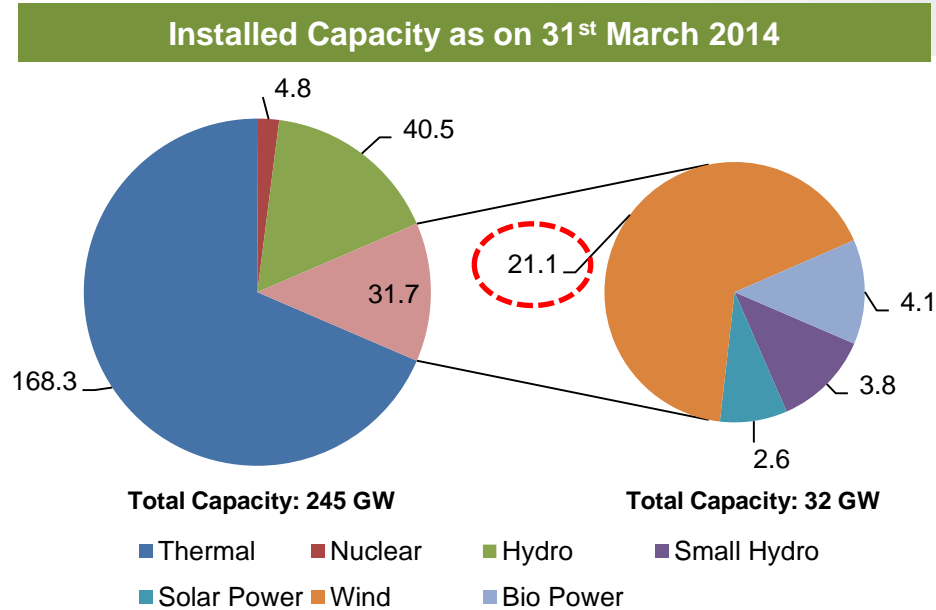
Balance Sheet	FY 2012	FY 2013	FY 2014
Net Worth	11,887	12,412	10,565
Minority Interests	312	295	193
Non-current Liabilities	10,127	15,998	19,111
Current Liabilities	13,235	6,650	5,261
<b>Sources of Funds</b>	<b>35,561</b>	<b>35,356</b>	<b>35,130</b>
Fixed Assets	27,721	29,576	29,555
Other Non-current Assets	5,311	3,238	2,867
Current Assets	2,529	2,542	2,709
<b>Application of Funds</b>	<b>35,561</b>	<b>35,356</b>	<b>35,130</b>

- The Q1 FY 2015 witnessed a total revenue growth of 19.5% (Y-o-Y) mainly aided by additional capacities in both wind and biomass businesses
- Tariff levels improved in Q1 FY 2015 for the wind business in Tamil Nadu. Also, increase in tariffs across all biomass operating plants in Rajasthan has positively impacted margins in the business
- Operational EBITDA improved from a level of INR 728 million to INR 905 million mainly due to revenues from increased capacities across both businesses

## **Section 5: Industry Overview**

---

# Increasing Prominence Of Renewable Energy



## ▪ 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 > 31 GW with wind energy contribution of >21 GW currently (> 2/3<sup>rd</sup>)
- ✓ Renewable Energy contributes >12% of country's installed capacity of 245 GW

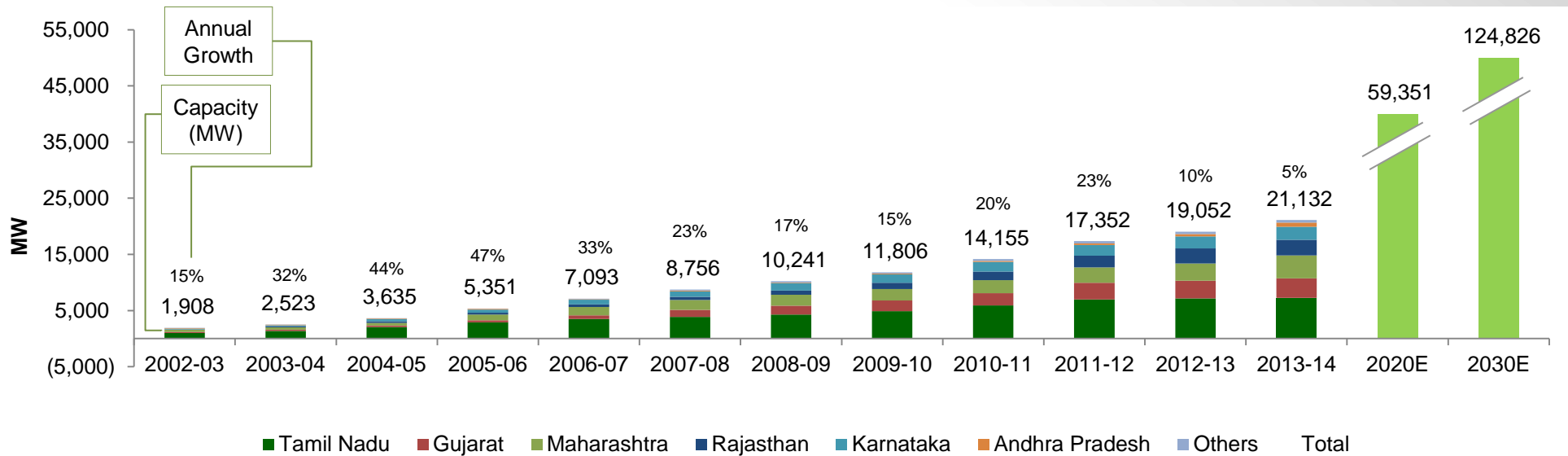
## ▪ Wind likely to dominate renewable energy market in India:

- ✓ 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

Source: MNRE

# Wind Energy Industry Growth

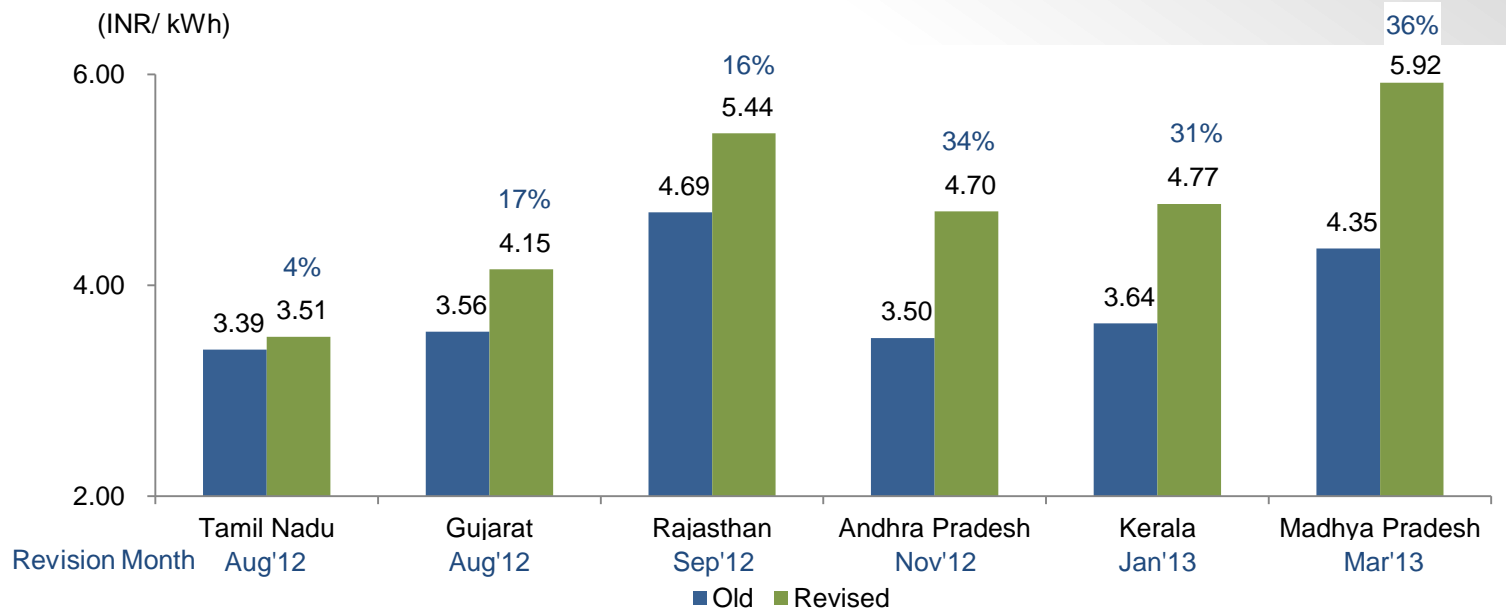
## Cumulative Wind Capacity in India



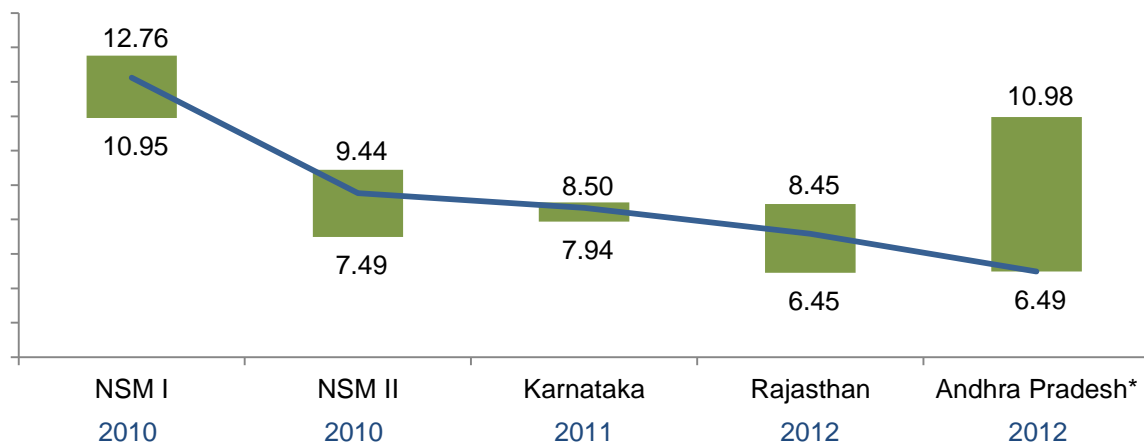
Source: MNRE, GWEC India Wind Energy Outlook 2012 (Moderate Scenario forecasts)

# Tariffs in Wind v/s Solar

## Upward revisions in Wind FiT tariffs in key states over last 2 years



## Solar tariffs declining



Source: MNRE

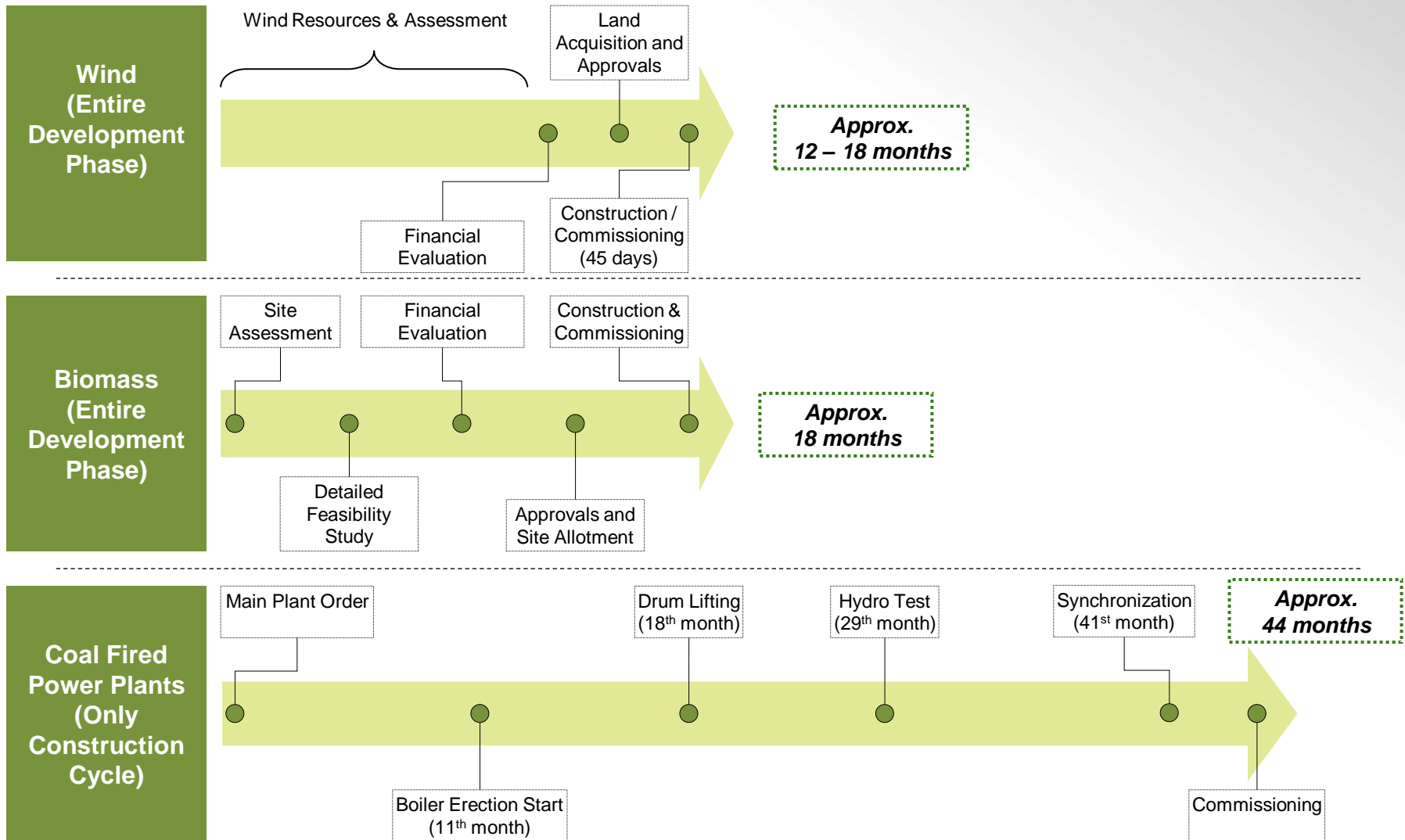


Note(s):

1. \* AP revised the tariff to Rs 6.49/Kwh on levelised basis



# Shorter Execution Cycle Of Wind Projects



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

**Thank You**

---