



ORIENT GREEN POWER COMPANY LIMITED

11<sup>th</sup> August, 2017

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, 5<sup>th</sup> Floor,  
Bandra-Kurla Complex,  
Mumbai-400 051.  
Scrip Code: GREENPOWER

Dear Sirs,

**Sub: Investor Presentation and Press release**

We enclose Q1 FY18 Investor Presentation and Press release.

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

# ORIENT GREEN POWER

Q1FY18 Earnings Presentation  
&  
Update on Strategy



**Leading Diversified Renewable Energy Generation Company**

# Disclaimer

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*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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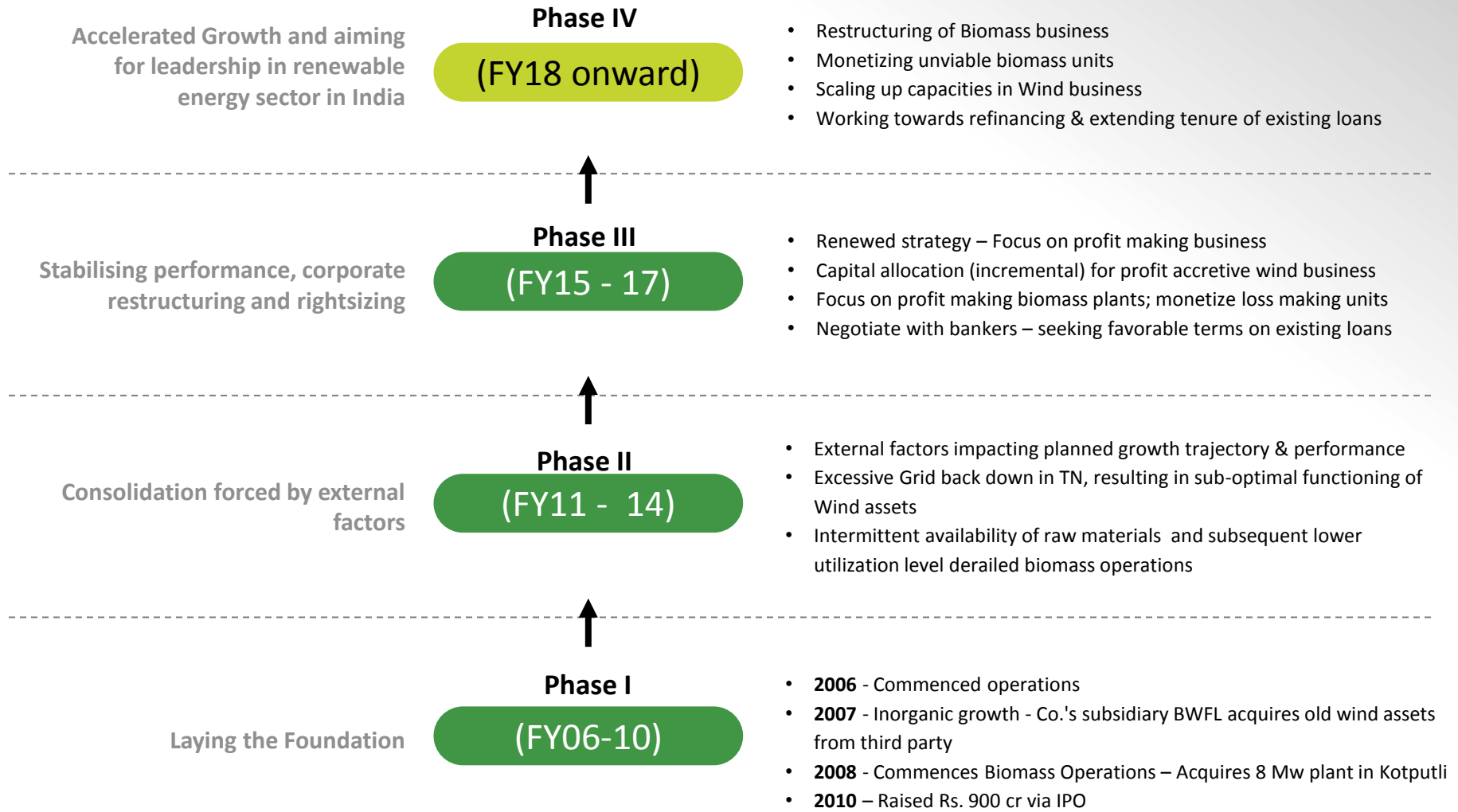


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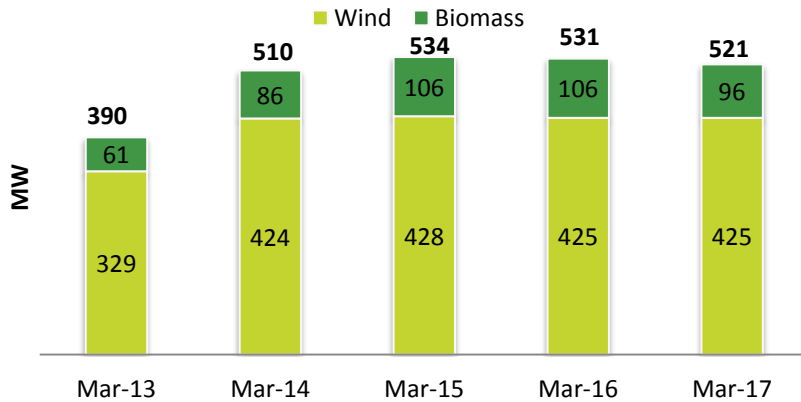
# **Transformation Strategy & Progress**

# OGPL Transformation

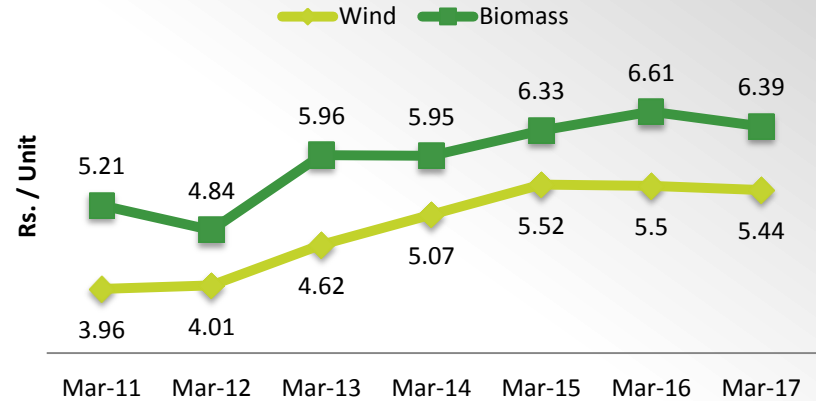


# High Potential disrupted by external factors

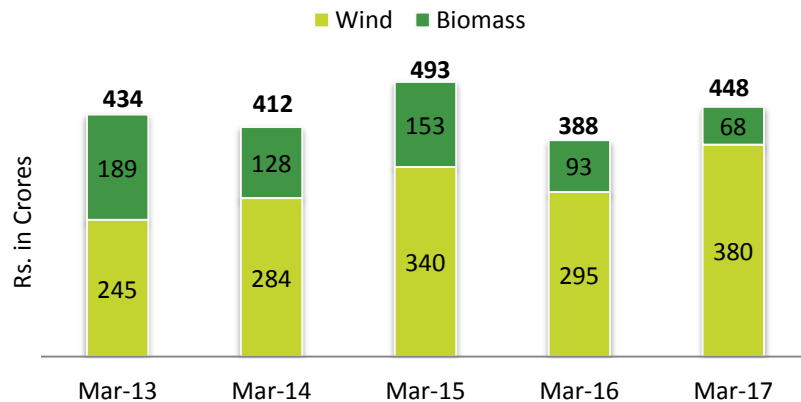
## Capacity addition



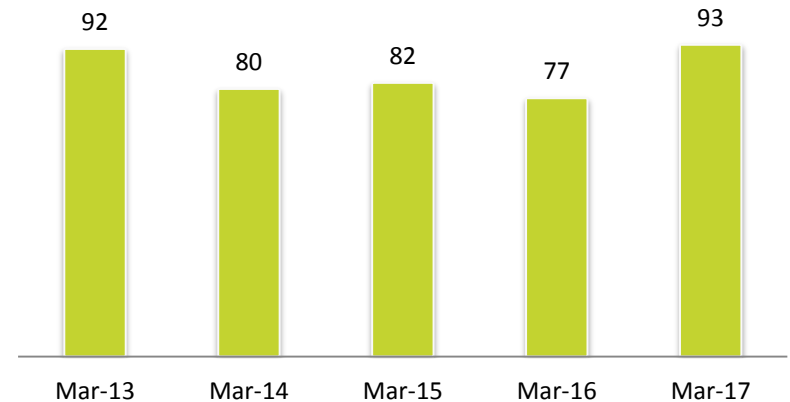
## ..and rising tariffs



## Revenue from operations



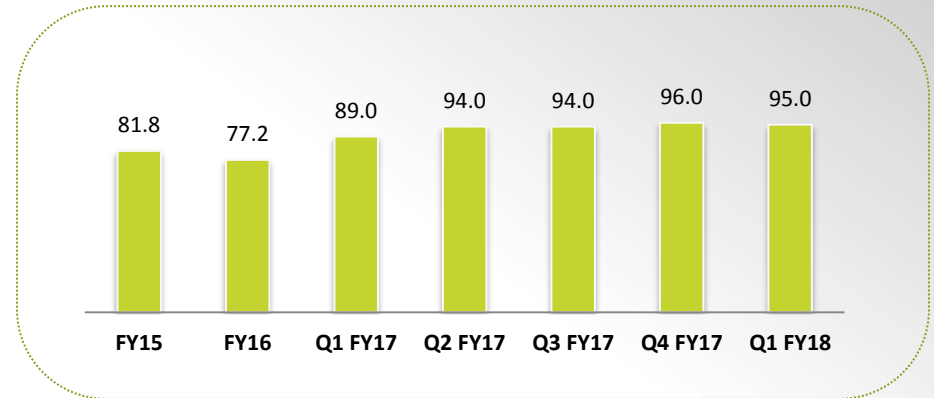
## Potential disrupted by acute grid backdown



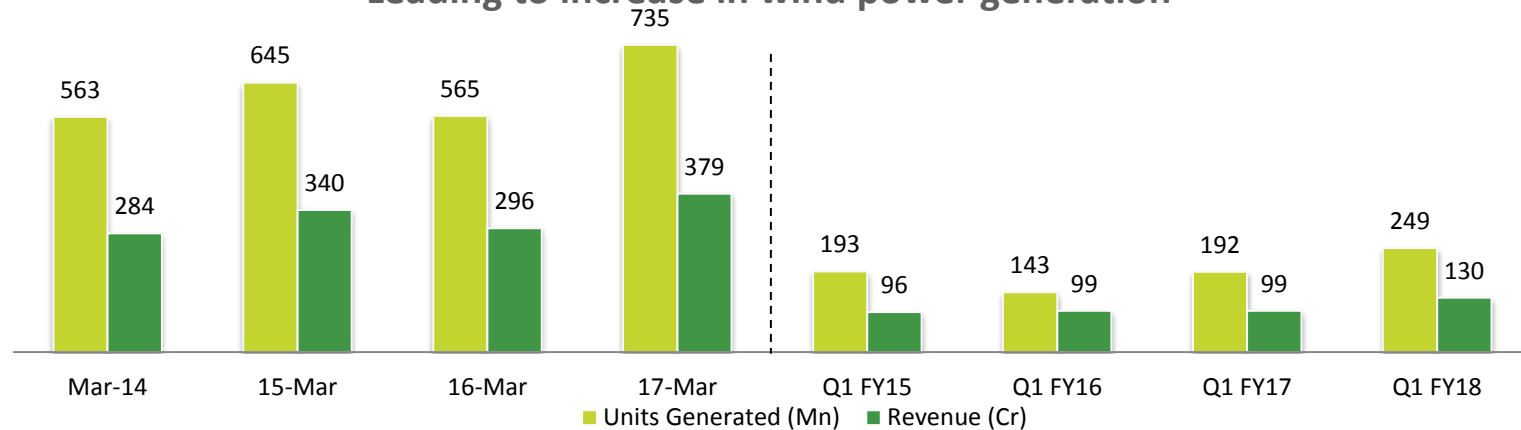
# What has changed in recent times

## 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



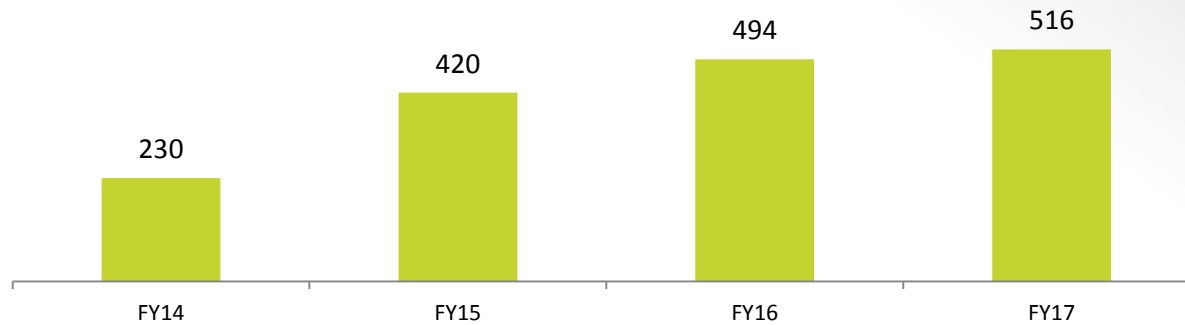
## Leading to increase in wind power generation



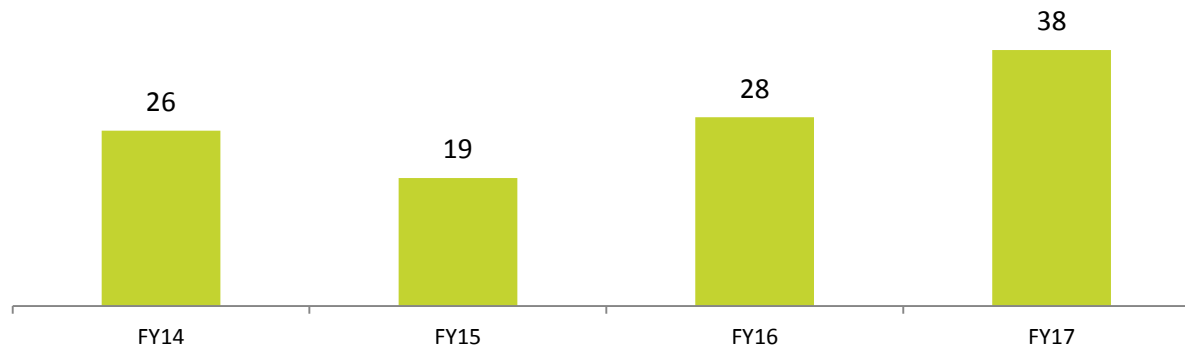


# Improvement in REC Mechanism

**REC's Outstanding in thousands**



**Traded REC Revenue INR Crs**

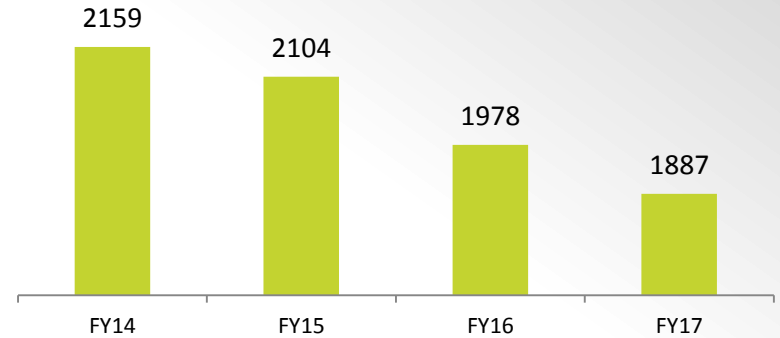


# Resulting in improved Financial Metrics

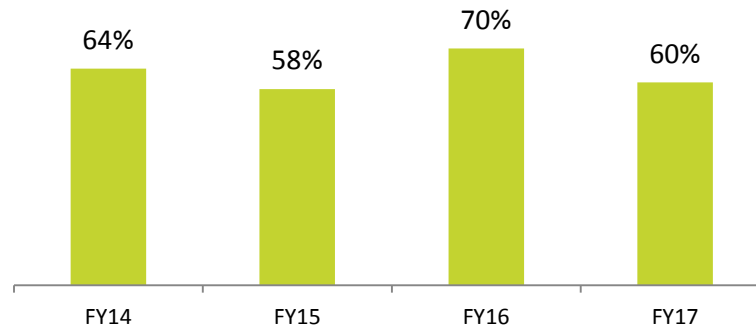
## Interest Expense Rs.Crs



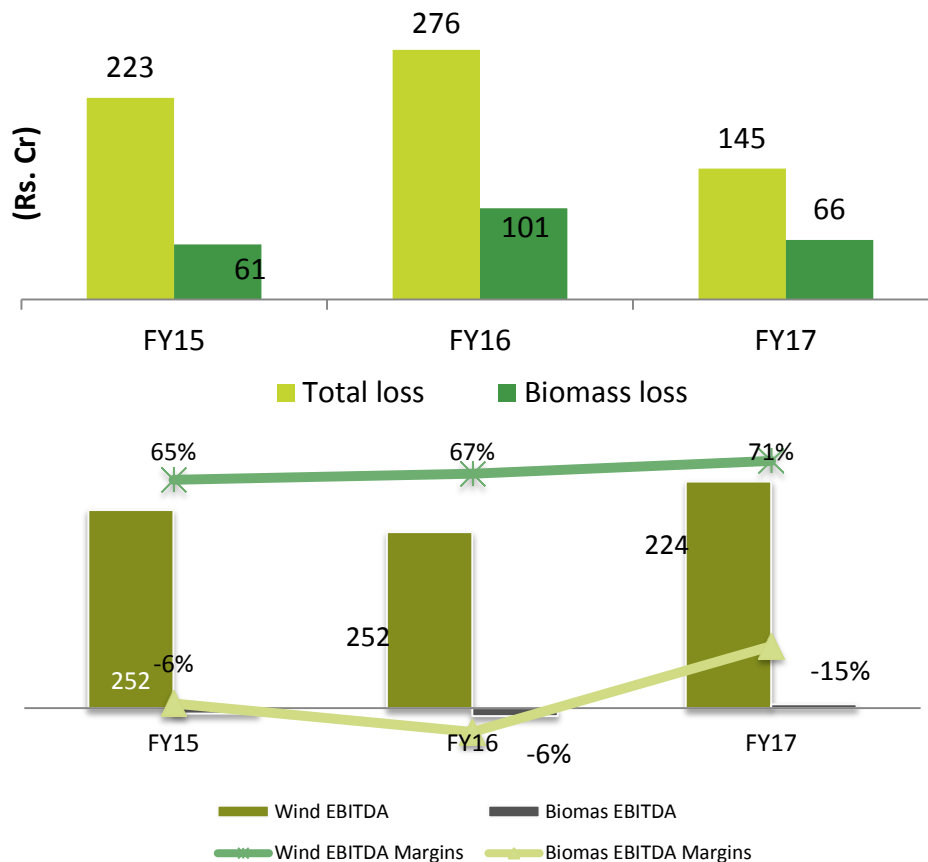
## Debt (Rs. Cr)



## Interest / Revenue (%)



# Rationale – Segregation of Biomass business



- Biomass business contributed to about 30 to 40% of the Co.'s losses over last 3 years

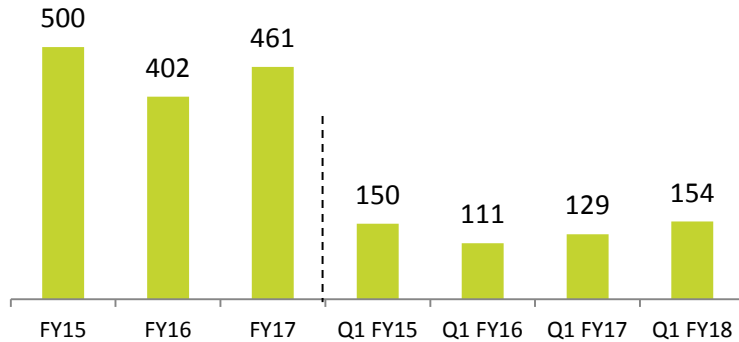
- Average EBITDA margin of wind business has been 68% as against negative 3% for biomass in the last 3 years

Biomass units functioning at sub-optimal utilisation levels resulting in –

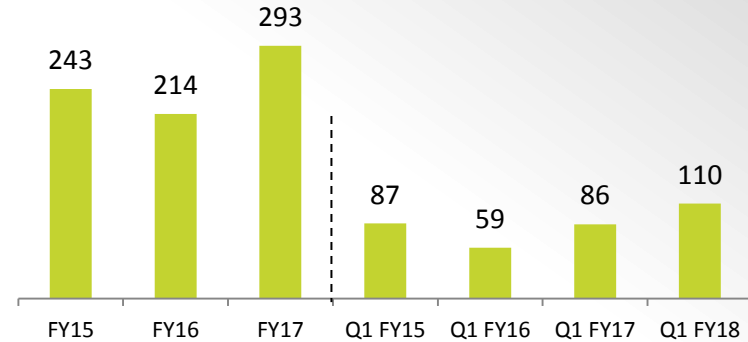
- Lower profitability
- Lower return ratios
- Impacting cash flows and ability to service loans

# Transporting OGPL to a path of profitability

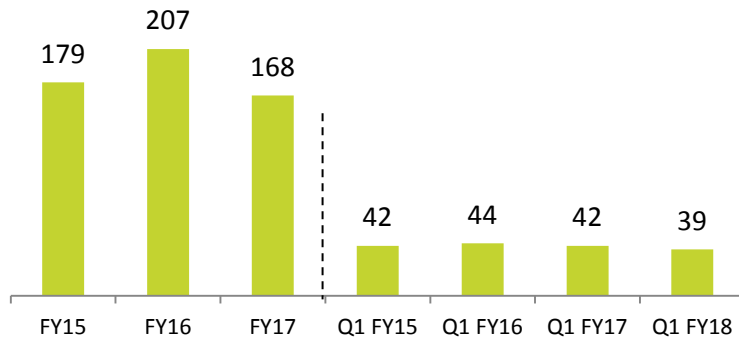
**Total Revenue (Rs. Cr)**



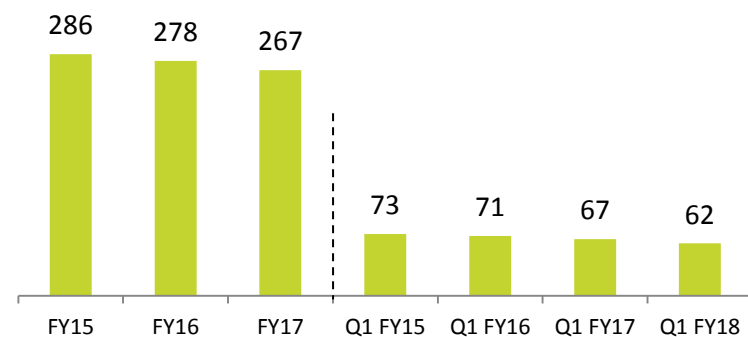
**EBITDA (Rs. Cr)**



**Depreciation (Rs. Cr)**



**Interest (Rs. Cr)**



# Green shoots – on the back of strategic and structural initiatives

- Conducive environment for Wind Business**
  - Significant improvement of Grid Availability in TN – frequency of grid back down has reduced substantially and consistent grid availability is expected to sustain henceforth
- Renewed Strategy for Biomass business**
  - Restarted 4 plants (2 in North and 2 in South) – expect to sustain high PLFs as fuel stocks have been secured for entire season
  - Plan to monetize stake in unviable business units – proceeds to be used to reduce debt and enhance working capital position
  - Plan to demerge biomass business – Separate and dedicated management team to execute and grow the business
- Deleveraging Balance Sheet**
  - Shifted sizeable proportion of debt in the wind business under 5/25 scheme – working on shifting remaining debt
  - Negotiating with bankers for refinancing and extending tenures for existing loans
  - Deploying proceeds from sale of selected biomass units towards debt repayment and working capital enhancement
- Strategic tie up – Wind Business**
  - On Jan 19th, 2017 OGPL’s Board approved entering into an exclusivity agreement of 90 days for discussion with IL&FS Wind to evaluate a potential merger of the Wind energy generation businesses of both entities. On April 13, 2017 the Board approved further extension of this Confidentiality and Exclusivity agreement between both parties.



## **Key Developments: Q1 FY18**

# Key Developments – Q1 FY18

## Improved Performance on the back of sustained Momentum

- Reported strong revenue growth of 19% (Q-o-Q) in Q1FY18 on the back of further improvement in performance of the Wind business
- Units of Power Generated and Evacuated are higher by 17% (including 30% increase in wind business) on a year-on-year basis and at a lifetime high of 280 mn units
- Strong growth in revenue propels EBITDA to all-time high of Rs.1102 mn for the first quarter and enables the company to reports its first quarter of positive PAT in the last 16 quarters

## Wind Business – Delivering Growth

- Consistent wind availability and improved macros have resulted in revenue & EBITDA growth of 31% & 32% respectively
- Significant improvement of Grid Availability in TN– frequency of grid back down has reduced substantially and consistent grid availability is expected to sustain henceforth resulting in greater evacuation
- TANGEDCO evacuated a record 5,079 Mw Wind power in the month of July, a new record in wind power evacuation in Tamil Nadu and India – there is a concerted focus to build up the consumption of wind power with the intention to supply to captive market as well as export to power deficit states

## Renewed Strategy for Biomass business

- The Board of Directors have proposed sale of the bulk of OGPL's Biomass Operations to the Promoter Company (SVL Ltd ) and / or its subsidiaries rather than pursue earlier proposal of demerger into a separate listed company
- Owing to accumulated losses and reduced size of operations, it was felt that earlier proposal for demerger of biomass operations into a listed entity with limited growth potential would not create optimum value for shareholders
- The transaction will be subject to the approval of shareholders, creditors and regulators

# Key Developments – Q1 FY18

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## Deleveraging Balance Sheet

- Sale of Individual Biomass Assets have reduced respective loans taken against those assets and proposed sale of remaining assets in Biomass Business to result in further reduction of debt by 274 Cr
- Have shifted a sizeable proportion of debt in the wind business under 5/25 scheme – working on shifting remaining debt
- In discussion with bankers for refinancing and extending tenures on remaining loans – these initiatives have materially altered repayment schedules resulting in positive cash flow generation to the business since Q1FY17

## Curtailed REC Trading

- Discontinuation of RECs trading following CERC's order to lower REC prices to historic low resulted in muted revenue generation. The order was challenged by REC generating companies in the apex court and in the Appellate Tribunal of Electricity (APTEL).
- The Supreme Court in July'2017 allowed trading of renewable energy certificates (RECs) on the appeal of Indian Wind Power Association (IWPA). However, the order is restricted to non-solar RECs and would have to comply with the earlier prices.





# Financial Highlights

# Q1FY18 Financial Performance

In Rs. Mn

	Wind			Biomass			TOTAL		
	Q1 FY18	Q1 FY17	%	Q1 FY18	Q1 FY17	%	Q1 FY18	Q1 FY17	%
REVENUES	1306	998	31%	232	291	-20%	1538	1289	19%
EBITDA	1060	801	32%	41	64	-36%	1101	865	27%
<i>EBITDA%</i>	<b>81%</b>	<b>80%</b>		<b>18%</b>	<b>22%</b>		<b>72%</b>	<b>67%</b>	
EBIT	747	465	61%	-37	-23	61%	710	442	61%
<i>EBIT%</i>	<b>57%</b>	<b>47%</b>		<b>-16%</b>	<b>-8%</b>		<b>46%</b>	<b>34%</b>	
PBT	235	-70	436%	-144	-156	-8%	91	-226	140%
<i>PBT%</i>	<b>18%</b>	<b>-7%</b>		<b>-62%</b>	<b>-54%</b>		<b>6%</b>	<b>-18%</b>	

\*PBT before exceptional items

# Key Financial Highlights – Q1 FY18

## Wind Business:

- Revenue for Q1 FY18 grew by 31% to Rs. 1306 mn compared to Rs. 998 mn; EBITDA improved to Rs. 1061 mn from Rs. 801 mn during the corresponding period last year.
- Strong performance by Wind business was due to:
  - Significant improvement in grid availability especially in TN; grid availability for the Qtr. Stood at 95%
  - Timely onset of wind season
  - Greater proportion of new wind assets

## Biomass:

- Revenue for Q1 FY18 stood at Rs. 232 mn as against Rs. 291 mn reported during Q1 FY17; EBITDA for the period stood at Rs. 41 mn as against Rs. 64 mn generated during corresponding period last year
- Board has approved sale of bulk of its operations to its Promoter Company – SVL Ltd along with its subsidiaries. Relatively faster process compared to Demerger, offering up front cash & extracting optimal value from the business. The transaction will be subject to the approval of shareholders, creditors and regulators.

## Consolidated:

- Total revenues were higher by 19 % at Rs. 1538 million in Q1 FY18 from Rs. 1,289 million in Q1 FY17
- EBITDA for Q1 FY18 improved 27.6% to Rs.1101 million from Rs. 865 million on the back of higher revenue generation and greater cost efficiencies
- Tariffs remained fairly stable across our key markets



# Operational Highlights

# Wind Operations

Particulars	Unit of Measurement	Q1 FY18	Q1 FY17
Capacity (incl. overseas capacity)	Mw	425	425
Units Generated (Gross)	Mn	249	192
Annualized PLF	%	26.8	20.7
Average Gross Realisation (before charges and without REC)	Rs./ Unit	4.91	5.05

State	Capacity (MW)
Tamil Nadu	308.3
Andhra Pradesh	75.40
Gujarat	29.2
Karnataka	1.25
Europe	10.5
<b>Total</b>	<b>424.65</b>

## Grid Availability Data

State	Q1FY18				Q1FY17			
	Effective installed capacity (Mw)	Generation (Million Kwh)	PLF (%)	Grid availability (%)	Effective installed capacity (Mw)	Generation (Million Kwh)	PLF (%)	Grid availability (%)
Tamil Nadu	308	180.8	26.8	95.0	308	127.6	18.9	89
Andhra Pradesh	75	40.3	24.5	97.9	75	36.1	21.9	98
Gujarat	29	22.1	34.7	99.3	29	22.8	35.8	98
<b>Total</b>	<b>413</b>	<b>243.2</b>	<b>26.9</b>		<b>413</b>	<b>186.5</b>	<b>20.7</b>	

# Biomass Operations

Particulars	Unit of Measurement	Q1 FY18	Q1 FY17
Capacity (operational during the year)	Mw	35.5	58.0
Units Exported	Mn	28.2	43.8
PLF	%	40.5	21.1
Average Realisation	Rs./ Unit	6.26	6.21
Specific Fuel Consumption per unit	Kg/ Unit	1.51	1.43
Fuel Cost	Rs./ Unit	3.60	3.31
O&M and other Costs	Rs./ Unit	1.57	1.51

State	Capacity (MW)	Revenue Model
Tamil Nadu	32.5	Group Captive, Merchant
Andhra Pradesh /Telangana	7.5	Merchant
Rajasthan	24.0	PPA
Maharashtra	22.0	Merchant, PPA
Madhya Pradesh	10.0	PPA
<b>Total</b>	<b>96.0</b>	





# **Outlook & Regulatory Overview**

# Outlook - Wind

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- **Improving macros – structurally positive for the business**

- Sharp improvement in grid infrastructure a structurally positive development for the business enabling smooth & greater transmission of power from generating unit to grid for distribution
- Encouraging operating environment, supportive Govt. policies and improving infrastructure contributing to overall positivity of the sector

- **Easing liquidity pressure – In dialogue with Bankers**

- In discussion with the bankers for extending tenure and refinancing part of existing debt
- Completed flexible loan structuring (5:25) scheme to the tune of Rs. 765 crore and the tenure of the loan is getting extended by 17 years.

- **Scaling up capacities to drive future growth**

- The 43.5 MW expansion in Andhra Pradesh which will come on-stream in wind season 2018 provides scope for growth and operating leverage benefits



# Outlook - Biomass

## ■ Board approves transfer of Biomass Assets into Subsidiary

- Board of Directors has approved the sale of the bulk of its Biomass Operations to its Promoter Company – SVL Ltd along with its subsidiaries
  - Given the accumulated losses and limited asset base it was felt that demerger of biomass operations into a listed entity with limited growth potential would not create optimum value for shareholders
  - Sale to SVL Ltd. to result in upfront receipt of proceeds & extract optimal value from the business
- In order to optimize and accelerate the value unlocking for shareholders, the Board has approved the sale of the Biomass operations, at an independent valuation, to the Promoter Company
- The transaction will be subject to the approval of shareholders, creditors and regulators

## ■ Meaningful improvement in Balance Sheet post completion of Sale of Biomass business

- Immediate reduction in outstanding debt and improvement in Net Worth due to write back of accumulated losses post completion of Sale
- Biomass outside debts to the extent of Rs.193 cr to get reduced from OGPL's books
- Working capital and liquidity position to strengthen

## ■ Monetizing stake in unproductive assets

- Focused on deploying resources on biomass plants with higher potential profitability and ability to generate positive cash flows
- Exiting economically unviable units
  - Had executed Securities Purchase Agreement (SPA) with Sindicatum Captive Energy Singapore Pte Limited for a total consideration of Rs. 81 crore. However, M/s. Padmashri Dr. D. Y. Patil Sahakari Sakhar Karkhana Ltd. (PDDPSSKL) exercised its option of first right to purchase the shares
  - MoU has been signed between OGPM and PDDPSSKL for the sale of 20 MW co-generation power plant at Kolhapur and has been approved by the Board of OGPL

# Renewable Energy Certificates

- Discontinuation of trading in RECs following Central Electricity Regulatory Commission (CERC) reduced REC prices to a historic low. The order was challenged by REC generating companies in the apex court and in the Appellate Tribunal of Electricity (APTEL)
- The Supreme Court in July allowed trading of renewable energy certificates (RECs) on the appeal of Indian Wind Power Association (IWPA). However, the order is restricted to non-solar RECs and would have to comply with the earlier prices.
- Allowing the trading to commence, Supreme Court's final decision in the matter would be taken by APTEL, which is separately hearing the case over decrease in REC prices. The Court said during the trading, the difference in the old and new price would be deposited with the regulators till the matter is pending
- OGPL sold 22506 RECs sold during the quarter resulting in realization of Rs. 22.50 million as against 46,233 RECs amounting to Rs. 69.3 million during Q1 FY17. OGPL's share in trading on the exchange represented 4.18% of trading volumes during Q1FY18
- OGPL had an unsold inventory of 504,624 RECs as of June 30, 2017 which are valued at approx. Rs 756.9 million at the floor price (old regime).

# Regulatory & Market Developments

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- TANGEDCO evacuated record wind power (5,000 Mw+) in the month of July, a national and state record. Wind power evacuation has been better in recent years due to better forecast. ([Source](#))
- The Andhra Pradesh Electricity Regulatory Commission (APERC) proposed a tariff (without AD benefit) of Rs. 4.76 (Rs. / Kwh) & tariff of Rs. 4.35 (Rs. / Kwh) for projects commissioned during FY2017-18 to be applicable for a period of 25 years. ([Source](#))
- BESCOM (Karnataka based DISCOM) cancelled its PPA signed before 31st March of a 75.6 MW wind power plant. The state's energy department had already issued a letter to the DISCOMs to not sign anymore PPAs as the state has sufficient wind projects to fulfill its RPO compliance. ([Source](#))



# **Appendix: Financial Statements**

# Financial Performance – Q1 FY18 (Consolidated – IND-AS)

*Rs. Million*

	Q1 FY18	Q1 FY17	Q-o-Q (%)
Sale of Power	1291	1,136	14
Other Operating Income	164	127	29
<b>Total Income</b>	<b>1455</b>	<b>1,263</b>	<b>15</b>
Expenditure			
Cost of biomass fuel	100	145	-31
O&M and other costs	337	279	21
<b>Total Expenditure</b>	<b>437</b>	<b>424</b>	<b>3</b>
<b>Operational EBITDA</b>	<b>1018</b>	<b>839</b>	<b>21</b>
<b>EBITDA (%)</b>	<b>70%</b>	<b>66%</b>	
Other Income	84	25	236
<b>Total EBITDA</b>	<b>1102</b>	<b>864</b>	<b>28</b>
Depreciation	392	423	(7)
<b>EBIT</b>	<b>710</b>	<b>441</b>	<b>61</b>
Finance charges	619	668	(7)
<b>Profit /(loss) after Int before exp. Item</b>	<b>91</b>	<b>(227)</b>	<b>140</b>
<b>Loss before Tax</b>	<b>91</b>	<b>(227)</b>	<b>140</b>
Tax Expense		0.1	
<b>Loss after tax</b>	<b>91</b>	<b>(226)</b>	<b>140</b>
Profit / (Loss) after Minority Interest	<b>84</b>	<b>(227)</b>	<b>137</b>

# Thank You

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**For further information please contact**

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News Release: For immediate publication

Chennai, 10<sup>th</sup> August, 2017

## OGPL reports stellar Q1FY18 results

**Revenues higher by 19%, EBITDA grows 27% to `110 Crore**

**EBIT increases by 61% to 71 Crore**

**Orient Green Power Company Limited (OGPL)** a leading independent renewable energy-based power generation company in India has announced its results for the quarter ended June 30, 2017.

	Wind			Biomass			TOTAL		
	Q1 FY18	Q1 FY17	%	Q1 FY18	Q1 FY17	%	Q1 FY18	Q1 FY17	%
<b>REVENUES</b>	1306	998	31%	232	291	-20%	1538	1289	19%
<b>EBITDA</b>	1060	801	32%	41	64	-36%	1101	865	27%
<b>EBITDA%</b>	<b>81%</b>	<b>80%</b>		<b>18%</b>	<b>22%</b>		<b>72%</b>	<b>67%</b>	
<b>EBIT</b>	747	465	61%	-37	-23	61%	710	442	61%
<b>EBIT%</b>	<b>57%</b>	<b>47%</b>		<b>-16%</b>	<b>-8%</b>		<b>46%</b>	<b>34%</b>	

**Commenting on the performance, Mr. S. Venkatachalam, MD - OGPL, said:** “We are delighted to report strong growth in Q1FY18 and start the financial year on a high. The Wind business continues to progress at an accelerated pace aided by consistent wind patterns, improved grid availability and record levels of power evacuation. The right sizing of the Biomass business combined with strategic interventions to drive operational improvements have enabled us to improve revenue and profitability propelling our EBITDA and EBIT to a new all-time high. We are confident of building on this momentum even further on the back of various actions undertaken in recent quarters.

OGPL is in the midst of a transformation and the possibilities are highly exciting. Biomass assets are being divested to curtail losses and facilitate deleveraging of the balance sheet. This is being pursued

*through multiple transactions in an accelerated manner. Simultaneously, refinancing arrangements in the wind business will result in better alignment of cash flows and improve liquidity.*

*The business is benefiting from momentum in performance, a conducive operating environment and an improved financial profile. With a strong platform in place and multiple initiatives underway, OGPL is poised to accelerate value creation for its stakeholders.”*

## Performance Update

- **Improving macros – structurally positive for the wind business:**
  - TANGEDCO evacuated record wind power (5,000 Mw+) in the month of July, a national and state record. Wind power evacuation has been better in recent years due to scheduling and forecasting, planned shutdown of thermal power plants in peak wind season and due to the sharp improvement in grid infrastructure. This has created a structurally positive environment for the wind business enabling greater evacuation of power from generating units to the grid for distribution.
- **Reduction in Interest Costs:**
  - Interest expense for the quarter stood at Rs. 62 crore as against Rs. 67 crore reported during Q1 FY17, lower by 7%. Finance costs continue to trend lower, with this being the third consecutive year of lower finance costs, due to concerted efforts to deleverage.
- **Curtailed REC Trading:**
  - Discontinuation of RECs trading following CERC’s order to lower REC prices to historic low resulted in muted revenue generation. The order was challenged by REC generating companies in the apex court and in the Appellate Tribunal of Electricity (APTEL)
  - The Supreme Court in July allowed trading of renewable energy certificates (RECs) on the appeal of Indian Wind Power Association (IWPA). However, the order is restricted to non-solar RECs and would have to comply with the earlier prices
- **Board approves transfer of Biomass Assets into Subsidiary –**
  - The Board of Directors has approved the sale of the bulk of its Biomass Operations to its Promoter Company – SVL Ltd along with its subsidiaries
    - Given the accumulated losses and limited asset base it was felt that demerger of biomass operations into a listed entity with limited growth potential would not create optimum value for shareholders
    - Sale to SVL Ltd. to result in upfront receipt of proceeds & extract optimal value from the business
  - The transaction will be subject to the approval of shareholders, creditors and regulators

**-ENDS-**



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## Safe Harbour

*Some of the statements in this press release that are not historical facts are forward-looking statements. These forward-looking statements include our financial and growth projections as well as statements concerning our plans, strategies, intentions and beliefs concerning our business and the markets in which we operate. These statements are based on information currently available to us, and we assume no obligation to update these statements as circumstances change. There are risks and uncertainties that could cause actual events to differ materially from these forward-looking statements. These risks include, but are not limited to, the level of market demand for our services, the highly-competitive market for the types of services that we offer, market conditions that could cause our customers to reduce their spending for our services, our ability to create, acquire and build new businesses and to grow our existing businesses, our ability to attract and retain qualified personnel, currency fluctuations and market conditions in India and elsewhere around the world, and other risks not specifically mentioned herein but those that are common to industry.*