ORIENT GREEN POWER COMPANY LIMITED

20th February, 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, 5th Floor,
Bandra-Kurla Complex,
Mumbai-400 051.
Scrip Code: GREENPOWER

Dear Sirs,

Sub: Transcript of Earnings Conference Call for the FY 2016-17 Q3 results

This is further to our intimation dated 07.02.2017 pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, regarding the conference call to discuss the Third Quarter Financial performance of the Company for the FY 2016-17 on Friday, February 10, 2017 @ 12.30 PM IST.

The transcript of the conference call is enclosed for your reference and records.

Thanking you.

Yours faithfully,
For Orient Green Power Company Limited,

ORIENT GREEN POWER COMPANY LIMITED

P Srinivasan
Company Secretary & Compliance Officer
Encl: as above

Orient Green Power Limited

Q3 FY17 Earnings Conference Call Transcript
February 10, 2017

Moderator

Ladies and gentlemen good day and welcome to the Orient Green Power Limited Q3 and 9M FY17 Earning Conference Call. As a reminder, all participants' lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. I would now like to hand the conference over to Mr. Mayank Vaswani from CDR India. Thank you and over to you Sir.

Mayank Vaswani

Thank you Karuna. Good afternoon everyone, I welcome all of you to the Orient Green Power Limited Q3 FY17 earnings call to discuss our results for the quarter and nine months. Before we begin, I would like to mention that some of the statements made in today's discussion maybe forward looking in nature and may involve risks and uncertainties. Documents relating to our financial performance have been emailed to all of you earlier. These have also been posted on our corporate website and are available on the Stock Exchanges as well. I would now like to handover the floor to Mr. Venkatachalam – our CEO. Thank you and over to you Sir.

S. Venkatachalam

A very good afternoon to all of you and thank all of you for joining our call. As you are all aware the performance of any wind related business is front loaded and skewed towards H1 and we had a very good Q2 and H1 performance which were reasonably good and thanks to a far improved grid availability for our wind assets in Tamil Nadu. Our Q3 performance has also been far better than expected and overall for the nine months FY17, we had a turnover of Rs. 386 crore with an EBITDA of Rs. 271 crore which is the highest so far. The grid availability in Q3 was also between 90% and 95% with a lot of support from the grid operators in the State. Now let me highlight some of the exciting developments that have been happening over the last few months.

Firstly, I would like to begin with the REC trading which is an area that has been a major cause for concern over the last few years. Our opening stock at the beginning of the financial year was around Rs. 74 crore that is valued at the floor price of Rs. 1,500. This had built up to over Rs. 90 crore during the course of the year and has now come down to a level of Rs. 76 crore as of end January 2017 and during this month; that is January we have sold over Rs. 11 crore of inventory in addition to Rs. 5 crore during the third quarter. The Q4 of the financial year is normally the period when maximum trading happens and we foresee similar levels of the trading in the coming two months and a drastic reduction of our REC stocks thereby unlocking a good amount of cash flows into our business.

Secondly, the sales of our Biomass unit at Kolhapur is progressing well. There are numerous processes to it. In fact, we have received an approval from the bank for moving this entity from OGPL to OGPL Maharashtra Limited.

Further the PPA was also been signed with a new entity and MSEDCL which is normally a very time consuming process. With these movements, we expect the sale to be completed by March 2017. Now once this is done, we will expedite the demerger of the Biomass business in to a separate entity which is expected to unlock value. The shareholders and board have also given the go-ahead and following the D Y Patil unit sale, we will get NOC from the lenders, though we had submitted the scheme to The Madras High Court in June 2017 effective. Now effective December 2016 all proceedings under the Company's Act 2013 including procedures related to arbitration, compromise, arrangements and reconstruction now stands transferred to the benches of National Company Law Tribunal, that is 'The Tribunal' exercising respective territorial jurisdiction. Pursuant to a notification becoming effective with NCLT will now become the adjudicating body for largely most of the matters under the Company's Act 2013. At present, corporate restructuring like mergers, demergers, etc. capital reduction and winding ups were dealt with by the High Courts, exercising territorial jurisdictions over companies in accordance with the provisions of The Company's Act 1956. The petition of our company is filed with Madras High Court, will move to NCLT and its merger and demerger scheme is expected to receive approval from the NCLT by June 2017.

The next point is the 5/25 scheme for our Rs. 767 crore INR portion of the overall Rs. 1,000 crore loan portfolios NR, Beta, SPV has been approved by the banks. The loan which had a tenure up to 2023 will now be extended to 2033. This will help generate a good amount of free cash flows in; some are profitable Beta Wind portfolio. Further we are in the process of tying up our debt our 43.5 MW expansion in AP. We expect these clearances shortly and once this is through we will immediately begin construction for the project.

Lastly you must all be aware that on 19th January 2017, our board approved a 90 day exclusivity period for a merger proposal. The proposal is to merge 775 MW of the Wind portfolio of IL&FS with our 435 MW wind portfolio. The financial technical and legal due decisions processes from our both the sides will commence next week and we propose to come to a conclusion based on the findings within the exclusivity period of 90 days.

Overall with the above developments, we do see some very exciting times ahead and I would now hand over the stage to our CFO – Mr. Kasturi who will take us through the financials.

K.V. Kasturi Thank you Mr. Venkatachalam. Good afternoon everyone and thank you for taking time to join our Q3 & 9M FY17earnings call. Let me briefly run through our key financial highlights for the quarter and nine months' performance. As mentioned in our previous calls, we have undertaken several strategic interventions in recent quarters to improve the operating and financial performance of the business and I am pleased to say that we are witnessing initial signs of success in that regard as reflected by revenue growth and improved momentum. Based on strong performance for nine months, we are very much on course for delivering our best ever annual performance. With that let me start highlighting our financial performance for the quarter and nine months of the fiscal. Our revenues for nine months FY17 stood at Rs. 386 crore as against Rs. 327 crore reported during last year, an increase of 18%. Of the total, wind segment generated revenues of Rs. 327 crore while Biomass constituted remaining Rs. 59 crore. While the quarterly basis, revenue Q3 FY17 stood at Rs. 79 crore as against Rs. 54 crore generated in

Q3 FY16, higher by 46%. The growth in revenue securely on organic basis after discontinuing operations of some of the Biomass plants, the strong performance of wind business were primarily owing to improved grid connectivity, better wind availability in higher PLFs following greater share of new wind assets. Improvement in the grid infrastructure has led to sharp drop in loss of units enabling higher revenues from the existing assets space. EBITDA for the first nine months stood at Rs. 271 crore as against Rs. 186 crore generated nine months FY16, higher by 46%. While on a quarterly basis, operating profits grew 10x to Rs. 40 crore as against Rs. 4 crore reported during last year same period. The resolution of Grid Back Down issue has led to greater evacuation of power resulting in higher revenues, further operating leverage benefits are coming through as fixed cost gets distributed over large number of units. Lastly as Venkat just mentioned, we are discontinuing unviable units so the drag on profitability has reduced. Lastly initiatives to control cost also contributed positively to higher operational profitability. Depreciation for nine months FY17 stood at Rs. 124 crore as against Rs. 132 crore during last year. While the for the quarter stood at Rs. 40 crore as against Rs. 47 crore reported during corresponding period of the previous year. Coming to finance cost, we incurred Rs. 199 crore during nine months FY17 as against Rs. 212 crore reported during corresponding period last year. While on a quarterly basis interest expense stood at Rs. 66 crore as against expense of Rs. 69 crore last year. As a step towards resurrecting the business and enhancing our financial position, we have been working towards structuring a large chunk of our debt in the wind business under 5/25 scheme. We have completed 5/23 for senior lenders to extend the tenure of loan of Rs. 764 crore of debt under subsidiary Beta wind by 10 years from 2023 up to 2033. We are working on similar arrangements rather components of the debt. In addition, the process from monetizing unviable Biomass units would also be used deployed towards repaying part of a debt and making the working capital requirements of profitable accretive business, Biomass units. Lastly, we are also working on re-financing to benefit from downward, a trending interest rate regime. The combination of these initiatives will transform our financial position. Further the pickup in REC trading's will also help us improve profits and cash flows. Venkat has already shared with you the momentum in REC trading recent weeks and we expect this to pick up as the end the financial year. Loss after tax stood at Rs. 10 crore as against loss of Rs. 176 crore registered during nine months FY16, while the for the quarter loss after tax stood at Rs. 70 crore as against loss of Rs. 103 crore during corresponding period previous year.

To conclude I would like to reiterate that we are confident of further progress in the business, the initial results from strategic initiatives undertaken have been highly encouraging. Planned growth and improving operating environment for renewable energy in general would aid us in transforming to profitability. We expect our cash flows to remain healthy on the back of improved operating profile, monetization of unviable Biomass units, flexible structuring of loans, and improved mechanics in REC trading. That is all from me, we can now take your questions. Thank you.

Moderator Thank you very much Sir. First question is from the line of Deepak Agrawala from Elara Capital.

Deepak Agrawala I would like to have first question; if you can answer me, what is the strategic rationale of going for a merger or even exploring a merger with one of the peer groups in the sector?

S. Venkatachalam See overall with the merger if you really see the last few years we have had a subdued performance mainly because of Grid Back Down which you rightly pointed out. Now we are coming out of it and now we see some very good times ahead and we would like to grow into a much bigger business and with the merger we will become the largest single entity which is listed entity with about Rs. 1,200 of overall MW in operation. And further with the combined strengths, both in terms of the financial in terms of ability to raise debt, our combined strength in terms of our manpower in terms of our managerial strength that is, in fact they are operating predominantly on the feed in tariff route, we have the experience in terms of the group captive route and various other things I think it will be a very good fit, of course we will have to wait and watch as to how the merger pans out and once due diligence etc. is complete and what ratios we arrive at, that will be thing of the future.

Deepak Agrawala And also because there would be quite a fair bit of disparity in terms of the operating performance in the sense that because they would be sourcing from various different equipment suppliers versus the equipment bank that you already have in your existing assets, so I am not able to understand the operational synergy that can arise because of the different make of across wind turbine generators?

S. Venkatachalam See if you really see OGPL's portfolio, we have had one of the old portfolio assets which was about 170 MW to 180 MW which had the oldest machines from 250 KW to 500 KW kinds of machines from various suppliers that is, TTG, NEG, MICON, RRB then Das Lagerway and so on and so forth. And the new class of assets that is the MW class of assets we own from Gamesa, ENERCON, Regen, GE, Leitwind, Vestas; we have got a wide portfolio of assets in fact. So, the portfolio of assets in terms of having a wide portfolio should not really worry us because we have got the experience in running all these portfolios. In fact, we have predominantly the ENERCON portfolio of assets in their portfolio, so this will only add to our overall this thing, I do not see that as any problem or a challenge.

Deepak Agrawala Does this comes with a surplus land available at individual wind stations which can be used for future Brownfield expansion or is there any overlap between the existing projects locations in yours versus them?

S. Venkatachalam No, not really. In fact, we still have not got there; we are starting the due diligence beginning of next week. See as far as we are concerned, OGPL has got surplus land portfolio in Tamil Nadu. In fact, we were not monetizing that or investing in that considering the Grid Back Down issues. Now in fact, if you really see the competitive bidding which has come up from the MNRE wherein something like, for a 1000 MW competitive bidding there has been a bidding for about 2600 MW and 1700 MW of that has come in Tamil Nadu alone, so there is a renewed interest in Tamil Nadu though that particular competitive bidding is more connected to the Power Grid Corporation and will be supplied to the rest of the country. But people are seeing overall a renewed interest in Tamil Nadu as such. So it is only time will tell us to when we will be able to connect these lands also and invest in these lands in terms of machinery.

Deepak Agrawala So you have also participated in this variant up to?

S. Venkatachalam No, we have not participated in this because we first want to complete our existing expansion plans and then take it forward.

Deepak Agrawala And my last question is, you commented and it is good to see there is a fair bit of movement on the REC, especially even in lean season. So now how much is the annual accretion to your REC in a normal course of the year and do we see the redemption of the REC more than the accruals from next year onwards?

S. Venkatachalam Yes in fact, I have got some data with me. Two years back that is 2014 – 2015. 2012, 2013, etc. there was good trading of REC, so then 2014 – 2015 is when really hitting us. In fact, we could only sell 40% of what we accrued in 2014 – 2015, 2015 – 2016 we sold 72% of what we accrued, so 28% was still getting added to our stock. This year so far up to January we have sold 94% of what we accrued and going forward next two months we are not going to accrue much REC because there is hardly any wind in these two months but we expect a good amount of trading. In fact, January we sold Rs. 11 crore worth of REC inventory, so if we see similar levels of trading in the next two months, we see a drop in our overall REC inventories and therefore an increase in our cash flows.

Deepak Agrawala Any specific State or any particular obligated entity which you would like to highlight or with coming from more of an industry rather than the Discoms because even Captives and those industries are also under RPO.

S. Venkatachalam See basically last month I am told Reliance and Tata started participating in a big way, we were expecting that to happen in December itself but this actually happened in January.

Deepak Agrawala They are Discom entities?

S. Venkatachalam No there are various power producing entities. And some of the Discom entities also have participated, I think Uttarakhand and Jharkhand, etc, have participated in a big way. We hope that Maharashtra will also start participating because they are the biggest in terms of the RPO's that they need to comply with.

K.V. Kasturi And normally the government know, they have to fulfill their obligation at the fag-end of the year**,** so obviously they will all come into the play one in February and March. Normally it happens the spurt, it starts from December, it goes up to March. So that is why we are hoping that it should happen in December, unfortunately it did not happen but January it happened, probably February also and March also we are expecting the same momentum will be there.

Deepak Agrawala And my last question. Just one thing, now post this NCLT approval which we expect by June, so let us say that becomes the starting point, then what would be the nearest state in which we can have a listing of the new entity?

S. Venkatachalam See I am told one side is through, there is a 45-day period after that and then after that we can go for the listing which will take another one month.

Deepak Agrawala So it is around mid September is what we can expect.

S. Venkatachalam Yes correct, that is right.

Moderator Thank you. Next question is from the line of Sudhakar Prabhu from Span Capital, please go ahead.

Sudhakar Prabhu: I have couple of questions. Sir my first question is on this Kolhapur unit sale, when do you think this should be completed?

S. Venkatachalam The processes for the Kolhapur unit sale are far more than what we anticipated. Few things which have happened are; one is OGPL to OGPL Maharashtra, we are moving into a lower SPV. Now that has happened, the bank has also approved it. So immediately we went about getting it signed in terms of a PPA with the

MSEDCL which we thought was a time-consuming process but that has happened within two weeks. Now we are just awaiting the approval from the bank for the final NOC and also from the, I mean we have to complete some formalities between the D Y Patil Sugar Mill and us. Once that is through, we have already actually signed the security's purchase agreement with Sindicatum. So that is also through, so we are expecting in the next few days; that is by end of February definitely we should be through with it.

Sudhakar Prabhu: So is it safe to assume that by end of Q4 the money would flow to ..?

S. Venkatachalam Definitely. In fact, once we are through with it, in fact we want on the same day to clear then we have got certain dues to be cleared with the banks, etc. and then we can close all those dues also as far as the loans are concerned.

Sudhakar Prabhu: So you will have a net inflow of, if I recollect correctly Rs. 30 crore, Rs. 40 crore, right?

S. Venkatachalam That is right, yes.

K.V. Kasturi See the total consideration is Rs. 81 crore. See the bank loan is around Rs. 43 crore, so the rest is available to us for making payment to various dues and net and whatever the surplus available, we will be paying it for our working capital for all the Biomass units actually.

Sudhakar Prabhu: So that is roughly around Rs. 35 odd crore.

K.V. Kasturi Not really because maybe the available will be roughly around Rs.15 crore to Rs. 20 crore for augmenting the working capital for the Biomass units.

Sudhakar Prabhu: What are the other dues which you have; sorry I did not get that?

S. Venkatachalam Some bank dues are there and fuel payment dues for the vendors because the biomass units have not been running. So some of the Biomass units still have a rule from bank payment dues, some of the fuel vendors also we have not been able to pay.

Sudhakar Prabhu: And secondly you had plans of selling of other assets also in the Biomass segment, any progress on that?

S. Venkatachalam Yes actually the progress is slow, there is one unit in Kotputli which we thought will happen. Now that is predominantly land and we are stripping the asset also. There actually past the demonetization they said the land purchases are going slow. Similarly, in the other Biomass units, one is in Telangana, there is some 3, 4 parties which have come and then they have again they had been a kind of 'wait and watch' mode but definitely at least a deal would be struck at least till March. And of course the Sanjog unit which is in Rajasthan that sale process is already on, apart from the Kolhapur one.

Sudhakar Prabhu: My third question is on your expansion in Andhra Pradesh, so is all the debt tie-up and everything is done now?

S. Venkatachalam So that is taking a little bit of time, see the banks also wanted to see our Q3 performance also and then take an approval for the debt. So the 43 MW debt is being tied up, in fact we have got 2, 3 banks lined up. They are on the verge of finalizing, we expected it last month itself but it has not happened as since the banks are also going slow in some of these projects.

K.V. Kasturi Today most of the banks especially on the power sector, still they are having a reluctance to give more money to the power sector, especially on the renewable side, so we are hoping that we have convinced them on various counts. Obviously we are expecting some positive answer by maybe between February and March.

Sudhakar Prabhu: But do you think this expansion would be completed by the next wind season?

K.V. Kasturi Not really. It will somewhere happen in the second quarter of next year that means around between July to September it will get completed.

S. Venkatachalam So we expect to catch say middle of the wind season really speaking, we will not be able to catch see entire wind season for this 43 MW.

Sudhakar Prabhu: And one question on this merger thing, what is the capacity which ILFS has?

S. Venkatachalam ILFS has got an operating capacity of 775 MW, ours is 425 MW, and so together we will have an operating capacity of 1200 MW. ILFS has also got some 228 MW which is aside of this 775 MW, which is not part of the merger proposal at present because it is in a different entity under the ILFS umbrella, so they have got 5 SPVs under the wind, so those would be merged with the OGPL.

Sudhakar Prabhu: And any sense on this 775 MW; what is the geographical spread of this unit?

S. Venkatachalam: Yes it is fed in Gujarat, Maharashtra, Rajasthan, MP, Andhra Pradesh and a small 10 MW in Tamil Nadu.

Sudhakar Prabhu: Would it be possible for you to share the numbers in terms of revenue, EBITDA, how?

K.V. Kasturi: Right now no, see we are just commencing the due diligence process in the next week or so, so once we complete it that will take at least 60 days time to complete the process, we will definitely make a communication on this once we firm up the entire process.

Moderator: Thank you. We take the next question from the line of Shirish Rane from IDFC Securities..

Shirish Rane: Sir one question on the merger, basically when we went into the exclusive arrangement with ILFS did we analyze some other proposals and we thought this is the best proposal, hence we entered into exclusivity or this was the only proposal and we thought it was good enough and hence we entered into exclusivity?

S. Venkatachalam: In fact over the last 2-3 years we have been analyzing various proposals from both the private equity investors and also we have merger proposals but also since our performance in terms of the grid back down, etc., our numbers themselves were not looking very good, so obviously the proposals were not very favorable at that point in time, now with things improving I think this was looking a decent proposal though the numbers will have to be finalized only at the end of the due diligence period, so I think that is why we have decided that we will go ahead with an exclusivity for this proposal, though there were various other proposals. So, once this is through and if this does not work out, then we will consider the other proposals.

Shirish Rane: Sir that was the exact point sir, for some reason let us say after diligence if you find out you do not want to go ahead with this, you have some backup proposals as well?

S. Venkatachalam: Yes, that is right there are various people approaching us, in fact for the last 2 years' people have been approaching us really speaking.

Shirish Rane: Sir the second part of this whole merger is it likely to be a stock swap or it is likely to sort of buyout or cash buyout or it is likely to be a stock swap?

S. Venkatachalam: Yet to be worked out in totality and in fact that will really emerge once the due diligence is completed, we have got certain ideas they have got certain ideas, we will have to sit across the table once the due diligence is completed.

Shirish Rane: And just to get the timeline right, the 90 day exclusivity is within 90 days you have to come to a conclusion?

S. Venkatachalam: That is right that is why we have started the financial, legal and technical due diligence, in fact financials is already started, technical will start from Monday onwards and legal they have already started asking the various documents from either side.

Shirish Rane: So, is it fair to say that till this merger is through barring the A.P expansion, we will not look at any future investment, I mean till you decide on whether to merge and with whom to merge and etc.?

S. Venkatachalam: Yes, correct basically this A.P. is the first thing that we want to get off the ground, I mean first raise the debt for that, so it is only a period of 90 days which is not too long a period.

Moderator: Thank you. As there are no further questions from the participants, I would now like to hand over the floor to the management for their closing comments. Over to you sir.

S. Venkatachalam: I must thank all of you for taking time out to join the call and as I said Q3 is not really the quarter that one judges the performance of a wind based company, now Q1 and Q2 have been good and Q3 has been far better than our expectation and therefore we are looking at an EBITDA of Rs. 271 crore and Q4 also the wind performance, at least the grid availability has been pretty good and then this combined with various other points that we talk about, one is the REC also gaining a lot of ground, the 5/25 getting to completion, the sale of the asset and therefore improving the profitability of the remaining Biomass assets where the tariffs are in excess of Rs. 6-6.5, in fact one of them is over Rs. 7. The other areas being the merger, proposal with IL&FS where the due diligence is started, I think number of exciting things happening in the last few weeks for us and going forward once we close the year and by that time we should have something with concrete in all of these areas and we look forward to some really good times ahead. And thank you once again to all of you.