

Chairman's Message

Dear Shareholders,

The Company has consistently scaled up its assets over the years in sync with the growing traction of renewable energy in the country; and its wind assets have grown substantially over the last 6 years. During the financial year 2015-16, your company has successfully mobilized Rs.250 Crores for capacity addition in the wind business to the extent of 57.5 MW and repayment of part of its high cost debt. The proposed capacity addition of 43.5 MW is in the state of Andhra Pradesh which is the second phase of a project wherein the Company had already set up 50.4 MW plant. Other infrastructure at the site including land, grid connectivity, layout, etc., is already in place hence the incremental profitability from the investment is very likely to be very attractive. The generation through Wind during the financial year has affected by low wind during the wind season and low grid availability during 1st and 3rd quarter of the financial year. Despite the challenges, your company continued to progress with implementation of capacity expansion plans and resultant incremental revenues as a result of such expansion.

In the Wind business, Wind assets constitute 80% of the Company's overall commissioned portfolio. At the end of fiscal 2016, Wind assets stands at 425MW spread across some of the best wind sites in various states in India and overseas. Your Company's wind assets are located largely in the southern states like Tamil Nadu & Andhra Pradesh etc. In addition, the Company has a nascent but growing presence in Gujarat, Karnataka etc. Being strategically located across the country has enabled the Company to lower its concentration risk besides gaining relatively better yield on its assets. Like every year, your company took all possible measures to improve productivity in spite of challenges in terms inadequate infrastructure – grid back down, above average variation in wind patterns during wind season. In future the business is expected to deliver a better performance with improvement in wind availability as the same will ensure higher generation of energy. Further, with higher proportion of new assets in the overall mix PLF's are expected to improve with minimal maintenance expense.

During the year, your Company as well as the industry associations, has been continuing the efforts and initiatives towards ensuring availability of adequate grid infrastructure in Tamil Nadu. In particular, the grid corridor which was incomplete for last two - three years is now complete which in turn has resulted in evacuating energy generated in Southern part of Tamil Nadu to Northern parts of the state which are the prime consuming centers of the state. In addition to that, measures such as planned shutdown of thermal plants during

peak generation season by the Tamil Nadu State Electricity Board (TNEB) has significantly contributed to the improved scenarios. In the next few years the prospects of the renewable industry in general and wind industry in particular will go a long way in enhancing the prospects due to introduction of slew of policies and measures introduced by the Central Government. Scheduling and Forecasting, Inter-state sale of Power, increased frequency bandwidth for renewables are the measures that are being actively pursued to help improve the situation.

Coming to the biomass business, with an installed capacity of 106 MW, biomass constitutes 20% of the Company's overall portfolio. The business has had to encounter significant difficulties in turn impairing the overall performance of the business due to non availability of working capital, timely procurement of raw material at the right prices impacted the segment performance.

Taking cognizance of the segment's sub optimal performance over the years, the Company has formulated a strategy which should help improve the operations and profitability of biomass business. Part of the strategy includes, demerging of biomass business into a separate entity and to monetizing unproductive assets and utilizing the proceeds from the same for investing in profitable business.

The above mentioned measures are expected to pave the road ahead for the business.

COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMATION

In a bid to revive and help biomass business grow and attain its true potential, the Company has decided to demerge the business into a separate entity. Demerger of the Biomass business will streamline the business model and allow us to customize and implement strategies for each segment more appropriately besides enabling value unlocking for our shareholders.

As a part of the scheme, OGPL will also merge its wholly owned subsidiary Bharath Wind Farm Limited (BWFL) with itself.

Before I conclude, I would also like to take this opportunity to thank our employees, bankers, the Government, the Regulators and other stakeholders and last but not the least, you, our esteemed Shareholders, for the continued support.

Sincerely,
N. Rangachary
Chairman

