



CONTINUUM

Bond Investor Update

Q2 FY 21-22 – Operational and Financial Highlights
24th November 2021

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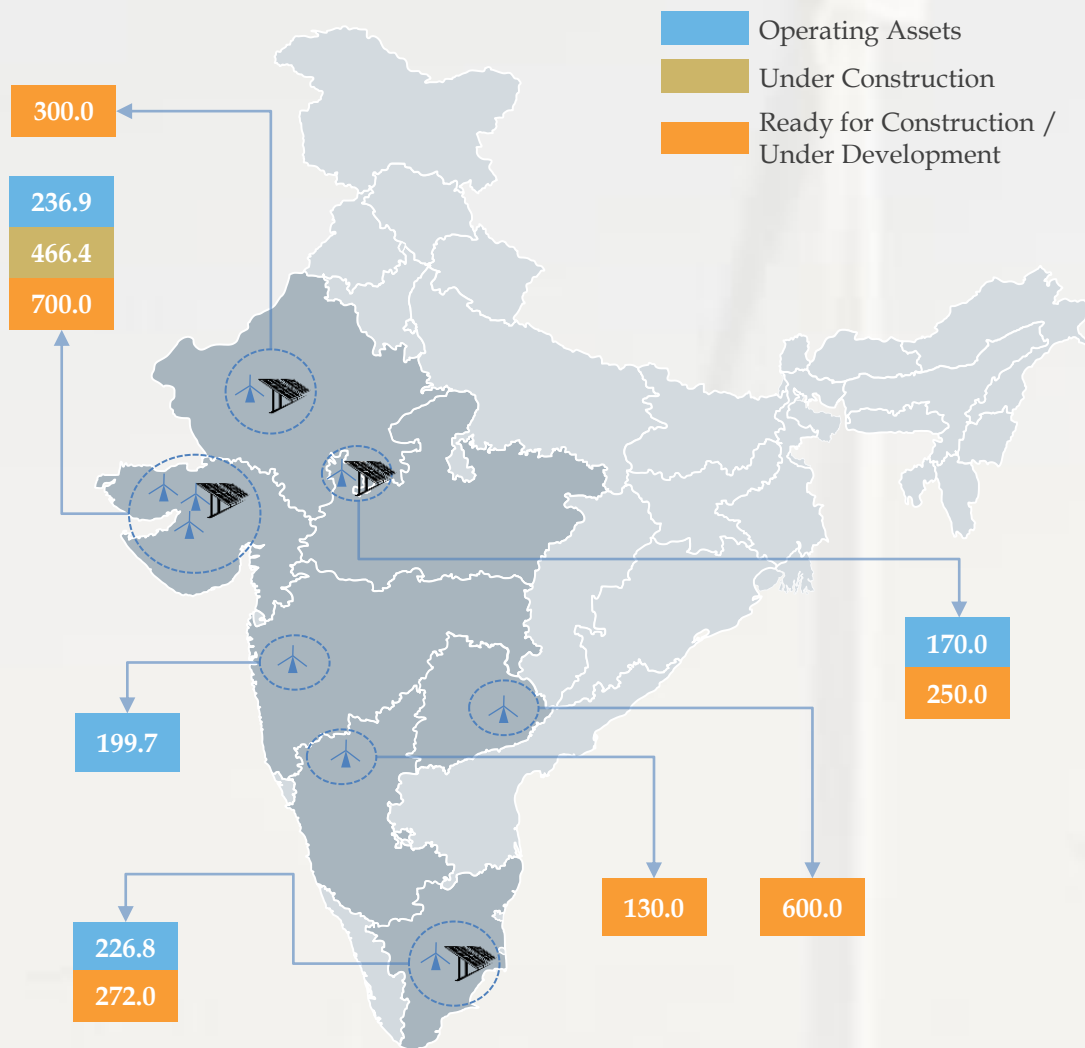


I. Group Overview

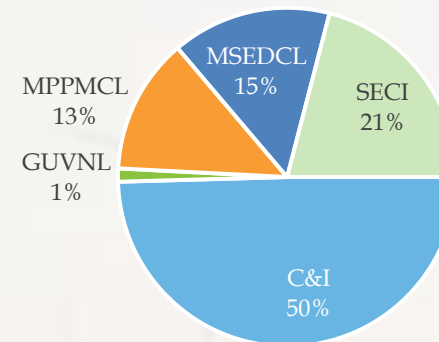
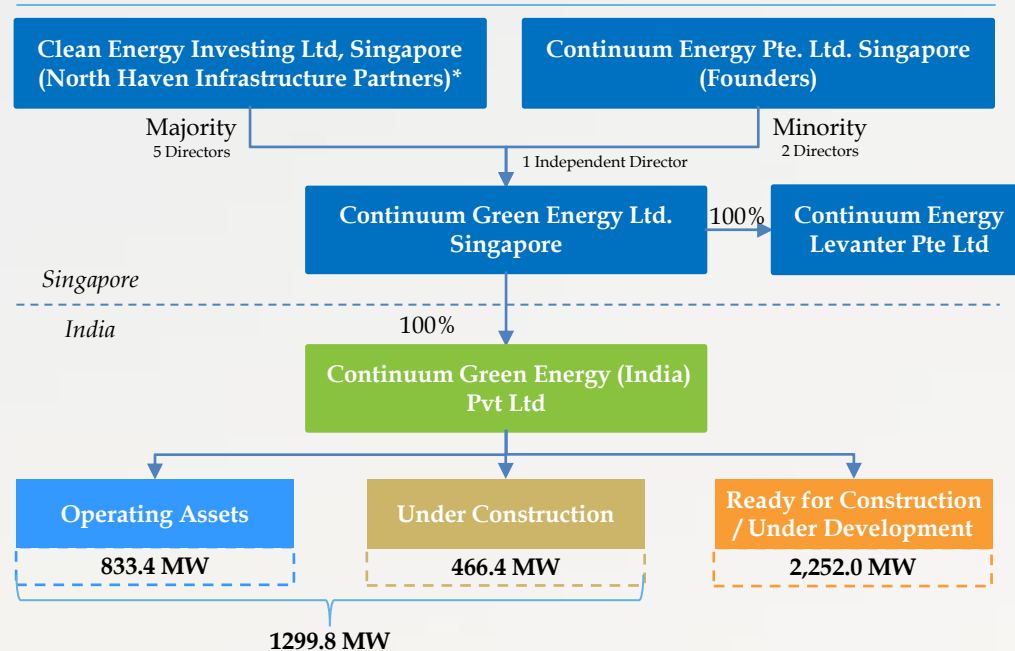


Continuum Green Energy - Group Overview

Presence across wind-rich states with diversified off-takers



Continuum Corporate Structure



MPPMCL is MP Discom, MSEDCL is Maharashtra discom, GUVNL is Gujarat discom

* Managed by Morgan Stanley Infrastructure Partners

Continuum Green Energy - Updates

Status of Under Construction Projects

Dayapar

126.0 MW (Wind)

- 25-year PPA with SECI at a fixed tariff of INR 2.51/kWh
- Financial Closure achieved
- Comprises of 63 Inox-113 2.0 MW WTGs
- Project Status:
 - 70 MW is operational
 - Expect full commissioning by Dec 2021 / Jan 2022

Rajkot - IIB

28.0 MW (Wind)

- PPAs with 13 C&I Consumers in Gujarat
- Financial Closure achieved
- Comprises of 14 Inox-113 2.0 MW WTGs
- Project Status:
 - 6 MW is operational
 - Expect full commissioning by Dec 2021 / Jan 2022

Morjar

148.5 MW (Wind)

- 25-year PPA with SECI at a fixed tariff of INR 2.82/kWh
- Financial Closure achieved
- Comprises of 55 GE-130 2.7 MW WTGs
- Project Status:
 - Balance of plant construction underway
 - WTG deliveries commenced
- Target COD Q1 FY 22-23

Rajkot - III

239.9 MW (Wind Solar Hybrid)

- PPAs with 35 C&I Consumers in Gujarat
- Financial Closure achieved
- Project Status:
 - Contracts executed for WTGs/ BoP.
 - Contracts for solar plant under negotiation
 - Balance of plant construction underway
- Target COD Q1 FY 22-23

Continuum Green Energy - Updates (Cont.)



- ✓ **Mr. Nisheeth Khare** has joined us as Head - Corporate Finance. He has over 16 years of experience in the areas of infrastructure & structured financing and corporate banking while working at L&T Financial Services, ICICI Bank, and Yes Bank.



- ✓ **Mr. Dhananjay Joshi** has joined us as VP - Asset Management & QHSE. He has over 35 years of experience in asset performance monitoring, QHSE, and implementation of integrated management systems while working at Vestas, Renew Power, Essel Infraprojects and Inox Wind.



- ✓ **Mr. S Ravishankar** has joined us as VP - Projects. He has over 21 years of experience in project management of windfarms, power evacuation systems and contract negotiations while working at GE Renewables and Vestas.

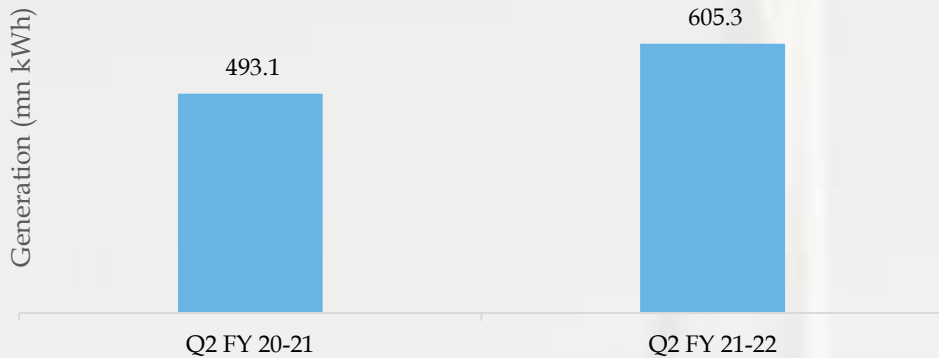


II. RG Operating Performance

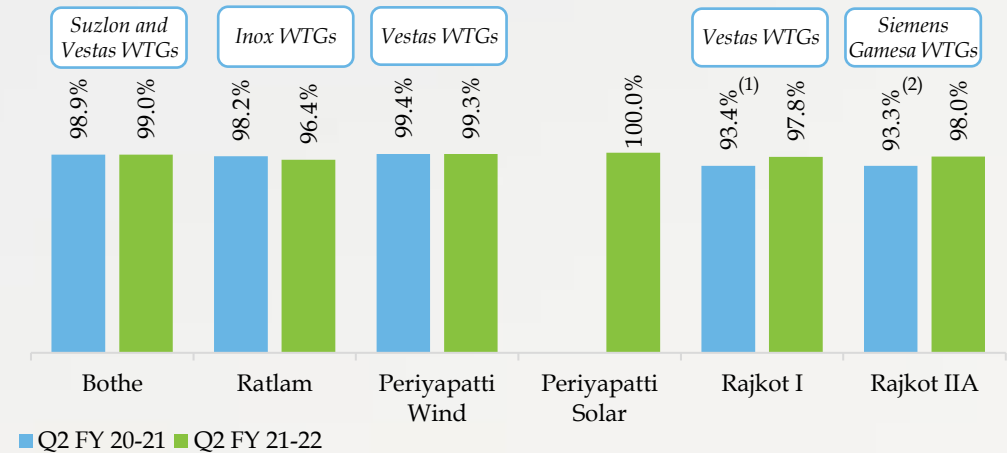


RG Operational Performance - Q2 FY 21-22

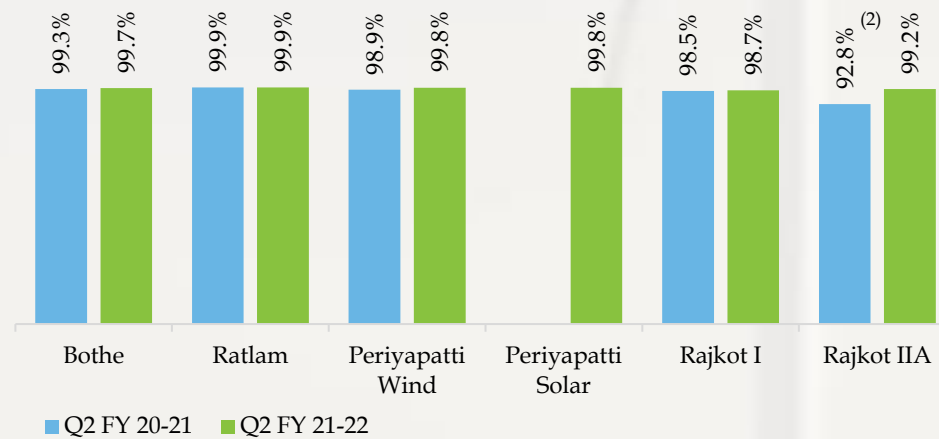
Restricted Group Performance



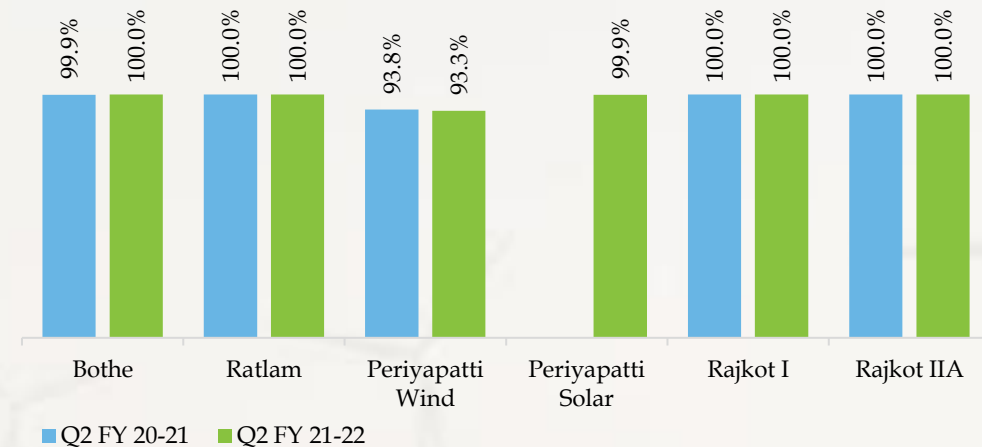
Wind turbine / Solar availability



Internal grid availability



External grid availability



Periyapatti Solar started supply of power from 1st Mar-21. The Performance Ratio for the solar farm was 82.0% for Q2 FY 21-22

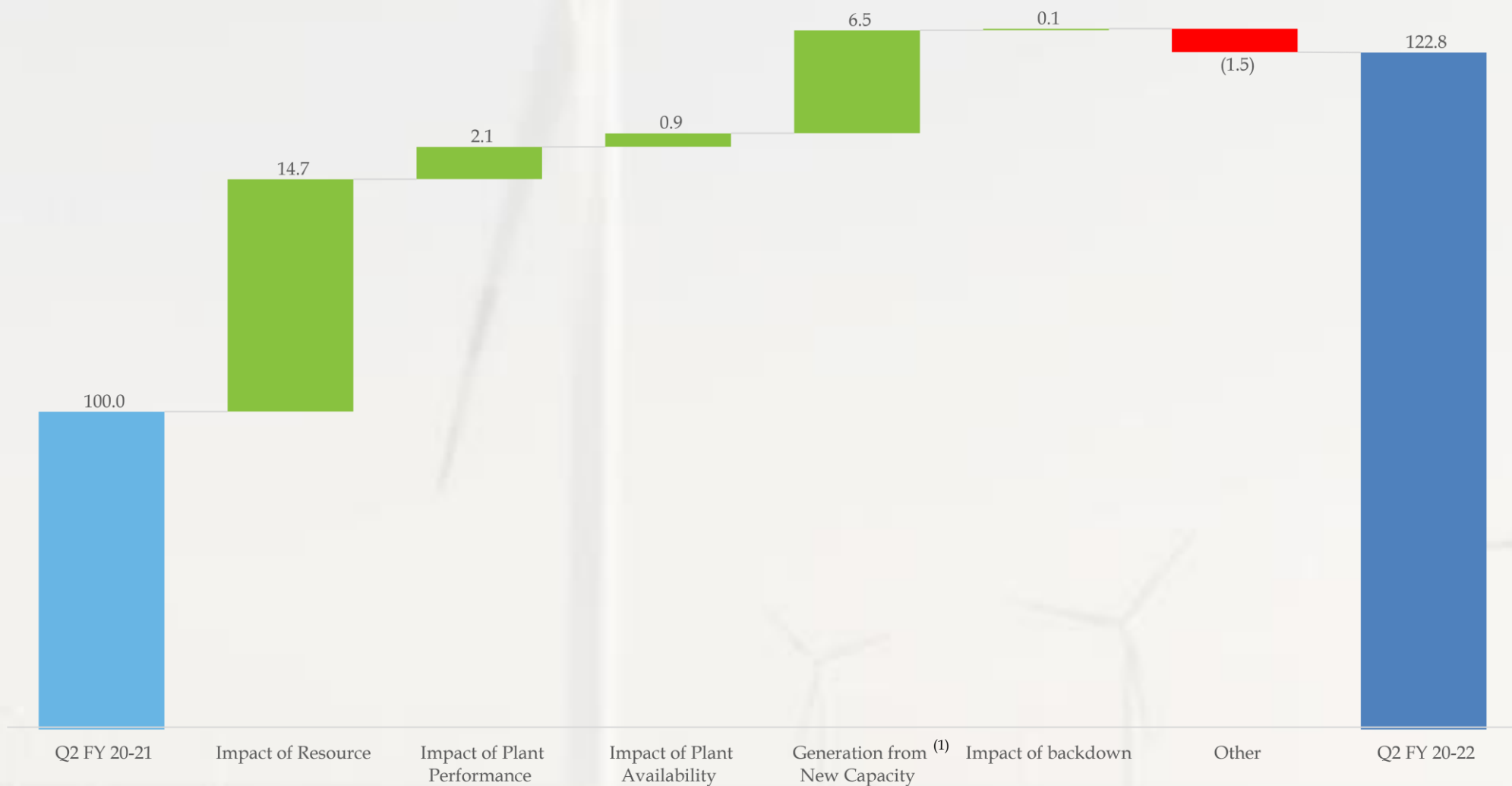
Note:

(1) Wind turbines were shutdown/derated as a precaution after a fire in Vestas make wind turbine in Jul-20 at Rajkot - I site. Additionally, upgradation works were undertaken on the wind turbines in Sep-20

(2) Shutdowns were taken to complete pending work after commissioning of the project

RG Operational Performance – Waterfall Analysis (Q2 FY 21-22)

Waterfall of Generation from Q2 FY 20-21 to Q2 FY 21-22

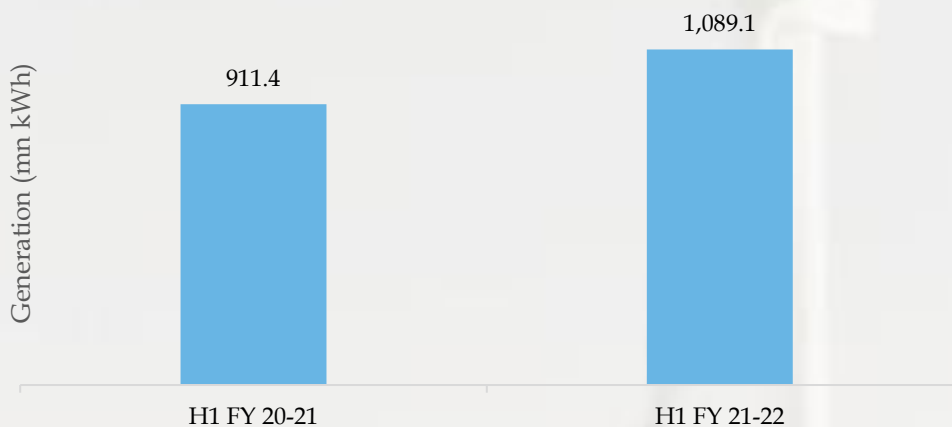


Note:

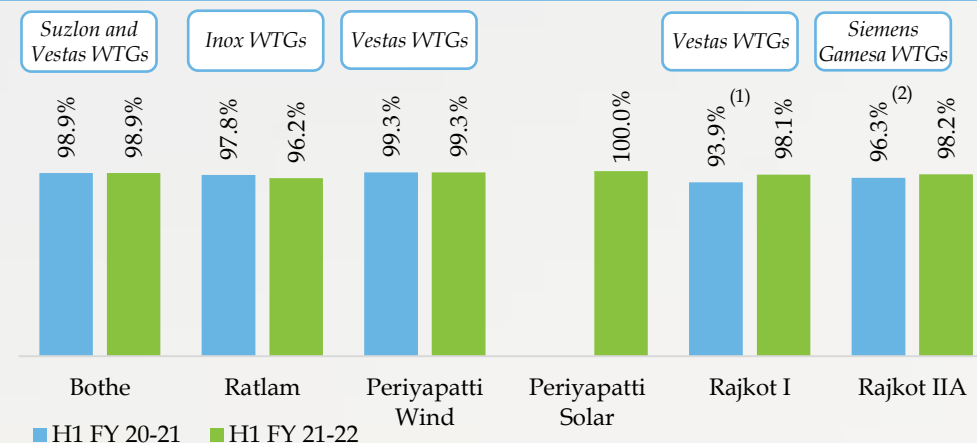
(1) Capacity commissioned after Q1 FY 20-21 – 78.8 MW Periyapatti Solar

RG Operational Performance - H1 FY 21-22

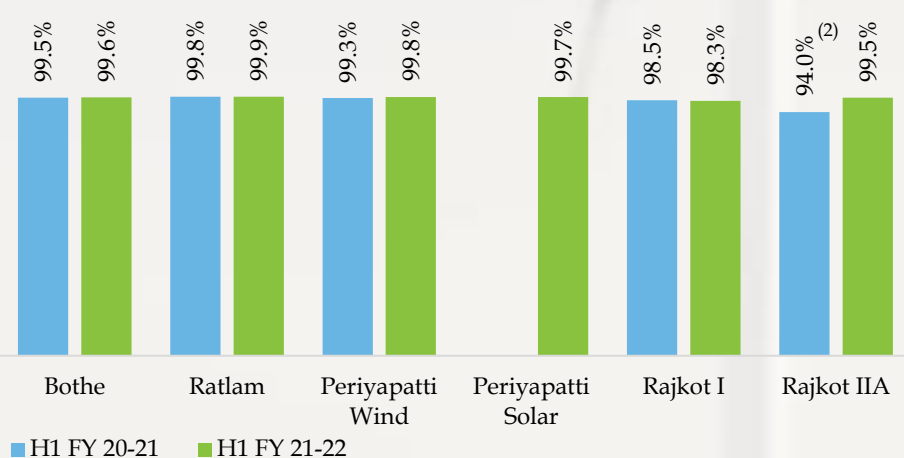
Restricted Group Performance



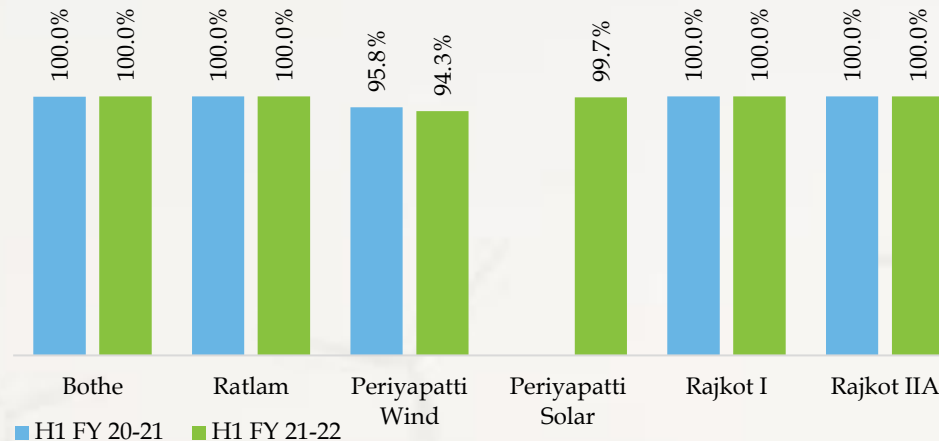
Wind turbine / Solar availability



Internal grid availability



External grid availability



Periyapatti Solar started supply of power from 1st Mar-21. The Performance Ratio for the solar farm was 81.7% for H1 FY 21-22

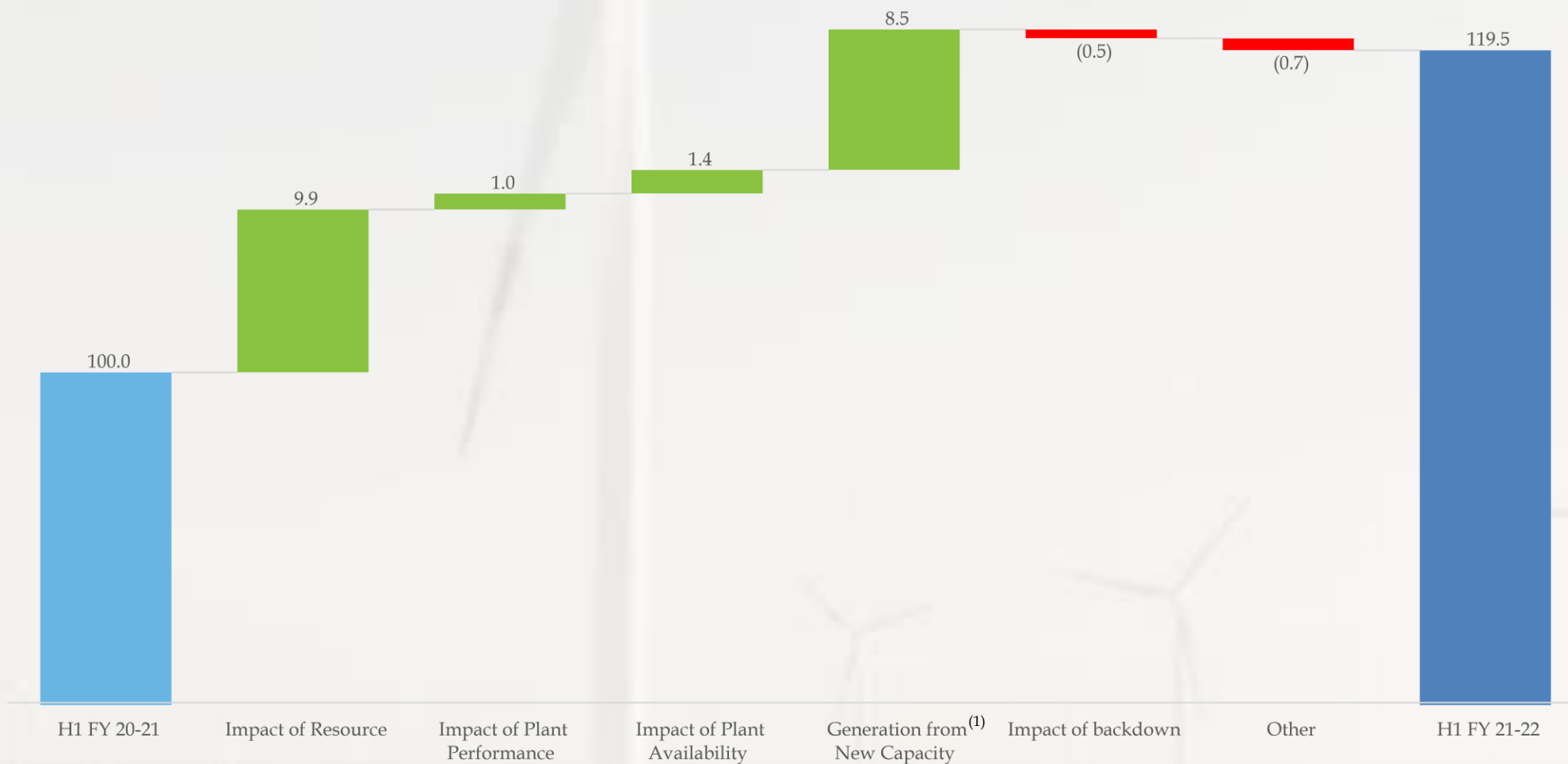
Note:

(1) Wind turbines were shutdown/derated as a precaution after a fire in Vestas make wind turbine in Jul-20 at Rajkot - I site. Additionally, upgradation works were undertaken on the wind turbines in Sep-20

(2) Shutdowns were taken to complete pending work after commissioning of the project

RG Operational Performance – Waterfall Analysis (H1 FY 21-22)

Waterfall of Generation from H1 FY 20-21 to H1 FY 21-22



Note:

(1) Capacity commissioned after Q4 FY 19-20 – 25.2 MW Rajkot – IIB and 78.8 MW Periyapatti Solar

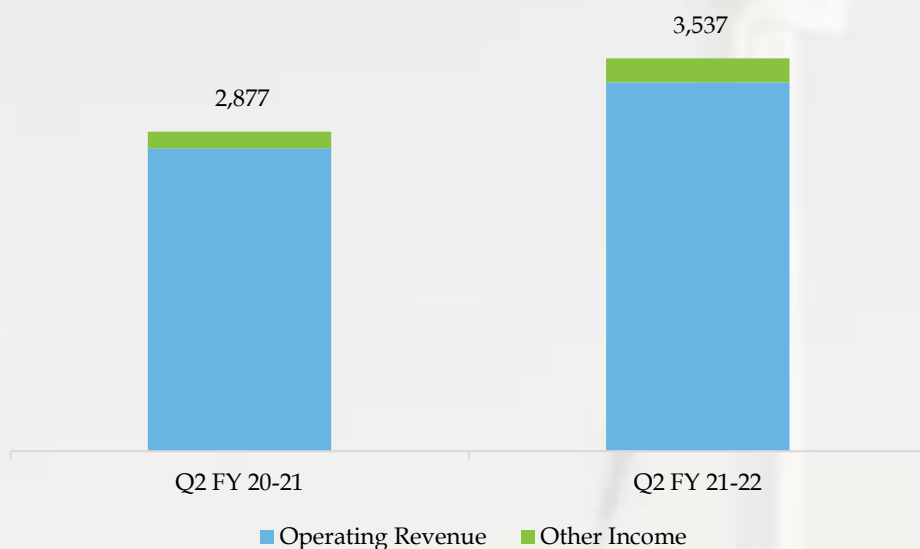


III. RG Financial Performance

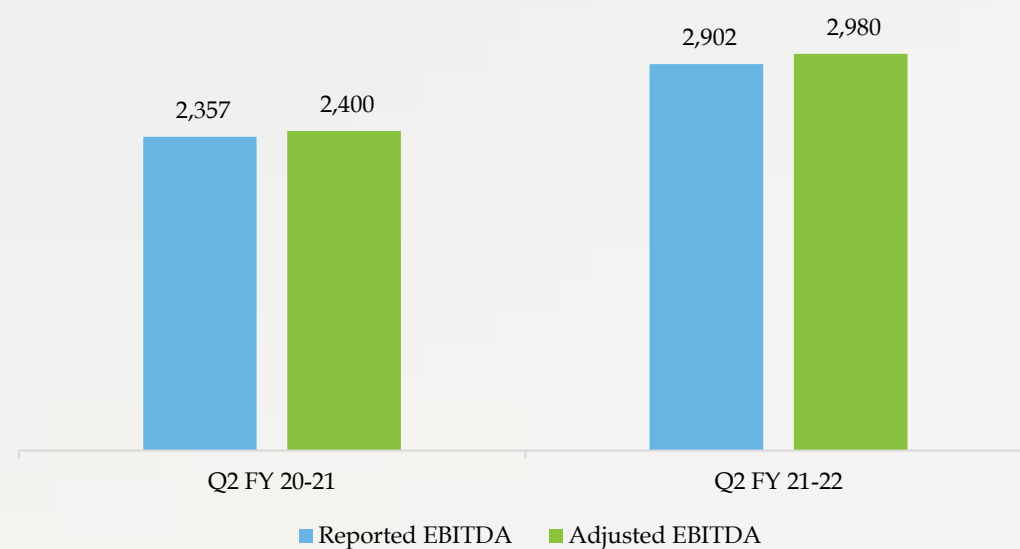


RG Financial Performance - Q2 FY 21-22

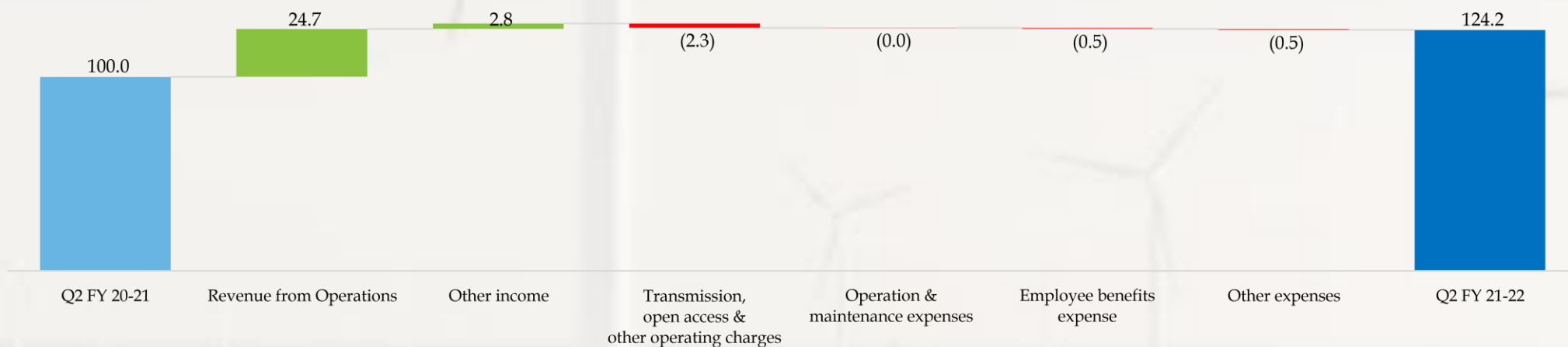
Restricted Group - Revenue (INR mn)



Restricted Group - EBITDA (INR mn)



Waterfall of Adjusted EBITDA from Q2 FY 20-21 to Q2 FY 21-22

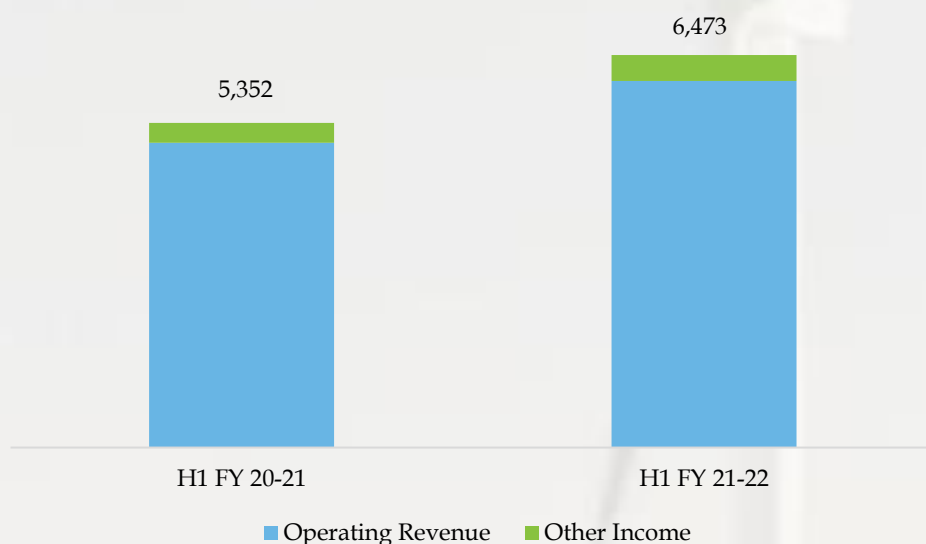


Reported EBITDA = Total income - Operating expenses

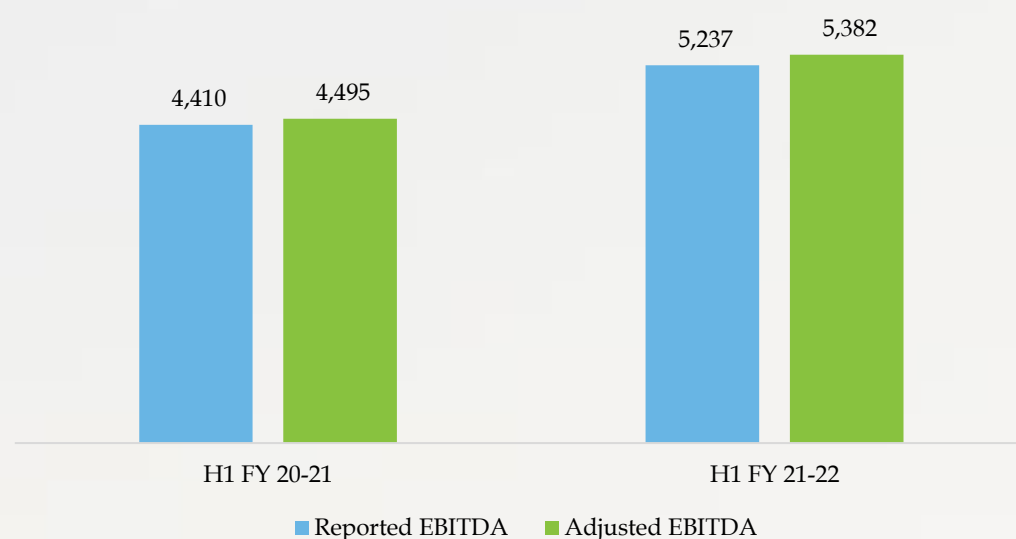
Adjusted EBITDA = Reported EBITDA + Common Overhead Expenses (paid out of distributable surplus) + Any Provision + Notional Foreign Exchange Loss

RG Financial Performance - H1 FY 21-22

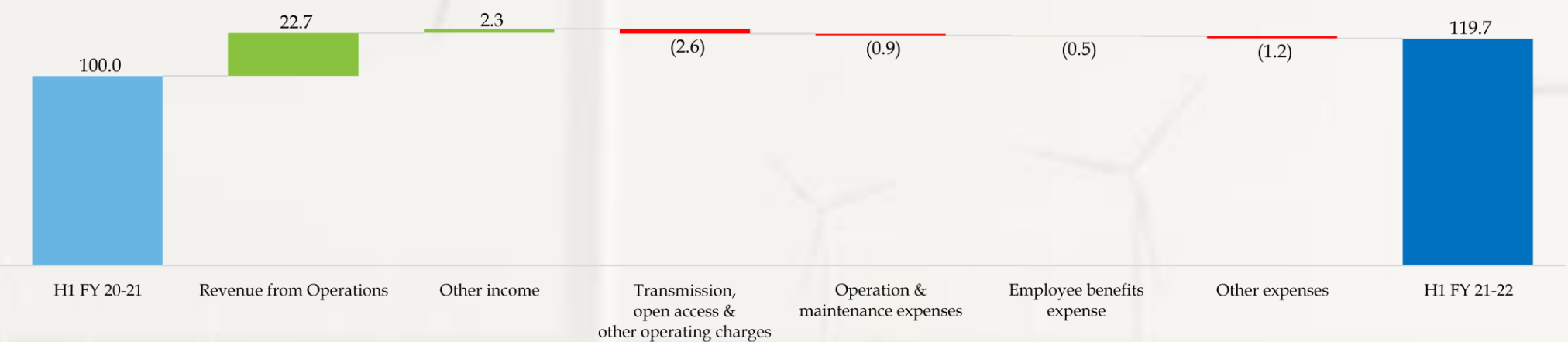
Restricted Group - Revenue (INR mn)



Restricted Group - EBITDA (INR mn)



Waterfall of Adjusted EBITDA from H1 FY 20-21 to H1 FY 21-22



Reported EBITDA = Total income - Operating expenses

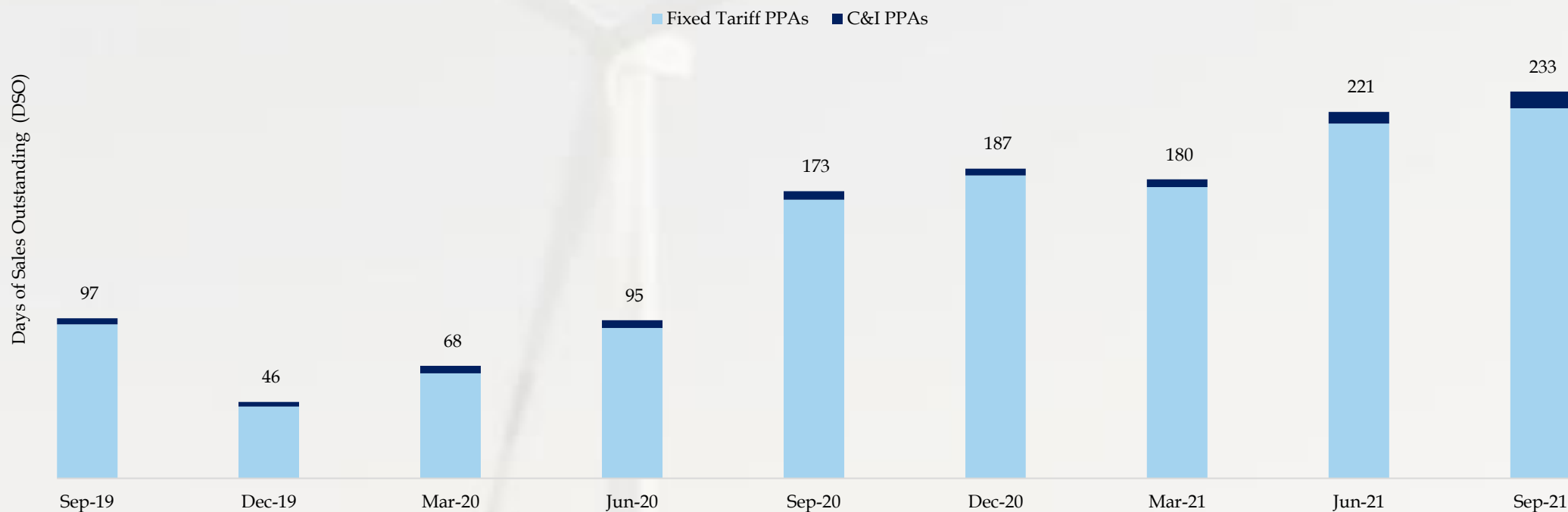
Adjusted EBITDA = Reported EBITDA + Common Overhead Expenses (paid out of distributable surplus) + Any Provision + Notional Foreign Exchange Loss



IV. RG Business Update



Days of Sales Outstanding (DSOs)



- The losses faced by the DISCOMs due to Covid-19 have resulted in increase of DSOs for our Fixed Tariff PPAs with MH and MP DISCOMs
 - ✓ After reaching normalcy in operations post first wave, the DISCOM collections from MH and MP DISCOMs were delayed again due to the advent of the second wave of COVID-19
 - ✓ MH DISCOM and MP DISCOM are in discussion with banks / financial institution to clear their due accumulated over the period
 - ✓ Improved power demand (~10% higher than pre-Covid levels) also improving DISCOM financial health
- DSOs from C&I consumers at less than 20 days

Discom payments situation expected to improve– Steps being taken by Govt of India (Cont.)

Late Payment Surcharge Rules, 2021

- In Feb-21, Government of India enacted the Late Payment Surcharge Rules, 2021, according to which
 - ✓ Delay interest on overdue payments at SBI's base rate for the first month of delay, increasing by 50 bps for every month of delay, subject to a maximum of 300 bps over the base rate.
 - ✓ any DISCOM which delays payments for more than 7 months will be debarred from procuring power from a power exchange or grant of short-term open access until such bill is paid
- In Aug-21, Government of India issued **draft** amendments to Late Payment Surcharge Rules, 2021, according to which
 - ✓ DISCOM shall make payments for all bills of generators and transmission companies strictly in the chronological order of due date of invoices (i.e, FIFO basis), older invoices paid first
 - ✓ all payments by Discoms shall be first adjusted towards delay interest and thereafter, towards oldest outstanding invoices
 - ✓ In case of delay of more than 7 months, the generating company is free to sell its power to any consumer or power exchange for the period of such default, while retaining its claim on payment of fixed or capacity charge
 - A notification of July 2019 by Govt of India, in relation to non-dispatch of power due to payment related issues, stated that in case of wind, solar and small hydro power, the entire tariff payable shall be treated as Fixed Charge

Continuum's view:

Discipline of payment of invoices on FIFO basis is a far-reaching positive reform proposed by Govt of India and will:

- 1. improve the DISCOM payments situation,*
- 2. improve DISCOM financial condition through at least breakeven tariffs,*
- 3. eliminate difference in credit risk profiles for generators selling different forms of energy or through different PPA mechanisms.*

Discom payments situation expected to improve– Steps being taken by Govt of India (Cont.)

Bringing Discoms under the ambit of Insolvency and Bankruptcy Code, 2016

- In Nov-21, the Ministry of Power, Government of India issued a clarification that state DISCOM can be taken to the National Company Law Tribunals (NCLT) for initiating bankruptcy action by financial or operational creditors
 - ✓ If a DISCOM is admitted to insolvency proceedings due to delay in payments, the state government may lose control of the DISCOM
 - ✓ The ominous prospect of being admitted to insolvency proceedings may compel state governments/DISCOMs to clear outstanding dues to generators/transmission companies

Continuum's view: Better discipline by the state governments and DISCOM to make timely payments to their operational creditors, including IPPs

Other Significant Regulatory Updates

1. Change in Law impact on tariff

- In Oct-21, the Ministry of Power, Government of India issued a **new rule** called the Electricity (Timely Recovery of Costs due to Change in Law) Rules, 2021
 - ✓ Allowing generating company and DISCOM to automatically pass through, without the approval of the state commission, the change in cost due to change in law / fuel and power procurement costs to their consumers, at a preset formula approved by the State Commission
 - ✓ After giving effect to the pass through the DISCOM will send the relevant calculation to the state commission for verification, which shall confirm the pass through within 60 days
 - ✓ In the interim till the State Commission prescribe the suitable formula, the notification lays down a formula for said purpose

Continuum's view: Ease for IPPs in obtaining approval for revision in tariff charged to their respective consumers to recover the impact of the extraneous circumstances, without waiting for the Annual Review

Other Significant Regulatory Updates (Cont.)

2. Must-run status of Renewable Energy Plants

- In Oct-21, the Ministry of Power, Government of India issued a **new rule** called the Electricity (Promotion of Generation of Electricity from Must-Run Power Plant) Rules, 2021
 - ✓ The rule iterated that wind, solar, wind-solar hybrid or hydro power plant (in case of excess water leading to spillage) or a power plant from any other sources, as may be notified by the Appropriate Government, shall be treated as Must-Run Power Plant
 - ✓ Must-Run Power Plant shall not be subjected to curtailment or regulation of generation or supply of electricity on account of merit order dispatch or any other commercial consideration, other than due to technical constraint in the electricity grid or for reasons of security of the electricity grid
 - ✓ Incase of curtailment of supply from a Must-Run Power Plant, compensation shall be payable at the rates specified in the agreement for purchase or supply of electricity after adjusting for any actual realization against the sale of the power on the exchange

Continuum's view: The rules offer relief to the power generation companies against curtailments

3. Improvement in distribution system operational efficiency

- In Sep-21, the Ministry of Power, Government of India issued a directive to all the State Government to bring the 33kV system under the purview of the State Transmission Unit (STU) to help improve its performance and reduce the level of losses
 - ✓ Directive also offered that incase the State Government are not able to provide financial support to the STU to take up the above responsibility, then POWERGRID can be asked to form a 50:50 JV with the STU

Continuum's view: This directive will help improve performance and reduce losses for Consumers collected at 33kV grid network and improve net realization under C&I sales



V. ESG Performance



ESG Performance

Key pointers



0.6 mn tons CO₂ emissions avoided in Q2 FY 21-22 which is equivalent to the average annual carbon footprint of ~0.9 mn Indian citizens, cumulative 6.6 mn ton CO₂ emissions avoided since inception



Continuum has planted ~1,480 trees in Q2 FY 21-22 across all projects, the cumulative number of trees planted is 4,124



7.06 mn cumulative safe working man-hours, since Apr-16



ISO Certifications for all operational and under construction sites under ISO 9001-2015 (Quality), ISO 14001-2015 (Environment), ISO 45001-2018 (Safety)



Thank you



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For any query, please reach out to us at continuum.levanter@continuumenergy.in

