

OPG Power Ventures PLC

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OPG Power shifts focus to Chennai and solar

India-based power utility OPG Power Ventures PLC (LON:OPG) has undertaken major surgery after a tough year.

One of its two power stations, Gujarat, has been written off after a series of ongoing disputes over payment and rebates with the provincial government and power distributors meant it missed interest and debt repayment deadlines.

Chennai and solar the future

OPG will not put any more money into Gujarat and its involvement now is effectively at an end.

Efforts in future will be directed toward the Chennai power plant and OPG's growing solar capacity.

READ: OPG Power draws line under Gujarat power station, to focus on Chennai and solar

Profits here for the year to March were £6.2m while revenues rose by 3% to £140m.

The Gujarat write-down, however, meant a loss for the year of £100.9m (£23.1m profit).

Another of the recent issues has been a sharp rise in seaborne coal prices, one of the key raw material inputs for OPG's power stations though encouragingly for Chennai, the price has fallen back recently.

Coal pressure easing

The landed cost of coal rose 32% over the year but has dropped 18% since August and is forecast to fall by a further 20% to March 2020.

Chennai's output rose 6% in the year March to 2.49 million kWh.

Since the year end, OPG adds it has negotiated a 5% increase in sales tariffs for the 2019 financial year and most of its group captive customers have renewed three-year contracts.

The group expects to achieve at least a 4% increase in sales tariffs in the following year.

In addition, the loan on the first generator built at Chennai is on schedule to be paid back fully in December.

Solar ramp-up

Four solar projects at Karnataka, meanwhile, are ramping up to full capacity of 62Mw.

Borrowings at the end of the March were £93.5m, down from £321m, which reflects the absence of the Gujarat

Price: 18.175p

Market Cap: £70.5M

1 Year Share Price Graph



Share Information

Code: OPG

Listing: AIM

52 week High Low
27.50p 9.63p

Sector: Energy

Website: www.opgpower.com

Company Synopsis:

*OPG operates and develops power generation assets in India and currently has 414 MW in operation principally under the group captive model and 62MW of Solar assets. *

OPG has been listed on the AIM market of the London Stock Exchange since May 2008 and since listing in 2008, the Company has grown from 20 MW of generating capacity to 476 MW, consistently delivering strong results as well as growth.

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loans.

To preserve cash, there was a scrip rather than cash dividend for the year.

Arvind Gupta, executive chairman: "We are already benefitting from reduced coal prices following the FY18 spike and expect to be able to demonstrate a clear path to profitability in FY19.

"Our focus will remain on repaying the long-term debt on the Chennai plants and look forward to Unit 1 being debt free later this year with the remaining units following within five years."

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