

# Sravanthi Energy Private Limited (SEPL)



## Proposal for Majority Stake Sale (51%)

**By Lenders' Consortium**

*November, 2016*

***Strictly Private & Confidential***

## Sravanthi Energy Private Limited (SEPL)- Brief Overview

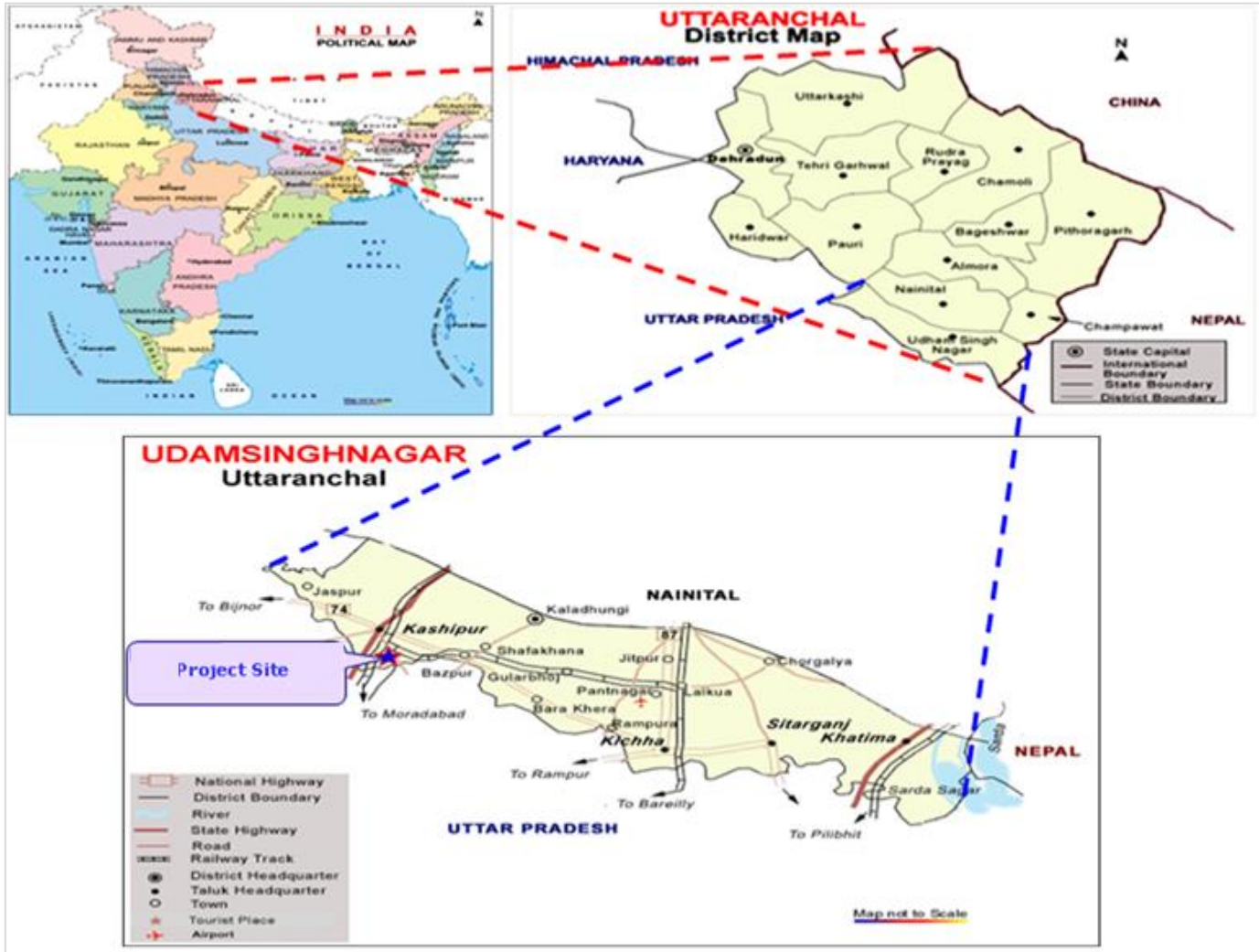
- Special Purpose Vehicle (SPV) established by Sravanthi Group (promoted by Mr. D.V Rao)
- Implementing 450 MW (Phase I and Phase II of 225 MW each) gas based Combined Cycle thermal Power Project (CCPP) in Uttarakhand
- Phase-I commenced operations in Open Cycle mode on 23-August-2016- currently under stabilization stage; combined cycle operations are expected to start shortly; SEPL sold 69,065 MU to UPCL till 30-Sep-2016 and booked revenue of Rs. 32 Crore
- Phase II may be readied in 8-9 months for commissioning post re-commencement of work

## Location and Land

- Site located ~6 km from Kashipur town at Udham Singh Nagar District in Uttarakhand state
  - Nearest Highway is NH-74 which is ~6 km from site (NH-74 connects Haridwar to Bariely)
  - Nearest railway station is at Kashipur, airport is at Pantnagar about~55 km from project site
- Acquired 36.92 acres of land - sufficient for installation of 450 MW
- Land mortgaged in favour of the project lenders

# Project Features

## Project Location



# Plant Configuration and Implementation Arrangement

- Each Phase has 2 GTGs with gross output of about 75 MW at site conditions, 2 heat recovery steam generators (HRSG) and 1 common steam turbine generator (STG) of about 75 MW capacity
- Implemented through fixed time, fixed price contract- EPC contract awarded through ICB to Sravanthi Infra Private Limited
- SIPL in-turn placed orders with reputed equipment suppliers
  - Supply, erection and commissioning of Gas Turbine-Generators (GTG) - General Energy, France
  - Steam Turbine-Generator (STG) - Hangzhou Steam Turbine Co. Ltd., China
  - Heat Recovery Steam Generators (HRSG) - Greens Power, UK
  - Civil works contract - M/s Shapoorji Pallonji & Co. Ltd.

- EPC contract comprised 3 separate packages:

		<i>(Rs. in Crore)</i>	
#	Particulars / Package & Contract Value	Phase I	Phase II
A	Award Date of the EPC Contract	30-April-2010	11-February-2011
B	EPC Package Details		
1	Civil and Construction Works	60.00	50.00
2	Engineering, Transportation, Custom Clearances, Insurance, Erection, Testing and Commissioning Services	73.00	75.00
3	Supply of Offshore and Onshore Equipments	555.00	611.00
	Total	688.00*	736.00*

*\*Provision exists for price adjustment due to forex variation*

## Project Features....contd.

### Approvals and Clearances- Phase I

Clearance	Authority	Date	Remarks
Environmental Clearance	MoEF, GOI	09-March-2010	Validity extended upto 7 years, i.e., to 08-March-2017
Consent to Operate (Prov.)	Uttarakhand Environment Protection & Pollution Control Board	28-September-2016	31-March-2017
Consent to Establish	Pollution Control Board, Uttarakhand	10-June-2010	
NOC for Ground Water for 4585 cum. per day	Central Ground Water Authority, Ministry of Water Resources, GOI	28-January-2010	Water requirement of 600 cum per day for each Phase
Clearance for Land	Industrial Development Department, Uttarakhand	04-November-2009	
Factory License	Director of Factories, Uttaranchal		
NOC/Approval from Gram Panchayat	Gram Panchayat, Khaikhera	26-December-2009	
NOC for Height Clearance	Airports Authority of India	21-April-2010	
NOC from DFO	Divisional Forest Officer, Tarai West Forest Division Ramnagar, Nainital	31-December-2009	
NOC	Archaeological Survey of India, Dehradun	08-January-2010	

## Project Features....contd.

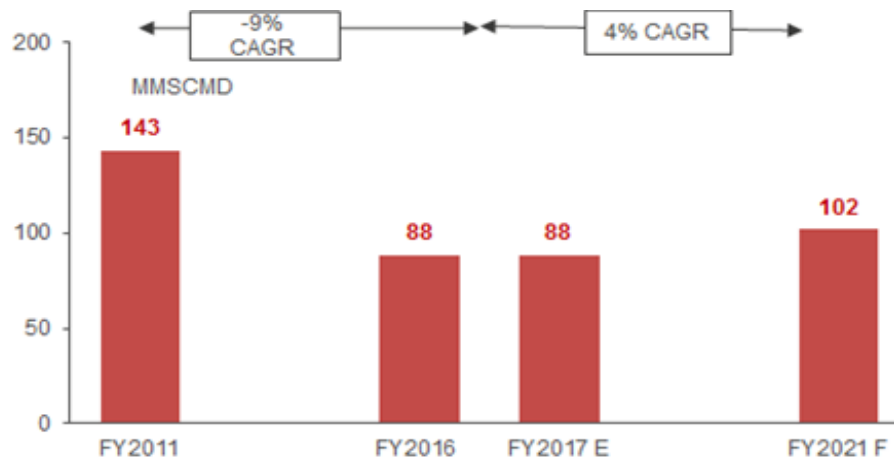
### Approvals and Clearances- Phase II

Clearance	Authority	Date	Remarks
Environmental Clearance	MoEF, GOI	31-January-2011	Validity extended upto 7 year
Consent to Establish	Pollution Control Board, Uttarakhand	11-February-2011	Valid till one year
NOC for Height Clearance	Airports Authority of India	06-December-2010	7 years, i.e., 06-December-2017
Clearance for Land	Industrial Development Department, Uttarakhand	04-November-2009	Obtained for Phase I and sufficient for Phase II
NOC	Archaeological Survey of India, Dehradun	08-January-2010	
NOC for Ground Water for 4585 cum. per day	Central Ground Water Authority, Ministry of Water Resources, GOI	28-January-2010	
NOC from DFO	Divisional Forest Officer, Tarai West Forest Division Ramnagar, Nainital	31-December-2009	

## Project Features....contd.

### Fuel Arrangement

- Annual requirement of ~0.85 mmscmd of Natural Gas at 85% PLF for each Phase
- ~145 MMSCM of RLNG allocated from Oct-2016 to March-2016 under 4<sup>th</sup> round of e-bid RLNG Scheme
- Sufficient for running Phase I @ 80% PLF for 6 months
- Discom to pay capped price of Rs. 4.70/kwh and PSDF support of Rs. 0.21/kwh of Incremental Energy (65,70,00,007 units)
- SEPL is in discussion with GAIL and GSPC for tie up of R-LNG on bilateral basis for next 2-3 years
- Domestic production of gas is expected to increase from FY 2018



Source: CRISIL Research

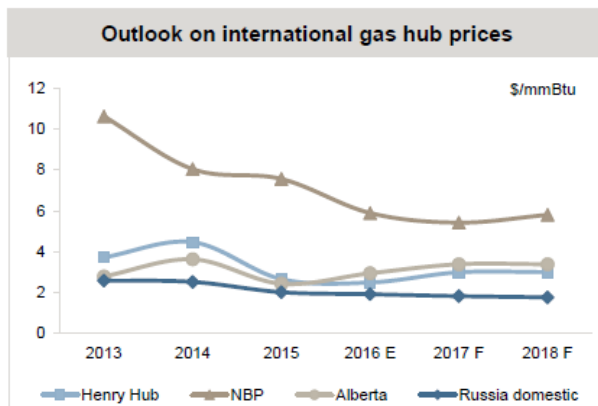
- Production Growth estimated @4% CAGR to 102 MMSCMD in FY 2021
- Installed capacity of LNG Regasification facility expected to increase to 44 MTPA by FY 2021 from 23 MTPA currently
- Share of LNG in total supply, which was 40% in FY 2016, is expected to increase to 43% in FY 2021



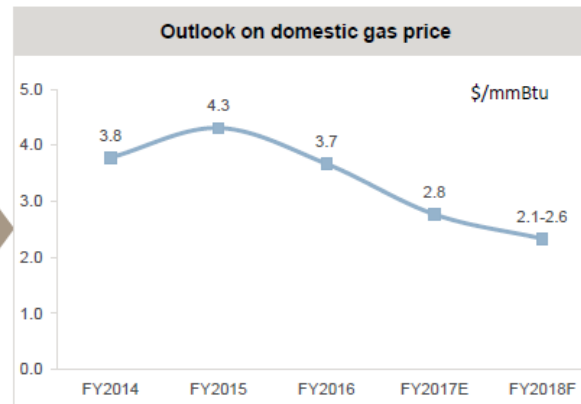
# Project Features....contd.

## Fuel Arrangement...contd.

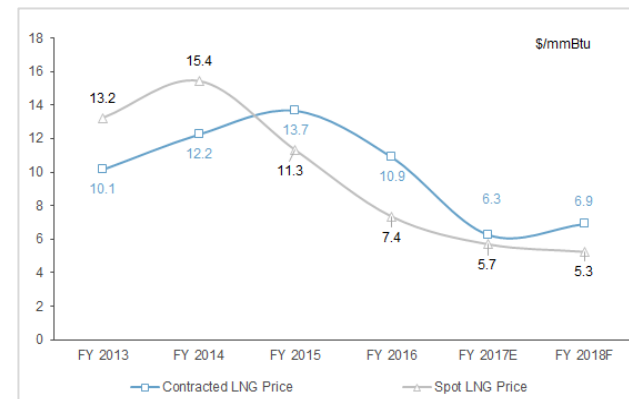
- Domestic gas prices reduced by 18% to \$2.5 per MMBTU (on GCV basis) from Oct-Mar-2016 to reflect weak global prices and persistent oversupply in global markets
- Prices expected to remain range-bound at ~\$2.5 per MMBTU till FY 2018 due to tepid demand growth



Source: CRISIL Research



- Spot LNG prices expected to decline & range between \$5-6/ MMBTU in FY 2017 and FY 2018 due to weak demand & robust supply scenario



Source: CRISIL Research



## Project Features....contd.

### Power Sale Arrangement

- 25 year PPA with Uttarakhand Power Corporation Limited (UPCL) for 214 MW (Phase-I) executed on 28-July-2016
- Delivery Point of power - ex-bus point of the Power Station
- Tariff shall comprise Capacity charge and Energy Charge as per Tariff Regulations of UERC
- During e-bid RLNG Scheme- Tariff shall be the capped price
- Payment Security Mechanism- unconditional, revolving, irrevocable LC equivalent to 1.1 times of estimated average Monthly billing for 1<sup>st</sup> year and 1.05 times for subsequent years
- Tariff petition filed with UERC for Phase I; process for tariff and capital cost determination for Phase I underway
- SEPL is in discussion with UPCL for power tie up from Phase II as well
- North region faced high deficit in peak power (7%) as well as energy availability (4.8%) during 2015-16
- Northern region to have highest peak demand at ~87 GW by the end of 13th Plan (*Source: 18<sup>th</sup> EPS*)
- Further UDAY Scheme expected to have positive impact on the buying capacities of discoms

## Project Features....contd.

### Power Evacuation Arrangement

- Power evacuation currently through 200 kV line
  - Power stepped up to 220 kV and injected into PTCUL's transmission system
  - Dedicated 2.512 km long 220 kV transmission line from Power Station to LILO at Kasipur-Mahuakheraganj 220KV Transmission line of PTCUL
  - Connectivity Agreement with PTCUL executed on 30-September-2011 – temporary arrangement
- Alternatively SEPL has received grant for open access and evacuation of power from PGCIL
  - Connection Agreement with PGCIL executed on 18-April-2012
  - 15 km LILO line (Kasipur-Roorkee 400kV Double circuit) from SEPL plant to LILO point which is connected to PGCIL Grid
  - Implementation of the above transmission system under Phase II

## Project Features....contd.

### Project Cost

- Project cost for Phase I and Phase II was originally estimated at Rs. 845.00 crore Rs. 898 Crore

(Rs. in Crore)

#	Particulars	Phase I	Phase II
A	Land and Site Development	10.00	1.60
B	EPC Works	678.00	761.00
C	Non EPC Works	20.00	11.00
D	Pre-operative Expenses	23.74	23.20
	<b>Sub-total (Hard Cost)</b>	<b>731.74</b>	<b>796.80</b>
E	Physical Contingency	19.65	23.20
F	Financing Expenses	10.14	10.66
G	IDC	72.65	49.00
H	Margin Money for Working Capital	10.82	14.60
	<b>TOTAL PROJECT COST</b>	<b>845.00</b>	<b>898.00</b>

- Cost overrun due to delay in project implementation; estimated completed Project cost for Phase I:

(Rs. in Crore)

Particulars	Amount
Total Hard Cost	811.78
Total Soft Cost	640.41
<b>Total Cost for Phase I</b>	<b>1,452.19</b>

- Expenditure amounting to ~Rs. 1000 Crore incurred on Phase II till March-2016, additional Rs. 300 Crore - Rs. 400 Crore required for completion of work (towards EPC) in addition to IDC, ~8-9 months for commissioning post recommencement of work

## Project Features....contd.

### Means of Finance

- Original Project Cost financed in DER of 75:25; subsequently several bilateral debt facilities availed
- Status of debt for the Project as on 30-September-2016 is as below:

(Rs. in Crore)

I.	Debt Position		
#	Name of the Lender	Amount Sanctioned	Amount Disbursed
1.0	<b>Phase I</b>		
1.1	IFCI Ltd	210.71	197.88
1.2	Axis Bank Ltd	231.08	218.78
1.3	State Bank of Patiala	141.65	133.98
1.4	Canara Bank	127.97	121.42
1.5	Punjab National Bank	116.79	115.55
1.6	Indian Overseas Bank	70.83	69.52
1.7	State Bank of Mysore	70.83	69.21
	<b>Total Debt</b>	<b>969.86</b>	<b>926.33</b>
2.0	<b>Phase II</b>		
2.1	IFCI Ltd	673.50	537.33
2.2	Axis Bank Ltd	46.01	42.32
	<b>Total Debt</b>	<b>719.51</b>	<b>579.66</b>
3.0	Total Phase I & II Debt (w/o giving effect of SDR)	1689.37	1505.99
4.0	Less : Debt Converted into Equity under SDR		-185.33
5.0	<b>Final Debt post SDR (Consolidated for Phase I &amp; II)</b>		<b>1320.66</b>

## Project Features....contd.

### Means of Finance

- Status of equity for the Project as on 30-September-2016 is as below:

(Rs. in Crore)

II.	Equity Position	Phase I	Phase II	Total
1.0	<b>Total Infusion from Promoters</b>			
1.1	Promoters Equity	156.32	112.50	268.82
1.2	SIPL CFCDs	31.45	80.21	111.66
1.3	Debenture Application Money -SIPL	7.08	10.03	17.11
1.4	Debenture Application Money -SREPL	12.69	0.00	12.69
1.5	IFCI Equity	54.93	39.53	94.46
2.0	<b>Total Phase I &amp; II Equity (w/o giving effect of SDR)</b>	<b>262.46</b>	<b>242.27</b>	<b>504.74</b>
3.0	Add : Debt Converted into Equity under SDR			185.33
4.0	<b>Final Equity post SDR (Consolidated for Phase I &amp; II)</b>			<b>690.07</b>

## Proposed Transaction

- SEPL has been facing financial stress due to delay in commissioning as the gas was unavailable
- Company has defaulted in servicing interest and principal repayment
- Consortium of lenders led by IFCI Limited, initiated change in ownership under extant RBI guidelines on 'Strategic Debt Restructuring' (SDR) dated 8-July-2015
- Debt obligation amounting to Rs. 185.33 Crore converted into equity on pro-rata basis in order to have minimum 51% equity shareholding of SEPL post conversion
- SBICAP engaged for selection of new promoter and subsequent change in ownership of SEPL by divestment of 51% stake acquired by the lenders under SDR process
- Transaction proposed by way of bidding process; Debt on balance sheet of SEPL may be refinanced based on discussion/proposal submitted by prospective investors
- Third party Technical, Legal, Accounting/Tax Due Diligence reports would be provided with Tender Documents

### OFFER DETAILS

<i>Name of the Company</i>	:	Sravanthi Energy Private Limited
<i>Equity Shares</i>	:	Approximately 51%
<i>Face Value</i>	:	Rs. 10.00
<i>Effective Equity Stake</i>	:	Controlling stake in SEPL
<i>Seller</i>	:	Consortium of Lenders of SEPL

# Offer Highlights

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## *Company Specific Advantages*

- Phase I operational in Open mode; Phase II may be readied in 8-9 months- implementation risk is minimized
- Key approvals and clearances required for implementation and operation obtained
- ~145 MMSCM of RLNG for running Phase I @ 80% PLF till Mar-2017 available; discussion with GAIL/GSPC for tie up of R-LNG on bilateral basis underway; spot prices currently witnessing downward trend, domestic production of gas expected to increase from FY 2018
- Long term PPA for Phase I with UPCL; Uttarakhand is rich in hydro potential but faces deficit during off season; company is in discussion with UPCL for PPA for Phase II as well

## *Location Advantage*

- Close alignment with GAIL's gas supply route expected to lower gas transmission charges
- Project site borders the neighbouring state of UP which is also facing energy and peak deficit

## *Design Advantage*

- Efficient Gas Turbines- 6FA Advanced Class GE Gas Turbines installed
- Air cooling technology used in order to minimize consumption of water

## *Proposed Investment*

- Investor to take controlling stake in SEPL



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**Thank You**