

## Sale of Promoters' Equity Stake (at least 50% and potentially 100%)

Promoters



Energy

April 2023

# AGENDA

**1** Transaction overview

**2** Company Overview

**3** Existing Solar Parks

**4** Transaction Approach & Indicative Timelines

**5** Eligibility Criteria for Potential Investors

**6** Annexure – Financial Snapshot

# TRANSACTION OVERVIEW

The Promoters' (GoR and IEDCL) of SUCRL intend to sell at least 50% (IEDCL's share) and potentially 100% stake (remaining 50% share of GoR) in SUCRL on “*as is where is*” and “*as is what is*” basis:

## Background:

- The erstwhile Board of Directors of Infrastructure Leasing & Financial Services Limited (“**IL&FS**”) was reconstituted by the Hon’ble National Company Law Tribunal, Mumbai Bench (“**NCLT**”), based on an application filed by the Union of India (acting through the Ministry of Corporate Affairs (“**MCA**”)), post which NCLT vide its orders in Oct-18 and Dec-18 appointed Directors on Board of IL&FS.
- Basis various “Progress and Way Forward” reports submitted by MCA to NCLT, the court vide its order dated 12<sup>th</sup> Mar-20 issued order to monetise the assets/investments of IL&FS group including SUCRL. In line with court orders, IL&FS Group is seeking proposal from interested investors for its stake in SUCRL (50%).
- SUCRL has appointed SBI Capital Markets Ltd (SBICAPS) as Transaction Advisor

*The Invitation for EOI is only an invitation for submitting expressions of interest purporting to ascertain interest of potential applicants and does not create any kind of binding obligation on the part of SUCRL, GoR, IEDCL, IL&FS or SBICAPS to consummate the Potential Transaction.*

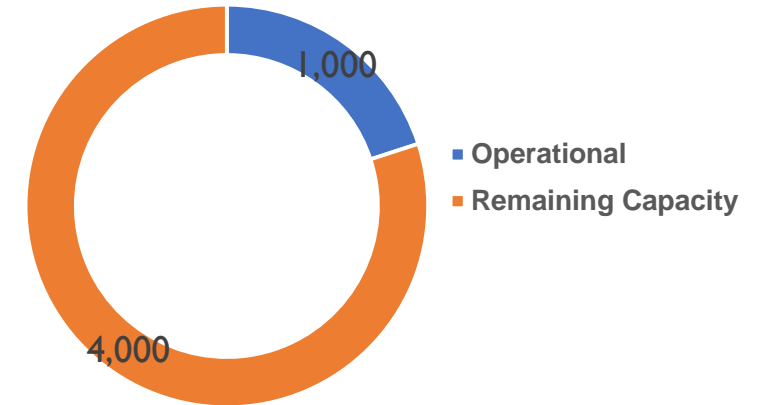
# COMPANY OVERVIEW

## Synopsis

- **Incorporated** on 7<sup>th</sup> Apr-15, as JV between Govt. of Rajasthan (GoR) and IL&FS Energy Development Company Ltd. (IEDCL) under provisions of MNRE scheme of Solar parks and Ultra Mega Power Projects, 2014
- **One of the leading solar park developer** in state of Rajasthan with MoU / JVA with GoR to develop solar parks with cumulative capacity of 5,000 MW.
- **Project:** 1,000 MW (Bhadla – III) operational. 300 MW developed for private corporate client.
- **Services:** Land development, transmission connectivity, pooling substation, common infrastructure of solar park allowing IPPs to plug & play.
- **Cost recovery:** Cost of development (including RoE) recovered from IPP till end of construction.
- Also charges an O&M fee to IPP for O&M services provided for solar park.
- **Land source:** Leased by GoR for 30 years, which is sub-leased to IPP for ~27 years.

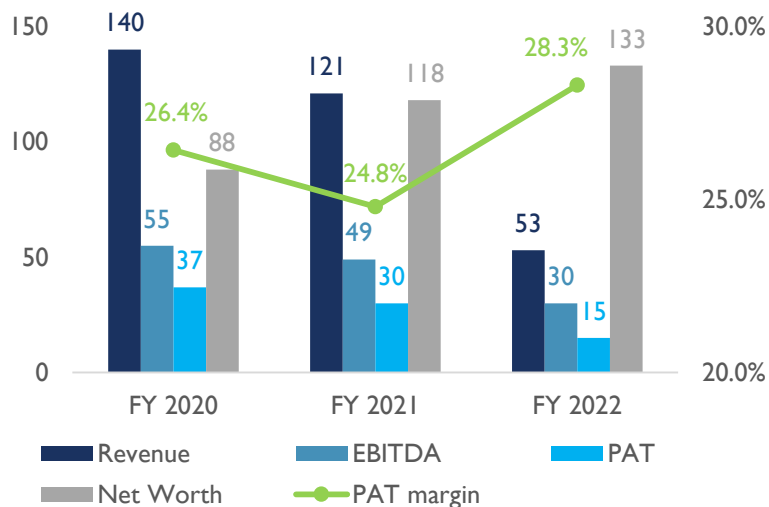
## Project Status

Capacity in MW

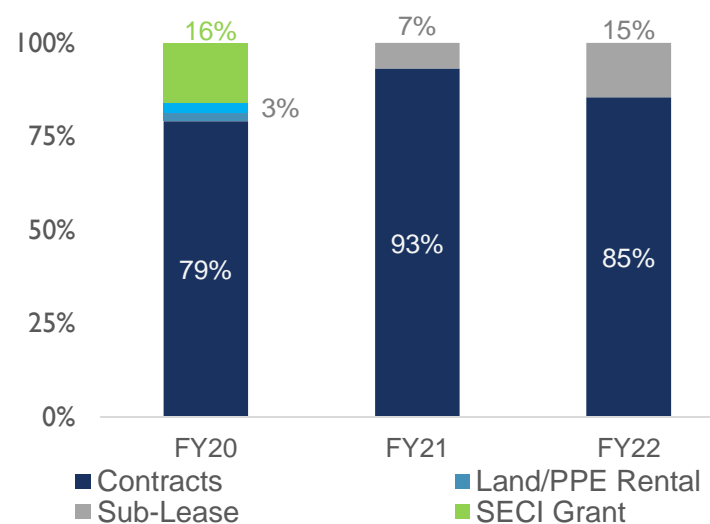


## Financial Profile

(INR Crore)



## Revenue Break-up

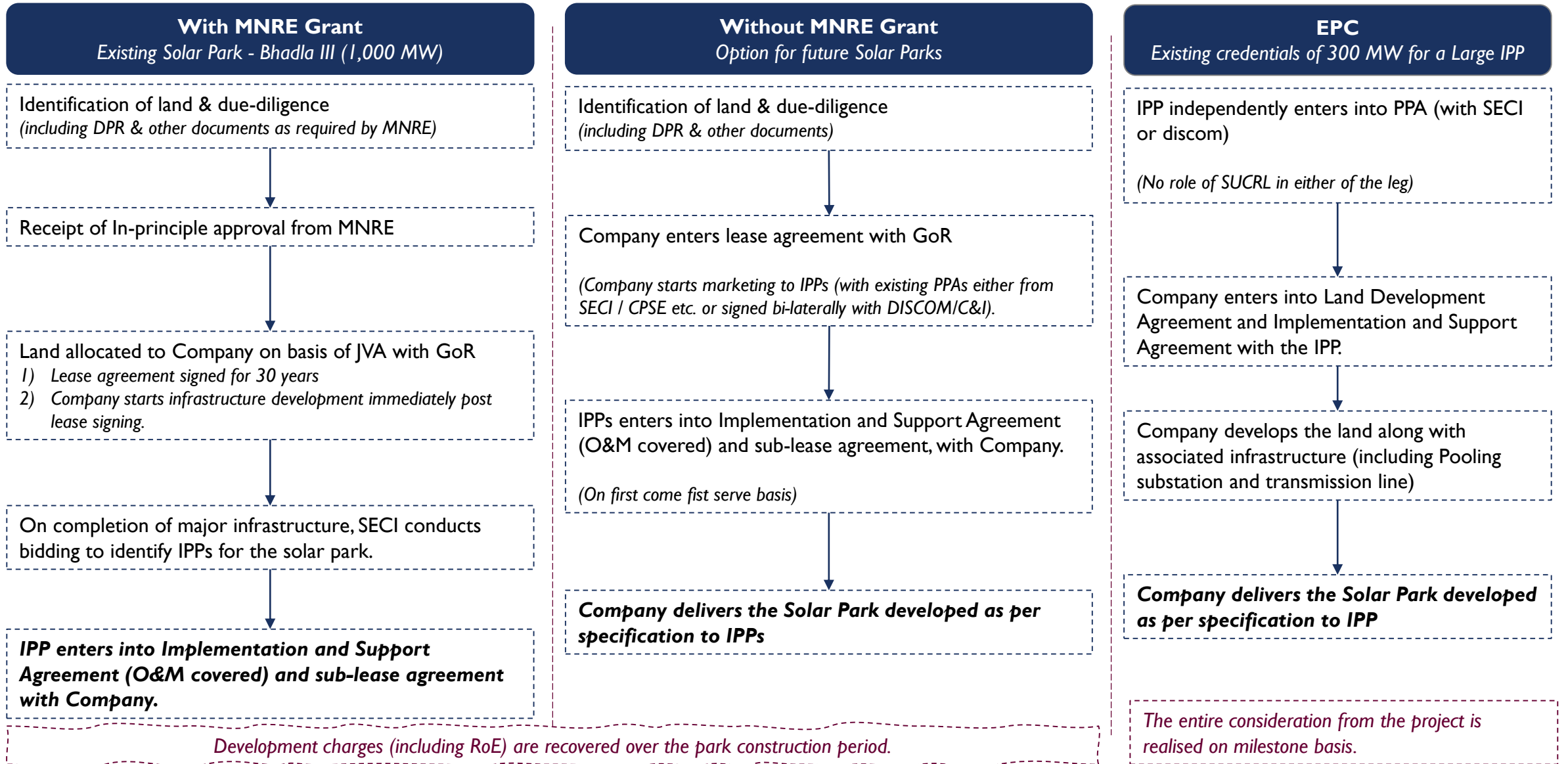


## Recurring nature of cash-flows

Strong cash flow visibility during entire life-cycle of solar park:

- ✓ **Development charges:** Company receives ~40%-60% of development charges upfront, while remaining cost is recovered at the completion of the park.
  - Project Development Revenue received within ~2 years of construction.
  - The development fee recovered by Company including RoE @ 16%.
- ✓ **Sub-lease:** Company collects lease payments from IPPs and pays to GoR annually during the tenure of park.
- ✓ **O&M revenue:** Received annually during the tenure of park based on Implementation and Support Agreement.

# COMPANY OVERVIEW – FUNCTIONAL MODELS



# EXISTING SOLAR PARKS

Project	Capacity	Status	Details
Bhadla Solar Park (Phase III)	1,000 MW	Commissioned (Feb-20)	<ul style="list-style-type: none"><li>➤ Land – 5500 acres</li><li>➤ Tariff – 2.44/ MW (Lowest tariff in country at the time of bidding)</li><li>➤ IPPs – SB Energy (500 MW), ACME Solar Group (200 MW) Hero Future Energies (300 MW)</li><li>➤ Project Cost – INR 368 crore</li><li>➤ Sources of fund – INR 130 crore (Promoter Equity), INR 110 crore (MNRE Grant), INR 130 crore (Customer advance)</li></ul>
Hapasar Solar Park	300 MW	Commissioned (Aug-21)	<ul style="list-style-type: none"><li>➤ Land – 1,500 acres</li><li>➤ Tariff – 2.61/ MW</li><li>➤ IPP – A large Corporate Client</li></ul>

## **Key highlights:**

- ✓ Company has in-house EPC expertise with experienced staff from solar and EPC industry.
- ✓ The O&M services are in-house looked after by a dedicated team with experience.
- ✓ Water requirement for the solar park in Bhadla met from Indira Gandhi Canal.
- ✓ Generates revenue from development charges, sub-lease and O&M charges, to IPPs operating in its solar park.

## Stage I – Launch of Public Process

- **Invitation to EOI:** Invitation to be issued to Potential Investors for submission of Expression of Interest for the proposed stake sale. The invitation shall be publicly highlighted on respective websites of promoters, advertised in various newspapers etc.
  - ✓ Invitation to highlight objective of Proposed Transaction, “Eligibility Criteria” for Potential Investors including financial and technical eligibility criteria, and list of supporting documents required from Potential Investor.
- **Submission of EOI:** Interested Inventors to submit Eoi with necessary documents including Non-Disclosure Undertaking (NDU).

## Stage II – Due-Diligence and Document Finalisation

- **Intimation to Shortlisted Investors and undertaking Due Diligence:** Shortlisted Investors shall be invited to undertake time-bound financial and legal due-diligence. The Interested Inventors shall be provided following:
  - ❖ Access to Virtual Data Room containing material information relating to SUCRL.
  - ❖ Request for Proposal (RfP)
  - ❖ Any other information/data requested by Inventors deemed necessary by SUCRL.
- **Sharing of DRAFT definitive documents:** Shortlisted Investors to be provided with DRAFT definitive documents (e.g., Shareholders Agreements, Share Purchase Agreement etc.). The definitive agreements would be negotiated and finalised by respective legal advisors of IEDCL (IL&FS Group) and GoR.
- **Finalisation of definitive documents:** Final definitive documents to be issued to Shortlisted Investors based on the negotiations with such Investors.

## Stage III – Bid Submission & Evaluation

- **Submission of Bids:** The Bidders shall submit their final bids in form and manner as published in RfP along with all the necessary documents as stipulated in RfP. This shall include an undertaking confirming the bidder shall sign the final agreed form of definitive agreements.
- **Identification of HI Bidder:** JWC shall review the bids submitted and identify the highest bidders and circulate the same to GoR for its decision on whether it intends to proceed with its stake sale or not.

### Indicative Timeline for Stage I

Activity	Timeline
Issuance of EOI and Advertisement	T
Last date for submission of EOIs	T + 5 weeks
Intimation to Shortlisted Applicants	T + 7 weeks



# ELIGIBILITY CRITERIA FOR POTENTIAL INVESTORS

Criteria	Company	Consortium	Investment Fund
<u>Financial Criteria</u>	<ul style="list-style-type: none"> <li>✓ Minimum net-worth of <b>INR 150 crore</b>.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Minimum net-worth of <b>INR 150 crore</b>.</li> <li><i>Can be met either by lead partner or as weighted average of consortium member's stake in the consortium.</i></li> <li><i>No consortium member can have negative net-worth</i></li> <li><i>Minimum share in consortium – Lead member (51%), Other members (20%)</i></li> </ul>	<ul style="list-style-type: none"> <li>✓ Minimum AUM of <b>INR 600 crore</b> in India or</li> <li>✓ Committed funds available for investment in companies incorporated in India of at least INR 600 crore or</li> <li>✓ A combination of above two, which results in aggregate amount of at least INR 600 crore.</li> </ul>

- ✓ Applicant may use credentials of Parent / Subsidiary / Associate Company for fulfilment of Financial Eligibility criteria, whether as a member of consortium or on its own.
- ✓ Financial Criteria assessment shall be based on latest audited (31<sup>st</sup> March 2022 or later) Consolidated Financials of the Applicant.

## Technical Criteria

- Eligible participants shall have either of the following experience within or outside India in past 5 years:
- Developing and operating a min. of **100 MW solar park capacity**; or
  - Commissioning / developing projects of value of **at least INR 200 Crore in power sector**; or
  - Executing projects of value of **at least INR 300 Crore in Infrastructure Sector\***
  - Technical criteria to be met by Lead Member in case of Consortium

- ✓ Technical Criteria is consistent for all the participants irrespective of the participation structure.
- ✓ Applicant may use credentials of Parent / Subsidiary / Associate Company for fulfilment of Technical Eligibility criteria, whether as member of consortium or on its own.
- \* Infrastructure sector is defined as renewable energy, power, telecom, ports, airports, railways, metro rail, highways and bridges, industrial parks/ estates, logistic parks, pipelines, irrigation, water supply, oil and gas, sewerage, real estate development.

# ELIGIBILITY CRITERIA FOR POTENTIAL INVESTORS

## General conditions

### ➤ **Incorporation Criteria:**

- Participant to be **Company incorporated in India**. Proprietorship, partnerships, and LLP not permitted.
- **Investment Funds** permitted to participate only in Consortium.
  - ✓ Permitted to participate as Lead Member if it satisfies the criteria “a Company incorporated in India under the provisions of the Companies Act 1956, the Act, or any previous company law”. Otherwise, it can participate as other member of Consortium
- **Body Corporate registered / incorporated outside India** as a corporation / company which undertakes to incorporate a SPV in India under the provisions of the Act, before the signing of definitive agreements with respect to the Potential Transaction

### ➤ **Other Conditions:**

- ✓ Applicant to be part of any 1 (one) Applicant Consortium under the bid Process; It is further clarified that an Applicant is only permitted to participate in the Process either on its own account OR as a member of a Consortium, but not both;
- ✓ **Lock-in of Shares and Other Restrictions:** Successful Applicant to undertake certain obligations/restrictions at RFP stage;
- ✓ Applicant not to be blacklisted by the Central / State Government ministry/ agency for bidding in any Central or State Government projects/ contract in India and in its jurisdiction of incorporation and operations;
- ✓ The Applicant has not been debarred or restrained by any regulatory authority from making investments;
- ✓ ~~Ultimate Beneficial Owner for Sole Applicant / Consortium should not be the same as that of any other Applicant or of any member of any Consortium.~~

**THANK YOU**

# ANNEXURE – FINANCIAL SNAPSHOT

# ANNEXURE – BALANCE SHEET

(INR Crore)

Particular	FY19	FY20	FY21	FY22
<b>ASSETS</b>				
Property Plant and Equipment	0.44	0.39	0.39	2.13
Right of Use Asset	0.00	7.32	6.88	6.10
Financial Assets – Lease	0.05	94.97	95.66	90.28
<b>Total Non-Current Assets</b>	<b>0.52</b>	<b>103.42</b>	<b>103.82</b>	<b>99.72</b>
Inventories	39.21	0.00	0.72	0.79
Trade Receivables	75.69	11.37	20.91	2.87
Cash and Cash Equivalents	32.03	104.30	118.66	141.16
Other Financial Assets (Security Deposits)	25.06	25.05	26.52	31.02
Other Current Assets (Prepaid Expenses, Advances)	5.89	23.43	11.09	13.83
<b>Total Current Assets</b>	<b>173.07</b>	<b>165.41</b>	<b>179.09</b>	<b>189.68</b>
<b>TOTAL ASSETS</b>	<b>173.59</b>	<b>268.83</b>	<b>282.91</b>	<b>289.40</b>
<b>EQUITY</b>				
Equity Share Capital	129.94	129.94	129.94	129.94
Other Equity (Reserves & Surplus)	(79.55)	(42.29)	(12.12)	2.77
<b>Total Equity</b>	<b>50.39</b>	<b>87.64</b>	<b>117.81</b>	<b>132.71</b>
<b>LIABILITIES</b>				
Financial Liabilities (Lease)	-	103.56	104.51	98.16
<b>Total Non-Current Liabilities</b>	<b>1.19</b>	<b>104.78</b>	<b>105.77</b>	<b>100.71</b>
Trade Payables	13.13	9.53	6.14	8.75
Other Current Liabilities (Unearned Income, Statutory Dues)	102.02	55.42	27.23	33.51
<b>Total Current Liabilities</b>	<b>122.01</b>	<b>76.40</b>	<b>59.32</b>	<b>55.97</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>173.59</b>	<b>268.83</b>	<b>282.91</b>	<b>289.40</b>

# ANNEXURE – INCOME STATEMENT

(INR Crore)

Particular	FY19	FY20	FY21	FY22
<b>REVENUE</b>				
Revenue from Operations				
Revenue from Contracts	183.84	108.63	109.39	40.52
Revenue from Rental of Land, PPE etc.	6.87	2.53	0.23	0.03
Finance Income (Sub Lease)	-	4.39	7.57	7.50
Grant Received	43.21	21.57	-	-
Other Income (Bank Deposits, Others)	4.62	2.41	3.74	5.37
<b>Total Income</b>	<b>238.53</b>	<b>139.53</b>	<b>120.93</b>	<b>53.41</b>
<b>EXPENSES</b>				
Cost of Land / Development Rights	26.54	10.13	-	-
Project Development Expenses	117.51	65.74	66.57	14.23
Employee Benefit Expenses	0.29	0.32	1.23	1.80
Finance Cost (Sub Lease)	0.00	5.93	8.27	8.18
Depreciation Expenses	0.11	0.40	0.57	0.69
Other Expenses (Inventory, Rent, O&M, Others)	7.24	8.01	3.63	7.82
<b>Total Expenses</b>	<b>151.68</b>	<b>90.53</b>	<b>80.27</b>	<b>32.72</b>
<b>EBITDA</b>	<b>86.96</b>	<b>55.32</b>	<b>49.50</b>	<b>29.55</b>
Profit Before Exceptional Items and Tax	86.85	48.99	40.66	20.69
Exceptional Items	173.44	-	-	-
<b>Profit Before Tax (PBT)</b>	<b>(86.59)</b>	<b>48.99</b>	<b>40.66</b>	<b>20.69</b>
Tax Expense	27.52	11.74	10.49	5.78
<b>Profit for the year (PAT)</b>	<b>(114.11)</b>	<b>37.25</b>	<b>30.17</b>	<b>14.91</b>