

Consultant report on EBITDA projections prepared by Greenko

Prepared for:

Greenko Investment Company

Also provided to:

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Abbreviations

Abbreviation	Description
APPC	Average Power Purchase Cost
APSPDCL	Southern Power Distribution Company of Andhra Pradesh Ltd.
Aux	Auxiliary
BESCOM	Bangalore Electricity supply company Ltd.
BOP	Balance of Plant
CERC	Central Electricity Regulatory Commission
COD	Commercial Operation Date
CUF	Capacity Utilization Factor
DISCOM	Distribution Company
DTTILLP	Deloitte Touche Tohmatsu India LLP
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortization
FAC	Fuel Adjustment Charge
FIT	Feed in Tariff
FY	Financial Year
GAAP	Generally Accepted Accounting Principles
GBI	Generation Based Incentive
GW	Giga Watt
IA	Implementation Agreement
IFRS	International Financial Reporting Standards
INR	Indian Rupee
IREDA	Indian Renewable Energy Development Agency Ltd.
JVVNL	Jaipur Vidyut Vitran Nigam Ltd.
KERC	Karnataka Electricity Regulatory Commission
KPTCL	Karnataka Power Transmission Corporation Ltd.
LLC	Limited Liability Company
Ltd.	Limited
MKWh	Million Kilo Watt-hour
Mn	Million
MU	Million units (Million Kilo Watt-hour)
MW	Mega Watt

Abbreviation	Description
NLDC	National Load Dispatch Centre
O&M	Operations and Maintenance
OEM	Original Equipment Manufacturer
PLC	Public Limited Company
PLF	Plant Load Factor
PPA	Power Purchase Agreement
Pvt.	Private
REC	Renewable Energy Certificate
SERC	State Electricity Regulatory Commission
Tx	Transmission
UERC	Uttarakhand Electricity Regulatory Commission
UPCL	Uttarakhand Power Corporation Ltd.
USC	US Cents
USD	US Dollar
WBERC	West Bengal Electricity Regulatory Commission
WRA	Wind Resource Assessment
WTG	Wind Turbine Generator

Consultant Report on EBITDA Projections prepared by Greenko

Board of Directors of Greenko Mauritius and Greenko Investment Company
 Deutsche Bank AG, Singapore Branch
 Investec Bank plc
 J.P. Morgan Securities plc
 Morgan Stanley & Co. International plc
 UBS AG, Singapore Branch

We have performed the procedures in accordance with the engagement contract signed with Greenko Mauritius and Greenko Investment Company (collectively referred to as "Company") and Deutsche Bank AG, Singapore Branch, Investec Bank plc, J.P. Morgan Securities plc, Morgan Stanley and Co. International plc and UBS AG, Singapore Branch (collectively, the "Joint Lead Managers"). The scope and sufficiency of these procedures is solely the responsibility of the Company. The Company is responsible for the EBITDA projections and underlying assumptions. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. This report includes our procedures performed and results of such procedures.

We have performed certain procedures, as enumerated below, with respect to the assumptions relating to Earnings before Income Taxes, Depreciation and Amortization (referred to as "EBITDA") projections of a select set of 274 MW of wind energy projects and 128.5 MW hydro power projects for the Financial Year 2017 (1 April 2016 to 31 March 2017) and Financial Year 2018 (1 April 2017 to 31 March 2018).

We have used the following approach and methodology:

Sr. No.	Items relating EBITDA Projections	Approach and Methodology
1.	EBITDA Projections model	Obtain the EBITDA Projections model from the Company and ascertain logic, assumptions and logic and flow of data used in the model and prove mathematical accuracy
2.	Capacity units and Commissioning date	<ul style="list-style-type: none"> i. Obtain the commissioning certificate issued by third parties and power purchase agreement with utilities or direct consumers (PPAs) from the Company and compare capacity units and commissioning date mentioned in commissioning certificate and PPAs to the projected financial information used in EBITDA Projections model ii. For the cases where third party commissioning certificate is not available obtain the commissioning date details (based on management's internal information) from the Company and compare commissioning date mentioned in management's internal information to the projected financial information used in EBITDA Projections model
3.	CUF, PLF, historical data for Auxiliary consumption and transmission charges	<ul style="list-style-type: none"> i. Obtain the Wind Resource Assessment (WRA) and energy production study reports submitted by third party technical consultants (engaged by the Company) from the Company and compare CUF mentioned in such reports to the projected financial information used in EBITDA Projections model ii. Obtain the Hydrology and power potential study reports submitted by third party technical consultants (engaged by the Company) from the Company and compare PLF mentioned in such reports for hydro projects to the projected financial information used in EBITDA Projections model iii. Obtain the SCADA reports/Actual generation details providing gross generation, net generation, reactive power, transmission losses,

Sr. No.	Items relating EBITDA Projections	Approach and Methodology
		Machine Availability, Grid Availability, etc. information from the Company and compare historical data for auxiliary consumption and transmission charges for wind/ hydro projects mentioned in such reports to the projected financial information used in EBITDA Projections model
		iv. For the cases where SCADA reports/Actual generation details are not available obtain the industry benchmark data from the Company and compare historical auxiliary consumption and transmission charges for wind/ hydro projects mentioned in industry benchmark data to the projected financial information used in EBITDA Projections model
4.	Generation based incentives (GBI)	i. Obtain GBI registration certificates issued by Indian Renewable Energy Development Agency from the Company and compare GBI as mentioned in the GBI registration certificates to the projected financial information used in EBITDA Projections model
5.	Wheeling and banking charges	i. Obtain the Regulations governing Wheeling and banking charges and compare the wheeling and banking charges mentioned in such regulations to the projected financial information used in EBITDA Projections model
6.	Tariff / free power	i. Obtain power purchase agreement with utilities or direct consumers (PPAs) and Tariff orders issued by State Electricity Regulatory Commissions from the Company and compare the tariff mentioned in the PPAs and Tariff orders to the projected financial information used in EBITDA Projections model
7.	Royalty, Free energy and local area development charges (LADA)	i. Obtain power purchase agreements and implementation agreements signed with state government and utilities for hydro projects from the Company and compare royalty, free energy and LADA mentioned in such agreements to the projected financial information used in EBITDA Projections model
8.	Operating and maintenance (O&M) expenses	i. Obtain O&M contracts entered into with various parties from the Company and compare O&M expenses mentioned in the contacts to the projected financial information used in EBITDA Projections model ii. For the cases where there are no O&M contracts obtain the O&M expenses data (based on management’s internal information) from the Company and compare O&M expenses mentioned in management’s internal information to the projected financial information used in EBITDA Projections model
9.	Other expenses	i. Obtain the other expenses (based on management’s internal information) from the Company and compare other expenses mentioned in management’s internal information to the projected financial information used in EBITDA Projections model

We have not conducted any due diligence of information provided in the technical or due diligence reports provided by AWS Truepower and Lahmeyer International (India) Pvt. Ltd.

We have not checked any land records/ land agreements / rent agreements/ property taxes. We have relied on Management Representation for all these expenses.

We did not explicitly evaluate the model logic and/or the associated input assumptions below EBITDA including, but not limited to, those calculations and assumptions related to taxes, interest, depreciation,

financing structures, (i.e., tax equity, project debt financing), working capital, etc. Our scope also did not include any projected cash flows or projected balance sheet.

Any historical data has not been inspected by us.

We have the following main findings:

- We inspected the EBITDA model and found no mathematical inaccuracies.
- We compared the capacity and the commissioning date of operational projects with the COD certificates & Management Representations and found no differences. We compared the capacity and commissioning date of near operational projects with the Management representation and found that they are in agreement. The observations for individual projects are discussed in Section 4.
- We compared PLF shown in the model for wind projects with the P75 estimates given in WRA reports and noted no differences.
- We compared PLF/generation considered in the model for hydro power projects with the recommendations given in Lahmeyer report and noted that they are in agreement.
- We inspected the PPAs to compare the tariff for operational wind projects selling power to state electricity utilities and noted no differences.
- We compared the tariff for projects selling directly to industrial and commercial consumers with the terms of the PPA, applicability of charges and Karnataka Electricity Regulatory Commission (KERC) Tariff orders for FY 2015-16 (order dated 02 March 2015) and FY 2016-17 (order dated 30 March 2016). We noted no differences. The observations for individual projects are discussed in detail in Section 4.
- We inspected the GBI registration letters from Indian Renewable Energy Development Agency Limited (IREDA), email from IREDA and snapshots of IREDA website registration for operational projects and noted that projects selling power to state electricity utilities are registered to avail GBI benefits. We compared the GBI rate mentioned in GBI guidelines issued by IREDA and noted no differences. The observations for individual projects are discussed in Section 4.
- We inspected the O&M agreements for wind power projects with the O&M expenses for turbines assumed in the model and noted no differences. We compared the other expenses like administrative expenses, personnel expenses, material expenses and reactive energy charges for wind power projects with that in Management Representation and noted that they are in agreement.
- Company uses the in-house capability for O&M of hydro power projects. We compared the O&M expenses for Swasti and Perla with the benchmarks for small hydro projects listed in CERC (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2012 and noted that the difference is less than 5%. We compared the O&M expense of Sneha Kinetic with the recommendation of technical consultant and noted that they are in agreement. Corporate overheads are not considered in these projections.

The details about the EBITDA level projections, underlying assumptions and detailed findings are given in the attached detailed report.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying EBITDA projections. Accordingly, we do not express an opinion on whether the underlying assumptions provide a reasonable basis for the presentation. Had we performed additional procedures, other matters might have come to our attention that would have been reported to the Company. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Consultant report on EBITDA projections prepared by Greenko

This report is intended solely for the information and use of the Company and the Joint Lead Managers (referred to as the "Specified Parties") and is not intended to be used or relied upon by anyone other than the Specified Parties. The report contains procedures agreed upon with the Company and may not be suitable for any investment decision or other purposes.

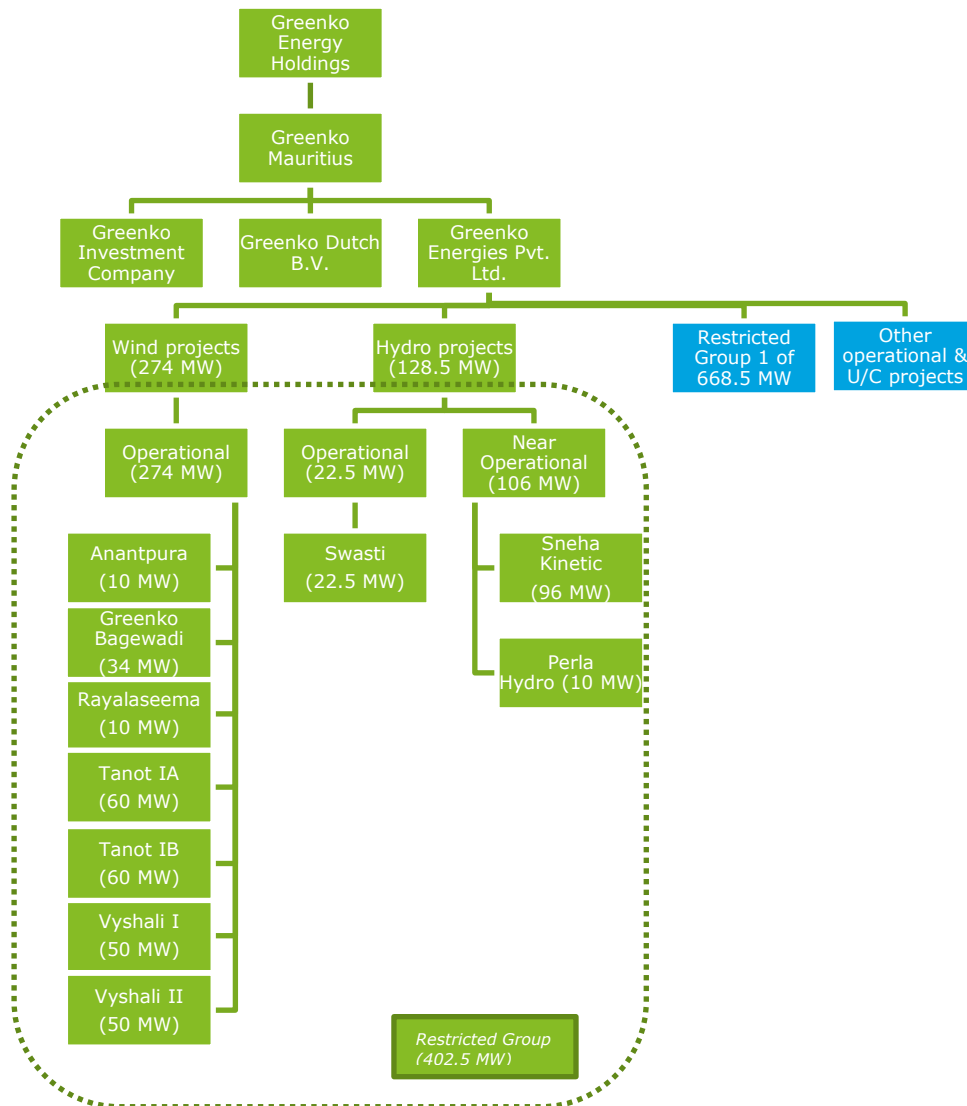
Conversion to United States Dollars (USD) is based on exchange rate of Indian Rupee (INR) 67 per USD.

The representation provided by the Management is provided as Annexure 1.

1. Introduction

Greenko Energies Pvt. Ltd. is an independent power producer which owns and operates portfolio of wind, hydro, natural gas and biomass based power generation assets in India. Greenko Energies Pvt. Ltd. is a 100% owned subsidiary of Greenko Mauritius. Greenko Investment Company, subsidiary of Greenko Mauritius, proposes to raise a high yield bond in the Singapore market.

The overall Greenko group structure as provided by the Company Management is presented below:



Source: Greenko Investment Company

EBITDA Projections

The Company has prepared the financial projections considering the following 402.5 MW of select wind and hydro power projects in India:

- 274 MW of operating wind power projects
- 22.5 MW of operating hydro power project
- 106 MW of near operational hydro projects expected to be operational by 1 September 2016

The above set of operating and near operational projects comprise the Restricted Group. The details of the specific projects considered in the projections are given later in Section 3.

The projected financials provide combined financial projections of projects (operating and near operational) and financial information associated with these projects including:

- Annual operating parameters – CUF/ PLF/generation, auxiliary consumption, wheeling and banking charges and transmission losses
- Annual operating revenues
- Annual operating expenses
- Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)

Revenues and EBITDA as shown in projected financials have not been recognized in accordance with Generally Accepted Accounting Principles (GAAP) but are instead non-GAAP estimates of future project performance. We have not ascertained the adherence of the projections to Indian GAAP or IFRS.

Further the projections of wind generation, revenues, expenses and EBITDA are consolidated measures of the projects reflecting 100% ownership. These figures do not take into account minority interests, tax equity, or other financial interests in the projects other than the Restricted Group.

2. Consolidated Projections and Overall Findings

Based on the assumptions made by the Company and their financial model, the combined financial forecasts for the Restricted Group are shown in the table below:

Particulars	FY 2017E [USD Mn]	FY 2018E [USD Mn]
Net saleable energy (MkWh)	958.58	1,226.11
Revenue		
Revenue from sale of power	75.28	94.28
Revenue from GBI	2.32	2.32
Total income	77.60	96.59
Per unit income	<i>8.10 USC /kWh</i>	<i>7.88 USC /kWh</i>
Expenses		
O&M expenses	2.12	4.98
Other expenses	2.14	2.26
Total expenses	4.26	7.25
Per unit expense	<i>0.44 USC /kWh</i>	<i>0.59 USC /kWh</i>
EBITDA	73.34	89.35
EBITDA %	94.51%	92.50%

Conversion to USD is based on exchange rate of INR 67 per USD.

The underlying input assumptions for operating characteristics / parameters, revenues and expenses for the Restricted Group and our overall findings if any are described below.

Capacity and Commissioning date

We obtained the commissioning certificates of all the operational projects and compared the commissioning dates and capacity with the assumptions in the model and found no differences. In cases where commissioning certificates were not available, we inquired of the Management about commissioning status and relied on Management Representation for these projects. The management informed that Perla and Sneha Kinetic projects are expected to achieve COD by 1 September 2016 and start accruing revenue from COD. Our observations are discussed in Section 4.

Operating characteristics/ parameters

Wind Power Projects

We obtained the Energy Yield Reports ("WRA Reports") prepared by technical consultants AWS Truepower for all the wind power projects.

Because of the uncertainty involved in pattern of wind flows, the WRA Reports provide estimates of generation/ plant load factor (PLF) based on different confidence levels called as P99, P95, P90, P75 and P50. The number represents the probability that the actual generation will exceed the estimated generation. So, a P75 represents that there is a 75% probability that actual generation will be higher than

the estimated generation. Hence, P90 estimates are lower than P75 estimates which are lower than P50 estimates. The Restricted Group has used P75 numbers in WRA Reports for estimating the generation.

We compared the PLF in the model with the P75 estimates given in WRA reports and noted that they were in agreement.

We inquired of Management regarding the source of auxiliary consumption and were informed that it is based on Management internal information and experience in other operational projects.

Hydro Power Projects

We obtained the confirmatory technical due diligence reports prepared by Lahmeyer International (India) Pvt. Ltd. ("Lahmeyer report") for all the hydro power projects which indicated the energy generation estimates.

We compared the PLF in the model with the recommendations given in Lahmeyer report and noted that they were in agreement.

We inquired of Management as to the source of auxiliary consumption and were informed that it is based on Management internal information and experience in other operational projects.

Revenue approach / assumptions

The projects considered for the analysis have two possible sources of revenues:

- Sale of electricity to distribution utilities or direct sale to consumers, and
- Generation based incentives (GBI) (only for wind projects)

Revenue from sale of electricity

The Restricted Group is selling power from operational projects and proposes to sell the power from near operational projects under different sale models.

- Sale to electricity utilities
- Direct sale to end consumers (industrial/commercial)

Sale to electricity utilities

The Restricted Group has long term Power Purchase Agreements (PPAs) for operational projects and proposes to have long term PPAs for near operational projects with the electricity utilities owned by State Governments or direct sales to end consumers (industrial/commercial).

State electricity utilities considered for the Restricted Group sign long term PPA for tenures of 25 years for wind power projects and 30 years for hydro projects. The PPAs are either signed at Feed-in-tariff ("FIT") which remains fixed or the escalation is pre-determined for entire term of the PPA.

We inspected the PPAs to compare the tariff assumed by the Restricted Group for operational projects and noted that the tariff was in agreement with the PPAs.

The Sneha Kinetic hydro project has received in-principle interest from India Power to purchase entire power from the project, subject to approval of West Bengal Electricity Regulatory Commission (WBERC). The tariff applicable for the project will be determined by WBERC on a cost plus basis. We inquired of management about the principles for tariff calculation and capital cost estimates and were informed that it was based on their internal estimates of capital cost & CERC tariff regulations. Our observations are discussed in Section 4.

Direct sale to industrial/commercial consumers

For the projects in Karnataka, the Restricted Group has PPAs for operational projects and proposes to have PPAs for near operational projects directly with the end consumers (industrial / commercial) for tenure of 5 to 15 years.

As per the existing PPAs, the power is sold to the end consumers at a discount to the tariff (energy charges) charged by the respective electricity utilities for that particular category of consumers (Industrial/Commercial). The tariff to be charged by the electricity utilities is approved by Karnataka Electricity Regulatory Commission (KERC) by periodic Tariff Orders. The PPAs are signed both under captive and third party modes.

The Electricity Rules, 2005 specify that for projects to be considered as captive generating plant, the consumers need to have at least 26% of equity in the project and consume at least 51% of the power on an annual basis. Further, the captive users need to consume power in proportion to their shares in ownership of the power plant within a variation not exceeding 10%. We examined the proportion of contracted energy as per the PPAs and the proportion of the shareholding as per the SHAs and noted that the proportions are in agreement with the requirements for captive generating stations under the Electricity Rules, 2005. For Vyshali, the aggregate shareholding of the PPAs available is 22%. We inquired of management as to the remaining 4% of the equity shareholding and were informed that management is in discussions with new consumers and if they are unable to conclude these discussions, the existing consumers will increase their equity stake proportionately to reach 26% so that they enjoy the benefits of captive generating plant. The observations for individual projects are discussed in more detail in Section 4.

For selling power to end consumers, the projects have to bear certain charges like cross-subsidy surcharge (wherever applicable) and wheeling and banking charges to be paid to electricity utilities. These charges are also approved by the KERC in its Tariff Orders. Cross subsidy surcharge is not applicable for captive generating stations.

Due to seasonal nature and uncertainty of wind generation, it is not always possible to match the generation with offtake of energy by consumers and this may result in demand-supply mismatches. Maximum wind generation is usually observed during the period of May-September, so the generation that is not consumed is banked with the electricity utility to be consumed in the later months. This banking facility is provided in Karnataka over a wind year from April to March and energy not consumed during a wind year will be deemed to be purchased by the distribution licensee in whose jurisdiction, the project is located. The payment for such energy shall be at the rate of 85% of the latest generic tariff for wind energy. The latest generic tariff for wind energy in the state is 4.50 Rs/kWh as per KERC order dated 24th February 2015. 85% of this tariff will be only 3.83 Rs/kWh. Based on the general seasonal generation pattern and inspection of the PPAs, we ascertained whether there will be any lapse of annual generation. Banking charges are 2% of energy injected into the grid.

The tariff for sale of power to end-consumers assumed by the Restricted Group for projecting the revenues for FY2015-16 is net of the discount and charges. It has assumed an escalation of 1% on the FY 2016-17 tariffs for projecting the tariff for FY 2017-18.

We recalculated the net tariff applicable for the projects based on the tariff category & discount mentioned in the PPA, wheeling & banking charges, cross subsidy surcharge and end user tariff in Karnataka Electricity Regulatory Commission (KERC) Tariff order for FY 2015-16 and FY 2016-17. We compared the recalculated tariffs with the tariff assumed in model and found no differences. The observations for individual projects are discussed in more detail in Section 4.

Income from Generation Based Incentive (GBI)

We obtained the Operational Guidelines for Implementation of "Extension Scheme for Generation Based Incentive for Grid Connected Wind Power Projects" as revised on 22 April 2015 and noted the requirements for availing generation based incentives (GBI). Wind power projects which are commissioned/likely to be commissioned between 01 April 2012 and 31 March 2017 (including both the dates) and selling power to electricity utilities are eligible for GBI. Wind power projects meeting the eligibility criteria have to register

the projects with Indian Renewable Energy Development Agency Ltd (IREDA, a Govt. of India Enterprise and nodal agency for registering and issuance of GBI) for availing the GBI. As per GBI operational guidelines, the projects will get the GBI at a rate of INR 0.50 per kWh of electricity fed into the grid with a maximum limit of INR 10.0 million per MW. The total disbursement in the year will be limited to INR 2.5 million/MW during the first four years. The incentive is over and above the tariff approved by State Electricity Regulatory Commissions (SERCs) in various states.

We obtained the registration certificates with IREDA, email approvals from IREDA and website snapshots of IREDA website for GBI registration for all operating projects. The Restricted Group has assumed GBI for all wind projects selling power to electricity utilities. We observed that all projects considered in the model for GBI have been registered by IREDA.

Operating expenses approach / assumptions

Wind power projects

The projects in the Restricted Group have signed agreements for operation & maintenance (O&M) of the wind power projects with the respective Original Equipment Manufacturers (OEMs) / wind turbine manufacturers. We have inspected the O&M agreements to understand the assumptions used for O&M expenses.

The scope of O&M agreement does not cover O&M of BOP and electrical equipment. These additional services are provided by in-house team of the projects. In addition there are salary, administration expenses, insurance expenses and reactive energy charges. We inquired of Management as to source of these other O&M expenses and were informed that it was based on management internal information and their experience in other similar operating projects. Corporate overheads are not considered in these projections.

Hydro power projects

The Company uses the in-house capability for O&M of hydro power projects. We compared the O&M expenses for Swasti and Perla with the benchmarks for small hydro projects listed in CERC (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2012 and noted that the difference is less than 5%. We compared the O&M expense of Sneha Kinetic with the recommendation of technical consultant and noted that they are in agreement. Corporate overheads are not considered in these projections. The observations for individual projects are discussed in more detail in Section 4.

3. Restricted Group and Projections

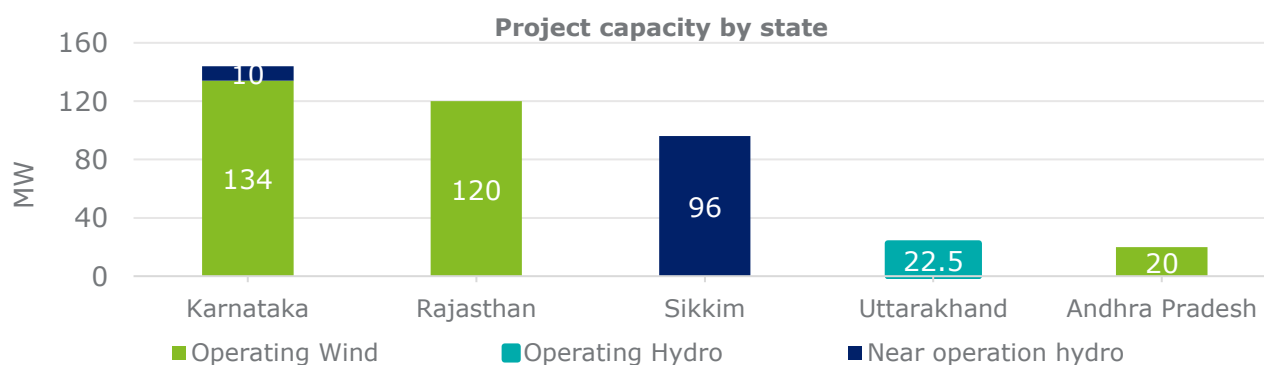
Greenko Energies India Private Limited through its subsidiaries owns and operates a portfolio of wind, hydropower, natural gas and biomass assets and plans to increase its portfolio by developing new Greenfield assets or by acquiring projects.

The projections made by the Company cover the select wind and hydro power projects in India, constituting wind and hydro projects of 296.5 MW in operation and 106 MW projects near operational projects. This set of projects is referenced as the Restricted Group. The projects covered in the Restricted Group are described in the table below.

SI No	Type	Project Name	Location	Capacity [MW]	Commercial Operation Date of last unit
Operational Projects					
1	Wind	Anantpura Wind Energies	Andhra Pradesh	10	19-May-15
2	Wind	RayalaSeema Wind Energy Company	Andhra Pradesh	10	19-May-15
3	Wind	Greenko Bagewadi Wind Energies	Karnataka	34	31-Dec-15
4	Wind	Tanot Wind Power Ventures – 1	Rajasthan	60	9-Jun-15
5	Wind	Tanot Wind Power Ventures – 2	Rajasthan	60	16-Dec-15
6	Wind	Vyshali Energy – 1	Karnataka	50	23-Dec-15
7	Wind	Vyshali Energy – 2	Karnataka	50	1-Apr-16
8	Hydro	Swasti Power	Uttarakhand	22.5	11-Oct-09
Near Operational Projects					
9	Hydro	Sneha Kinetic Power	Sikkim	96	1-Sep-16
10	Hydro	Perla Hydro Power	Karnataka	10	1-Sep-16

Source: Greenko Investment Company

The projects considered in the Restricted Group are spread in five states of India. The capacity distribution by states, status of project and technology is presented here:



Source: Greenko Investment Company

Every project considered for this Restricted Group is discussed in the following section. In project wise discussions, we have given a project overview and explained the basis for assumptions related to operational performance, revenue and expenses. Each project level description also has projections of saleable energy, revenue, operating expenses and EBITDA.

Based on the assumptions made by the Company and their financial model, the EBITDA contribution by each project to the combined projections is provided in the table below:

SI No	Type	Project Name	FY 2017E [USD Mn]	FY 2018E [USD Mn]
Operational projects				
1	Wind	Anantpura Wind Energies	1.79	1.64
2	Wind	RayalaSeema Wind Energy Company	1.97	1.86
3	Wind	Greenko Bagewadi Wind Energies	7.87	7.76
4	Wind	Tanot Wind Power Ventures – 1	11.18	10.52
5	Wind	Tanot Wind Power Ventures – 2	12.14	11.70
6	Wind	Vyshali Energy – 1	9.70	9.53
7	Wind	Vyshali Energy – 2	9.71	9.78
8	Hydro	Swasti Power	4.13	4.09
Subtotal: Operational Projects			58.49	56.86
Near Operational Projects				
9	Hydro	Sneha Kinetic Power	13.69	30.57
10	Hydro	Perla Hydro Power	1.16	1.92
Subtotal: Near Operational Projects			14.85	32.48
Total EBITDA for all Projects			73.34	89.35

4. Project level description and observations

The following summarizes key project assumptions underlying the financial model forecasts, projected financials based on the assumptions and our observations related to these assumptions.

Operational Wind Power Projects

Anantpura Wind Energies Pvt. Ltd.

Project overview

Anantpura Wind Energies Pvt. Ltd. ("Anantpura") is a wind power project located in the Anantpuram district of Andhra Pradesh. The project has capacity of 10 MW and has been operational since 19 May 2015. The project has 5 nos of 2 MW Gamesa turbines.

Energy generated from Anantpura is sold to Southern Power Distribution Company of A.P. Limited (APSPDCL) under a FIT PPA with tenure of 25 years.

Parameter	Value
Installed Capacity	10 MW
Procurer	Southern Power Distribution Company of A.P. Limited (APSPDCL)
Tariff	Fixed FIT of INR 4.70/kWh for tenure of PPA
Expiry	25 years from COD

Anantpura has entered into a 5 year O&M agreement with Gamesa Wind Turbines Pvt. Ltd. effective from the day of handover of each unit. The O&M agreement may be extended for additional 5 years on mutual consent. The scope of O&M agreement does not cover O&M of BOP and electrical equipment. In addition there are salary, administration expenses, insurance expenses and reactive energy charges. We inquired of Management as to source of these other O&M expenses and were informed that it was based on management internal information and their experience in other similar operating projects. Corporate overheads are not considered in these projections.

Project level projections

Key outputs from the project financial model are as follows:

Parameter	FY 2017E [USD Mn]	FY 2018E [USD Mn]
Generation		
Capacity [MW]	10.00	10.00
Net CUF [%]	27.30%	27.30%
Generation [MkWh]	23.91	23.91
Aux. consumption and TX loss [%]	2.00%	2.00%
Net saleable energy [MkWh]	23.44	23.44
Tariff [US Cent/kWh]	7.01	7.01
Revenues		
Revenue from sale of power	1.64	1.64
GBI	0.17	0.17

Parameter	FY 2017E [USD Mn]	FY 2018E [USD Mn]
Total Revenue	1.82	1.82
Expenses		
O&M expenses	0.00	0.15
Other expenses	0.03	0.03
Total expenses	0.03	0.18
EBITDA	1.79	1.64
EBITDA margin	98.24%	90.05%

Observations

- We compared the capacity and COD of the project with the COD certificate issued by APSPDCL and noted no differences.
- We compared the generation in the model and the P75 estimates given in WRA report prepared by AWS Truepower and noted that they are in agreement.
- We inquired with Management regarding the source of auxiliary consumption and were informed that it is based on Management internal information and experience in other operational projects.
- We compared the tariff in the model and the PPA with APSPDCL and noted that they are in agreement.
- We obtained the GBI registration letter from IREDA and observed that the project is registered. We recalculated the revenue from GBI and observed that it is in agreement to the GBI guidelines.
- We compared the O&M price considered in the model with the price mentioned in the O&M contract and noted that they are in agreement. We noted that in calculation of O&M expenses in the model, taxes have been considered in addition to the O&M price, as O&M price mentioned in the O&M agreement does not include applicable taxes. We inquired of Management about the tax rates considered and were informed that they are based on a split of material and services mix of the O&M services and are based on their experience in other projects. We proved the arithmetic accuracy of the O&M calculations. We inquired of management as to source of the O&M start date used in the calculation and were informed that it was the mutually agreed date of handover of project to the O&M contractor. We compared the escalation rate for O&M expense considered in the model with the rate in the O&M agreement and found no difference.
- We inquired of Management about other expenses and were informed that they are based on internal estimates and their experience in other projects. We compared the escalation rate considered for other expenses with the escalation rate mentioned in the CERC (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2012 and noted no differences.

Royalaseema Wind Energy Company Pvt. Ltd.

Project overview

Royalaseema Wind Energy Company Pvt. Ltd. ("Royalaseema") is a wind power project located in the Anantpuram district of Andhra Pradesh. The project has capacity of 10 MW and has been operational since 19 May 2015. The project has 5 nos of 2 MW Gamesa turbines.

Energy generated from Royalaseema is sold to the Southern Power Distribution Company of A.P. Limited (APSPDCL) under a FIT PPA with tenure of 25 years.

Parameter	Value
Installed Capacity	10 MW
Procurer	Southern Power Distribution Company of A.P. Limited (APSPDCL)

Parameter	Value
Tariff	Fixed FIT of INR 4.70/kWh for tenure of PPA
Expiry	25 years from COD

Rayalaseema has entered into a 5 year O&M agreement with Gamesa Wind Turbines Pvt. Ltd. effective from the day of handover of each unit. The O&M agreement may be extended for additional 5 years on mutual consent. The scope of O&M agreement does not cover O&M of BOP and electrical equipment. In addition there are salary, administration expenses, insurance expenses and reactive energy charges. We inquired of Management as to source of these other O&M expenses and were informed that it was based on management internal information and their experience in other similar operating projects. Corporate overheads are not considered in these projections.

Project level projections

Key outputs from the project financial model are as follows:

Parameter	FY 2017E [USD Mn]	FY 2018E [USD Mn]
Generation		
Capacity [MW]	10.00	10.00
Net CUF [%]	30.70%	30.70%
Generation [MkWh]	26.89	26.89
Aux. consumption and TX loss [%]	2.00%	2.00%
Net saleable energy [MkWh]	26.36	26.36
Tariff [US cent/kWh]	7.01	7.01
Revenues		
Revenue from sale of power	1.85	1.85
GBI	0.20	0.20
Total Revenue	2.05	2.05
Expenses		
O&M expenses	0.07	0.18
Other expenses	0.00	0.00
Total expenses	0.07	0.18
EBITDA	1.97	1.86
EBITDA margin	96.41%	90.97%

Observations

- We compared the capacity and COD of the project with the COD certificate issued by APSPDCL and noted no differences.
- We compared the generation in the model and the P75 estimates given in WRA report prepared by AWS Truepower and noted that they are in agreement.
- We inquired of Management as to the source of auxiliary consumption and were informed that it is based on Management internal information and experience in other operational projects.
- We compared the tariff in the model and the PPA with APSPDCL and noted that they are in agreement.
- We obtained the email from IREDA with subject of registration of wind farm for availing GBI and observed that the project is registered with IREDA. We recalculated the revenue from GBI and observed that it is in agreement to the GBI guidelines.

- We compared the O&M price considered in the model with the price mentioned in the O&M contract and noted that they are in agreement. We noted that in calculation of O&M expenses in the model, taxes have been considered in addition to the O&M price, as O&M price mentioned in the O&M agreement does not include applicable taxes. We inquired of Management about the tax rates considered and were informed that they are based on a split of material and services mix of the O&M services and are based on their experience in other projects. We proved the arithmetic accuracy of the O&M calculations. We inquired of management as to source of the O&M start date used in the calculation and were informed that it was the mutually agreed date of handover of project to the O&M contractor. We compared the escalation rate for O&M expense considered in the model with the rate in the O&M agreement and found no difference.
- We inquired of Management about other expenses and were informed that they are based on internal estimates and their experience in other projects. We compared the escalation rate considered for other expenses with the escalation rate mentioned in the CERC (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2012 and noted no differences.

Tanot Wind Power Ventures Pvt. Ltd. – Phase IA

Project overview

Tanot Wind Power Ventures Pvt. Ltd. ("Tanot") is a wind power project located in the Jaisalmer district of Rajasthan. The first phase ("Tanot IA") of the project has capacity of 60 MW and has been operational since 9 June 2015. The project has 30 nos of 2 MW Gamesa turbines.

Energy generated from Tanot IA is sold to the Jaipur Vidyut Vitran Nigam Ltd. (JVVNL) under a FIT PPA with tenure of 25 years.

Parameter	Value
Installed Capacity	60 MW
Procurer	Jaipur Vidyut Vitran Nigam Ltd. (JVVNL)
Tariff	Fixed FIT of INR 5.74/kWh for tenure of PPA
Expiry	25 years from COD

Tanot IA has entered into a 5 year O&M agreement with Gamesa Wind Turbines Pvt. Ltd. effective from the day of handover of each unit. The O&M agreement may be extended for additional 5 years on mutual consent. The scope of O&M agreement does not cover O&M of BOP and electrical equipment. In addition there are salary, administration expenses, insurance expenses and reactive energy charges. We inquired of Management as to source of these other O&M expenses and were informed that it was based on management internal information and their experience in other similar operating projects. Corporate overheads are not considered in these projections.

Project level projections

Key outputs from the project financial model are as follows:

Parameter	FY 2017E [USD Mn]	FY 2018E [USD Mn]
Generation		
Capacity [MW]	60.00	60.00
Net CUF [%]	24.30%	24.30%
Generation [MkWh]	127.72	127.72
Aux. consumption and TX loss [%]	2.00%	2.00%
Net saleable energy [MkWh]	125.17	125.17
Tariff [US cent/kWh]	8.57	8.57

Parameter	FY 2017E [USD Mn]	FY 2018E [USD Mn]
Revenues		
Revenue from sale of power	10.72	10.72
GBI	0.93	0.93
Total Revenue	11.66	11.66
Expenses		
O&M expenses	0.00	0.63
Other expenses	0.48	0.51
Total expenses	0.48	1.13
EBITDA	11.18	10.52
EBITDA margin	95.90%	90.27%

Observations

- We compared the capacity and COD of the project with the COD certificate jointly issued by RVPN, Jaipur Discom and RRECL and noted no differences.
- We compared the generation in the model and the P75 estimates given in WRA report prepared by AWS Truepower and noted that they are in agreement.
- We inquired of Management as to the source of auxiliary consumption and were informed that it is based on Management internal information and experience in other operational projects.
- We compared the tariff in the model and the PPA with JVVN and noted that they are in agreement.
- We obtained IREDA website snapshot and observed that the project is registered with IREDA. We recalculated the revenue from GBI and observed that it is in agreement to the GBI guidelines.
- We compared the O&M price considered in the model with the price mentioned in the O&M contract and noted that they are in agreement. We noted that in calculation of O&M expenses in the model, taxes have been considered in addition to the O&M price, as O&M price mentioned in the O&M agreement does not include applicable taxes. We inquired of Management about the tax rates considered and were informed that they are based on a split of material and services mix of the O&M services and are based on their experience in other projects. We proved the arithmetic accuracy of the O&M calculations. We inquired of management as to source of the O&M start date used in the calculation and were informed that it was the mutually agreed date of handover of project to the O&M contractor. We compared the escalation rate for O&M expense considered in the model with the rate in the O&M agreement and found no difference.
- We inquired of Management about other expenses and were informed that they are based on internal estimates and their experience in other projects. We compared the escalation rate considered for other expenses with the escalation rate mentioned in the CERC (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2012 and noted no differences.

Tanot Wind Power Ventures Pvt. Ltd. – Phase IB

Project overview

Tanot Wind Power Ventures Pvt. Ltd. ("Tanot") is a wind power project located in the Jaisalmer district of Rajasthan. The second phase ("Tanot IB") of the project has capacity of 60 MW. Out of the 60 MW, 14 MW has been operational since 10 August 2015 and rest of the 46 MW has been operational since 16 December 2015. The project has 30 nos of 2 MW Gamesa turbines.

Energy generated from Tanot IB is sold to the Jaipur Vidyut Vitran Nigam Ltd. (JVVNL) under a FIT PPA with tenure of 25 years.

Parameter	Value
Installed Capacity	60 MW
Procurer	Jaipur Vidyut Vitran Nigam Ltd. (JVVNL)
Tariff	Fixed FIT of INR 5.74/kWh
Expiry	25 years from COD

Tanot IB has entered into a 5 year O&M agreement with Gamesa Wind Turbines Pvt. Ltd. effective from the day of handover of each unit. The O&M agreement may be extended for additional 5 years on mutual consent. The scope of O&M agreement does not cover O&M of BOP and electrical equipment. In addition there are salary, administration expenses, insurance expenses and reactive energy charges. We inquired of Management as to source of these other O&M expenses and were informed that it was based on management internal information and their experience in other similar operating projects. Corporate overheads are not considered in these projections.

Project level projections

Key outputs from the project financial model are as follows:

Parameter	FY 2017E [USD Mn]	FY 2018E [USD Mn]
Generation		
Capacity [MW]	60.00	60.00
Net CUF [%]	26.30%	26.30%
Generation [MkWh]	138.23	138.23
Aux. consumption and TX loss [%]	2.00%	2.00%
Net saleable energy [MkWh]	135.47	135.47
Tariff [US cent/kWh]	8.57	8.57
Revenues		
Revenue from sale of power	11.61	11.61
GBI	1.01	1.01
Total Revenue	12.62	12.62
Expenses		
O&M expenses	0.00	0.41
Other expenses	0.48	0.51
Total expenses	0.48	0.92
EBITDA	12.14	11.70
EBITDA margin	96.21%	92.72%

Observations

- We compared the capacity and COD of the project with the COD certificate jointly issued by RVPN, Jaipur Discom and RRECL and noted no differences.
- We compared the generation in the model and the P75 estimates given in WRA report prepared by AWS Truepower and noted that they are in agreement.
- We inquired of Management as to the source of auxiliary consumption and were informed that it is based on Management internal information and experience in other operational projects.
- We compared the tariff in the model and the PPA with JVVN and noted that they are in agreement.

- We obtained IREDA website snapshot and observed that the project is registered with IREDA. We recalculated the revenue from GBI and observed that it is in agreement to the GBI guidelines.
- We compared the O&M price considered in the model with the price mentioned in the O&M contract and noted that they are in agreement. We noted that in calculation of O&M expenses in the model, taxes have been considered in addition to the O&M price, as O&M price mentioned in the O&M agreement does not include applicable taxes. We inquired of Management about the tax rates considered and were informed that they are based on a split of material and services mix of the O&M services and are based on their experience in other projects. We proved the arithmetic accuracy of the O&M calculations. We inquired of management as to source of the O&M start date used in the calculation and were informed that it was the mutually agreed date of handover of project to the O&M contractor. We compared the escalation rate for O&M expense considered in the model with the rate in the O&M agreement and found no difference.
- We inquired of Management about other expenses and were informed that they are based on internal estimates and their experience in other projects. We compared the escalation rate considered for other expenses with the escalation rate mentioned in the CERC (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2012 and noted no differences.

Greenko Bagewadi Wind Energies Pvt. Ltd.

Project overview

Greenko Bagewadi Wind Energies Pvt. Ltd. ("Bagewadi") is a wind power project located in the Vijayapura district of Karnataka. The project has been commissioned since 31 December 2015. The project utilizes 2 MW turbines from Gamesa.

Energy generated from Greenko Bagewadi is proposed to be sold to various HT Commercial and HT Industrial consumers, under captive mode. Separate PPAs and Share Holding Agreements (only for captive sales) have been signed by Greenko Bagewadi with these consumers.

Parameter	Value
Installed Capacity	34 MW
Procurer	HT Industrial and HT Commercial consumers
Tariff	Individual negotiated tariff for each consumer, determined based on discount on BESCO energy charges and Fuel Adjustment Charges under captive mode.
Expiry	10- 15 years

Bagewadi has entered into a 5 year O&M agreement with Gamesa Wind Turbines Pvt. Ltd. effective from the day of handover of each unit. The O&M agreement may be extended for additional 5 years on mutual consent. The scope of O&M agreement does not cover O&M of BOP and electrical equipment. In addition there are salary, administration expenses, insurance expenses and reactive energy charges. We inquired of Management as to source of these other O&M expenses and were informed that it was based on management internal information and their experience in other similar operating projects. Corporate overheads are not considered in these projections.

Project level projections

Key outputs from the project financial model are as follows:

Parameter	FY 2017E [USD Mn]	FY 2018E [USD Mn]
Generation		
Capacity [MW]	34.00	34.00
Net CUF [%]	31.09%	31.09%
Generation [MkWh]	92.60	92.60
Wheeling and Banking charges [%]	7.00%	7.00%

Parameter	FY 2017E [USD Mn]	FY 2018E [USD Mn]
Aux. consumption and TX loss [%]	2.00%	2.00%
Net saleable energy [MkWh]	84.39	84.39
Tariff [US cent/kWh]	9.49	9.59
Revenues		
Revenue from sale of power	8.01	8.09
GBI	0.00	0.00
Total Revenue	8.01	8.09
Expenses		
O&M expenses	0.00	0.19
Other expenses	0.14	0.15
Total expenses	0.14	0.34
EBITDA	7.87	7.76
EBITDA margin	98.24%	95.85%

Observations

- We inquired of the Management about the COD of the project and were informed that the project achieved COD on 31 December 2015.
- We compared the generation in the model and the P75 estimates given in WRA report prepared by AWS Truepower and noted that they are in agreement.
- We inquired of Management as to the source of auxiliary consumption and were informed that it is based on Management internal information and experience in other operational projects.
- We compared the wheeling and banking charges considered in the model with the charges mentioned in KERC order dated 04th July 2014 and noted that they were in agreement.
- We recalculated the net tariff applicable for the projects based on the tariff category & discount mentioned in the PPAs signed with various consumers, wheeling & banking charges and end user tariff in Karnataka Electricity Regulatory Commission (KERC) Tariff order for FY 2016-17. We compared the recalculated tariffs with the tariff assumed in model and found no differences. Since power is sold under captive mode, cross subsidy surcharge is not applicable.
- We inspected the Shareholding Agreements of the consumers and noted that the combined shareholding all the consumers is more than 26% as required under the Electricity Rules 2005. We compared the proportion of contracted energy as per the PPAs and the proportion of the shareholding as per the SHAs and noted that the proportions are in agreement with the requirements for captive generating stations under the Electricity Rules, 2005.
- We added the quantum of contracted energy in all the Energy Purchase Agreements (EPA) and observed that it is more than 51% of energy generated by the project as required under the Electricity Rules 2005. The project has 95% of the net saleable energy tied up under the EPAs. We inquired about the remaining quantum to be tied up and the management informed that it is in discussions with other consumers for the balance quantum, under captive / third party open access mode under similar terms and conditions as that of the existing consumers.
- We compared the O&M price considered in the model with the price mentioned in the O&M contract and noted that they are in agreement. We noted that in calculation of O&M expenses in the model, taxes have been considered in addition to the O&M price, as O&M price mentioned in the O&M agreement does not include applicable taxes. We inquired of Management about the tax rates considered and were informed that they are based on a split of material and services mix of the O&M services and are based on their experience in other projects. We proved the arithmetic accuracy of the O&M calculations. We

inquired of management as to source of the O&M start date used in the calculation and were informed that it was the mutually agreed date of handover of project to the O&M contractor. We compared the escalation rate for O&M expense considered in the model with the rate in the O&M agreement and found no difference.

- We inquired of Management about other expenses and were informed that they are based on internal estimates and their experience in other projects. We compared the escalation rate considered for other expenses with the escalation rate mentioned in the CERC (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2012 and noted no differences.

Vyshali Energy Pvt. Ltd. – Phase I

Project overview

Vyshali Energy Pvt. Ltd. (“Vyshali”) is a wind power project located in the Vijayapura district of Karnataka. The first phase (“Vyshali I”) of the project has capacity of 50 MW. The project has achieved COD on 31 December 2015. The project has 25 nos of 2 MW Gamesa turbines.

Energy generated from Vyshali I is proposed to be sold to various HT Commercial and HT Industrial consumers, under captive / third party open access mode. Separate PPAs and Share Holding Agreements (only for captive sales) have been signed by Vyshali with these consumers.

Parameter	Value
Installed Capacity	50 MW
Procurer	HT Industrial and HT Commercial consumers
Tariff	Individual negotiated tariff for each consumer, determined based on discount on BESCO energy charges and Fuel Adjustment Charges.
Expiry	5 – 15 years

Vyshali has entered into a 5 year O&M agreement with Gamesa Wind Turbines Pvt. Ltd. effective from the day of handover of each unit. The O&M agreement may be extended for additional 5 years on mutual consent. The scope of O&M agreement does not cover O&M of BOP and electrical equipment. In addition there are salary, administration expenses, insurance expenses and reactive energy charges. We inquired of Management as to source of these other O&M expenses and were informed that it was based on management internal information and their experience in other similar operating projects. Corporate overheads are not considered in these projections.

Project level projections

Key outputs from the project financial model are as follows:

Parameter	FY 2017E [USD Mn]	FY 2018E [USD Mn]
Generation		
Capacity [MW]	50.00	50.00
Net CUF [%]	29.80%	29.80%
Generation [MkWh]	130.52	130.52
Wheeling and Banking charges [%]	7.00%	7.00%
Aux. consumption and TX loss [%]	2.00%	2.00%
Net saleable energy [MkWh]	118.96	118.96
Tariff [US cent/kWh]	8.58	8.67
Revenues		
Revenue from sale of power	10.21	10.31

Parameter	FY 2017E [USD Mn]	FY 2018E [USD Mn]
GBI	0.00	0.00
Total Revenue	10.21	10.31
Expenses		
O&M expenses	0.00	0.25
Other expenses	0.50	0.53
Total expenses	0.50	0.79
EBITDA	9.70	9.53
EBITDA margin	95.06%	92.38%

Observations

Based on our review of basis of the assumptions, we observed the following:

- We inquired of the Management about the COD of the project and were informed that the project achieved COD on 31 December 2015.
- We compared the generation in the model and the P75 estimates given in WRA report prepared by AWS Truepower and noted that they are in agreement.
- We inquired of Management as to the source of auxiliary consumption and were informed that it is based on Management internal information and experience in other operational projects.
- We compared the wheeling and banking charges considered in the model with the charges mentioned in KERC order dated 04th July 2014 and noted that they were in agreement.
- We recalculated the net tariff applicable for the projects based on the tariff category & discount mentioned in the PPAs signed with various consumers, wheeling & banking charges, cross subsidy surcharge and end user tariff in Karnataka Electricity Regulatory Commission (KERC) Tariff order for FY 2016-17. We compared the recalculated tariffs with the tariff assumed in model and found no differences. For consumers where power is sold under captive mode, cross subsidy surcharge is not applicable.
- The PPAs have been signed with Vyshali Energy Private Limited, the entity with Vyshali 1 and Vyshali 2 with combined capacity of 100 MW. We inspected the Shareholding Agreements of the consumers and noted that the combined shareholding all the consumers is 22% i.e. less than 26% as required under the Electricity Rules 2005. We inquired to the Management about the shortfall and were informed that they are in discussions with new consumers for balance shareholding and if they are unable to find new consumers, the existing consumers will increase their shareholding to reach 26% to qualify under the Electricity Rules 2005. We compared the proportion of contracted energy as per the PPAs and the proportion of the shareholding as per the SHAs and noted that the proportions are in agreement with the requirements for captive generating stations under the Electricity Rules, 2005.
- We added the quantum of contracted energy in all the Energy Purchase Agreements (EPA) and observed that it is 38% i.e. less than 51% of energy generated by the project as required under the Electricity Rules 2005. The 100 MW project (Vyshali I and Vyshali II) has 96% of the net saleable energy tied up under the EPAs. We inquired about the remaining quantum to be tied up and the management informed that it is in discussions with new consumers for the balance quantum, under captive / third party open access mode under similar terms and conditions as that of the existing consumers. The Management also informed that some of the current Consumers that are not shareholders in Vyshali may become shareholders in the future to meet the captive requirements under Electricity Rules 2005. The Management informed that they will be able to meet all the rules under captive generating station under the Electricity Rules, 2005 by end of the financial year. If the Management is unable to achieve 26% shareholding, cross subsidy surcharge may be applicable to all the consumers.

- We compared the O&M price considered in the model with the price mentioned in the O&M contract and noted that they are in agreement. We noted that in calculation of O&M expenses in the model, taxes have been considered in addition to the O&M price, as O&M price mentioned in the O&M agreement does not include applicable taxes. We inquired of Management about the tax rates considered and were informed that they are based on a split of material and services mix of the O&M services and are based on their experience in other projects. We proved the arithmetic accuracy of the O&M calculations. We inquired of management as to source of the O&M start date used in the calculation and were informed that it was the mutually agreed date of handover of project to the O&M contractor. We compared the escalation rate for O&M expense considered in the model with the rate in the O&M agreement and found no difference.
- We inquired of Management about other expenses and were informed that they are based on internal estimates and their experience in other projects. We compared the escalation rate considered for other expenses with the escalation rate mentioned in the CERC (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2012 and noted no differences.

Vyshali Energy Pvt. Ltd. – Phase II

Project overview

Vyshali Energy Pvt. Ltd. (“Vyshali”) is a wind power project located in the Vijayapura district of Karnataka. The second phase (“Vyshali II”) of the project has capacity of 50 MW, consisting of 25 nos of 2 MW Gamesa turbines. The project has achieved COD on 1 April 2016.

Energy generated from Vyshali II is proposed to be sold to various HT Commercial and HT Industrial consumers, under captive / third party open access mode. Separate PPAs and Share Holding Agreements (only for captive sales) have been signed by Vyshali with these consumers.

Parameter	Value
Installed Capacity	50 MW
Procurer	HT Industrial and HT Commercial consumers
Tariff	Individual negotiated tariff for each consumer, determined based on discount on BESCO energy charges and Fuel Adjustment Charges.
Expiry	5 – 15 years

Vyshali has entered into a 5 year O&M agreement with Gamesa Wind Turbines Pvt. Ltd. effective from the day of handover of each unit. The O&M agreement may be extended for additional 5 years on mutual consent. The scope of O&M agreement does not cover O&M of BOP and electrical equipment. In addition there are salary, administration expenses, insurance expenses and reactive energy charges. We inquired of Management as to source of these other O&M expenses and were informed that it was based on management internal information and their experience in other similar operating projects. Corporate overheads are not considered in these projections.

Project level projections

Key outputs from the project financial model are as follows:

Parameter	FY 2017E [USD Mn]	FY 2018E [USD Mn]
Generation		
Capacity [MW]	50.00	50.00
Net CUF [%]	29.80%	29.80%
Generation [MkWh]	130.52	130.52
Wheeling and Banking charges [%]	7.00%	7.00%
Aux. consumption and TX loss [%]	2.00%	2.00%

Parameter	FY 2017E [USD Mn]	FY 2018E [USD Mn]
Net saleable energy [MkWh]	118.96	118.96
Tariff [US cent/kWh]	8.58	8.67
Revenues		
Revenue from sale of power	10.21	10.31
GBI	0.00	0.00
Total Revenue	10.21	10.31
Expenses		
O&M expenses	0.00	0.00
Other expenses	0.50	0.53
Total expenses	0.50	0.53
EBITDA	9.71	9.78
EBITDA margin	95.07%	94.83%

Observations

- We inquired of Management about the COD of the project and were informed that the project has achieved COD on 1 April 2016.
- We compared the generation in the model and the P75 estimates given in WRA report prepared by AWS Truepower and noted that they are in agreement.
- We inquired of Management as to the source of auxiliary consumption and were informed that it is based on Management internal information and experience in other operational projects.
- We compared the wheeling and banking charges considered in the model with the charges mentioned in KERC order dated 04th July 2014 and noted that they were in agreement.
- Our observations on tariff and PPA are discussed in the Observations section of Vyshali Phase 1.
- We compared the O&M price considered in the model with the price mentioned in the O&M contract and noted that they are in agreement. We noted that in calculation of O&M expenses in the model, taxes have been considered in addition to the O&M price, as O&M price mentioned in the O&M agreement does not include applicable taxes. We inquired of Management about the tax rates considered and were informed that they are based on a split of material and services mix of the O&M services and are based on their experience in other projects. We proved the arithmetic accuracy of the O&M calculations. We inquired of management as to source of the O&M start date used in the calculation and were informed that it was the mutually agreed date of handover of project to the O&M contractor. We compared the escalation rate for O&M expense considered in the model with the rate in the O&M agreement and found no difference.
- We inquired of Management about other expenses and were informed that they are based on internal estimates and their experience in other projects. We compared the escalation rate considered for other expenses with the escalation rate mentioned in the CERC (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2012 and noted no differences.

Operational Hydro Power Projects

Swasti Power Engineering Ltd.

Project overview

Swasti Power Engineering Ltd. ("Swasti") is a hydro power project situated at Ghansali on river Bhilangna in the district of Tehri Gharwal of Uttarakhand. The project has capacity of 22.5 MW with configuration of 3x 7.5 MW. As per the commissioning certificate issued by Uttarakhand Power Corporation Limited (UPCL),

the three units were commissioned on 12 August 2009, 24 September 2009 and 11 October 2009 respectively.

We obtained the PPA signed with Uttarakhand Power Corporation Limited (UPCL) and observed that the entire 22.5 MW is sold to UPCL through this PPA with tenure of 30 years. We observed that in the PPA the tariff for sale of power is in reference to Uttarakhand Electricity Regulatory Commission (Tariff and Other Terms of Supply of Electricity from Non-conventional and Renewable Energy Sources) Regulations, 2008 as amended from time to time.

We obtained the UERC (Tariff and Other Terms of Supply of Electricity from Renewable Energy Sources and non-fossil fuel based Co-generating stations) (Second Amendment) Regulations 2014 ("UERC RE Tariff Regulations") which have come into force w.e.f. April 01, 2014 and observed that the levelized tariff is INR 3.65/kWh. As per these Tariff Regulations, the specified FIT is applicable for generation till CUF of 40%. For generation from CUF of 40% to 45%, the payment shall be at the rate of 1.5 Rs. /kWh. For generation beyond the CUF of 45%, the payment shall be at the rate of FIT less 0.75 Rs./kWh. We have recalculated the weighted average tariff based on the CUF assumed in the model and have arrived at an effective tariff of 3.35 Rs./kWh.

Parameter	Value
Installed Capacity	22.5 MW
Procurer	Uttarakhand Power Corporation Limited (UPCL)
Tariff	Effective Tariff of INR 3.35/kWh
Expiry	30 years from COD

Project level projections

Key outputs from the project financial model are as follows:

Parameter	FY 2017E [USD Mn]	FY 2018E [USD Mn]
Generation		
Capacity [MW]	22.50	22.50
Net CUF [%]	50.70%	50.70%
Generation [MkWh]	99.93	99.93
Aux. consumption and TX loss [%]	2.00%	2.00%
Net saleable energy [MkWh]	97.93	97.93
Tariff [US cent/kWh]	5.0	5.0
Revenues		
Revenue from sale of power	4.90	4.90
Total Revenue	4.90	4.90
Expenses		
O&M expenses	0.77	0.81
Total expenses	0.77	0.81
EBITDA	4.13	4.09
EBITDA margin	84.32%	83.43%

Observations

- We compared the capacity and COD of the project with the COD certificates issued by Uttarakhand Power Corporation Limited (UPCL) and noted no differences.

- We compared the generation in the model with the generation recommended in the confirmatory technical due diligence report prepared by Lahmeyer International India Pvt. Ltd. and noted that they are in agreement.
- We inquired of Management as to the source of auxiliary consumption and were informed that it is based on Management internal information and experience in other operational projects.
- We compared the tariff in the model and the PPA along with the UERC RE Tariff Regulations and noted that they are in agreement.
- The Project uses the in-house capability of parent company for O&M of hydro power projects. We compared the O&M expenses in the model with the benchmarks for small hydro projects listed in CERC (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2012 and noted that the difference is less than 5%. Corporate overheads are not considered in these projections.

Near Operational Hydro Power Projects

Sneha Kinetic Power Projects Pvt. Ltd.

Project overview

Sneha Kinetic Power Projects Pvt. Ltd. ("Sneha Kinetic") is a hydro power project located on the Dikchu River, North District of Sikkim. The project has capacity of 96 MW. We inquired of Management about the status of the project and were informed that construction activities are nearly complete along with evacuation infrastructure and the project will achieve COD by 1 September 2016.

The Project does not have a PPA and Management informed that power will be sold to India Power and tariff will be determined by West Bengal Electricity Regulatory Commission (WBERC) on a cost plus basis. The Management informed that India Power will purchase power from COD i.e. 1 September 2016 and pay an interim tariff until final capital cost and tariff determination by WBERC. The Management also informed that transmission evacuation is sufficient to evacuate entire power to India Power and they will get permission under short term open access until LTOA with India Power is approved by PGCIL.

Parameter	Value
Installed Capacity	96 MW
Procurer	India Power Corporation Limited
Tariff	Cost plus tariff as determined by WBERC
Expiry	PPA terms to be finalized

Project level projections

Key outputs from the project financial model are as follows:

Parameter	FY 2017E [USD Mn]	FY 2018E [USD Mn]
Generation		
Capacity [MW]	96.00	96.00
Net CUF [%]	29.78%	65.59%
Generation [MkWh]	250.42	551.59
Free Power [%]	12.00%	12.00%
Aux. consumption and TX loss [%]	2.00%	2.00%
Net saleable energy [MkWh]	215.96	475.69
Tariff [US cent/kWh]	6.87	6.87
Revenues		
Revenue from sale of power	14.83	32.66

Parameter	FY 2017E [USD Mn]	FY 2018E [USD Mn]
Total Revenue	14.83	32.66
Expenses		
O&M expenses	1.13	2.09
Total expenses	1.13	2.09
EBITDA	13.69	30.57
EBITDA margin	92.35%	93.59%

Observations

- We inquired of Management about the commissioning date of the project and were informed that the project construction is almost complete and project will be commissioned by 1 September 2016.
- We compared the generation in the model with the generation recommended in the confirmatory technical due diligence report prepared by Lahmeyer International India Pvt. Ltd. and noted that they are in agreement.
- We inquired of Management as to the source of auxiliary consumption and were informed that it is based on Management internal information and experience in other operational projects.
- We obtained the Implementation Agreement (IA) signed between the Government of Sikkim and Sneha Kinetic Power Projects Limited and observed that royalty in the shape of free power shall be levied at 12% of net generation. We compared the royalty considered in the model with the IA and noted no differences.
- We inquired of Management regarding status of PPA and were informed that they have received in-principle interest from India Power Corporation Limited (formerly DPSC Limited) to purchase the entire quantum of power. We observed that PPA is yet to be signed by India Power and will be subject to approval from West Bengal Electricity Regulatory Commission (WBERC). We obtained the West Bengal Electricity Regulatory Commission (WBERC) (Conduct of Business) Regulations, 2013 and observed that 2.1.3 specifies:

"The proceedings before the Commission may relate to any of the following matters

...

d) regulation of purchase and procurement process of electricity or any matter relating thereto;

...."

Hence, this power purchase by India Power is subject to WBERC approval.

- The tariff applicable for the project may be determined by WBERC on cost plus basis. We inquired of management about the principles for tariff calculation and capital cost estimates and were informed that it was based on their internal estimates of capital cost & CERC tariff regulations. The Management informed that tariff is subject to approval of WBERC and may change based on approved capital cost by WBERC. The Management has informed that the events mentioned above may not turn out as expected and WBERC/ other regulatory authorities not limited to Sikkim Government, West Bengal Government, PGCIL, NLDC may cause delays in sale of power to India Power. WBERC may decide to modify/ reject the PPA or curtail the quantum of PPA or disapprove part of capital cost and hence tariff.
- The Management informed that until long term open access is granted by PGCIL, the project will seek STOA/ MTOA to sell power to India Power. We obtained the CERC (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-state Transmission and related matters) Regulations, 2009 and observed that Regulation 25 specifies:

(1) When for the reason of transmission constraints or in the interest of grid security, it becomes necessary to curtail power flow on a transmission corridor, the transactions already scheduled may be curtailed by the Regional Load Despatch Centre.

(2) Subject to provisions of the Grid Code and any other regulation specified by the Commission, the short-term customer shall be curtailed first followed by the medium-term customers, which shall be followed by the longterm customers and amongst the customers of a particular category, curtailment shall be carried out on pro rata basis.

Hence, the power sold to India Power may be curtailed in cases of transmission constraints until LTOA is granted by PGCIL.

- We compared the O&M price considered in the model with the price mentioned in the confirmatory technical due diligence report prepared by Lahmeyer International India Pvt. Ltd. and noted that they are in agreement.

Perla Hydro Power Pvt. Ltd.

Project overview

Perla Hydro Pvt. Ltd. ("Perla") is a small hydro power project located in the Dakshina Kannada district of Karnataka. The project has capacity of 10 MW. We were informed by Management, that the construction activities are nearly completed and the commissioning is expected by 1 September 2016.

The entire energy generated from Perla is proposed to be sold to a HT commercial consumer in BESCO's license area under Captive mode.

Parameter	Value
Installed Capacity	10 MW
Procurer	One of the HT Commercial Consumer in BESCO
Tariff	90% of the BESCO Energy Charge for HT 2(b)(i) category for the second slab
Expiry	13 years

Project level projections

Key outputs from the project financial model are as follows:

Parameter	FY 2017E [USD Mn]	FY 2018E [USD Mn]
Generation		
Capacity [MW]	10.00	10.00
Net CUF [%]	14.96%	24.74%
Generation [MkWh]	13.10	21.67
Wheeling and Banking charges [%]	7.00%	7.00%
Aux. consumption and TX loss [%]	2.00%	2.00%
Net saleable energy [MkWh]	11.94	19.75
Tariff [US cent/kWh]	10.96	11.06
Revenues		
Revenue from sale of power	1.31	2.19
Total Revenue	1.31	2.19
Expenses		
O&M expenses	0.15	0.27
Total expenses	0.15	0.27
EBITDA	1.16	1.92
EBITDA margin	88.71%	87.64%

Observations

- We inquired about the status of the project and were informed by Management that construction activities including transmission evacuation are almost complete and the project will achieve COD by 1 September 2016.
- We compared the generation in the model with the generation recommended in the confirmatory technical due diligence report prepared by Lahmeyer International India Pvt. Ltd. and noted that they are in agreement.
- We inquired of Management as to the source of auxiliary consumption and were informed that it is based on Management internal information and experience in other operational projects.
- We compared the wheeling and banking charges considered in the model with the charges mentioned in the KERC order dated 04th July 2014 and noted that they are in agreement.
- We recalculated the net tariff applicable for the projects based on the tariff category & discount mentioned in the PPA signed, wheeling charges and end user tariff in Karnataka Electricity Regulatory Commission (KERC) Tariff order for FY 2016-17, wheeling and banking charges as per the WBA order. We compared the recalculated tariffs with the tariff assumed in model and found no differences. As power is sold under captive mode, cross subsidy surcharge is not applicable.
- We inspected the Shareholding Agreement of the consumer and noted that the combined shareholding all consumer greater than 26% as required under the Electricity Rules 2005.
- We compared quantum of contracted energy in the Energy Purchase Agreements (EPA) and observed that 100% of the units exported are tied up with the captive consumer. This is greater than 51% of energy generated by the project as required under the Electricity Rules 2005.
- The Project uses the in-house capability of parent company for O&M of hydro power projects. We compared the O&M expenses in the model with the benchmarks for small hydro projects listed in CERC (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2012 and noted that the difference is less than 5%. Corporate overheads are not considered in these projections.

Annexure 1: Management Representation



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