



## **FINAL REPORT**

Submitted in part fulfilment of the requirements for the

### **SUMMER INTERNSHIP PROGRAMME**



**Project Title: Debt restructuring for a renewable energy project.**

**Submitted by:**

**Tanmoy Basu (201456)**

**Batch: MBA – FT (2020-2022)**

**Submitted to:**

**Prof. Samik Shome**

A handwritten signature in black ink that reads "Samik Shome". The signature is written in a cursive style and is positioned over a faint, light-colored rectangular stamp or watermark.

**Institute of Management, Nirma University**

***Date of Submission: 12th July, 2021***

## Acknowledgements

I would like to extend my gratitude towards the Corporate Relations Cell (CRC) of the Institute of Management, Nirma University (IMNU) and all its associated faculties and staff for providing me with the opportunity for an internship that helped me learn and grow in the field of finance and fund raising.

I thank all the student members of the placement committee for their continuous support during the recruitment process of the summer internship programme.

I am grateful to Primus Partners and all their employees who directly or indirectly contributed in teaching me all the important aspects of debt restructuring and fund raising by providing me the opportunity to work with them.

Finally, I am thankful to my faculty mentor, Prof. Samik Shome for his support and guidance during the course of my internship. I would also like to express my gratitude to my corporate mentor Mr. Shravan Shetty, Financial Manager, Primus Partner India Limited, Mumbai, Maharashtra for giving me an opportunity to work under his guidance and successfully complete my internship.

Tanmoy Babul Basu

## Certificate of completion –



### Primus Partners Private Limited

(Formerly Known as Valueserve Management Consultants Pvt. Ltd.)  
Corporate Office: Upper Ground Floor, ALPS Building, 56 Janpath, New Delhi 110001  
+91 9167664995 | info@primuspartners.in  
CIN: U72200DL2010PTC381673



25<sup>th</sup> June 2021

**Subject:** Summer Internship Completion Certificate

This is to certify that **Mr Tanmoy Basu** completed his summer internship with **Primus Partners Private Limited** from the 3<sup>rd</sup> of May 2021 to the 25<sup>th</sup> of June 2021.

He worked on Finance projects such as fundraising for a hydroelectric power plant and a steel project in India.

To the best of my knowledge, I hereby confirm his overall work as good.

We wish him all the best for his future endeavors.

For Primus Partners Pvt Ltd

**Authorized Signatory**

Name: Aarti Harbhajanka

Designation: Co-founder & Managing Director

## Non-disclosure agreement –



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25<sup>th</sup> June 2021

To whomsoever it may concern,

Mr. Tanmoy Basu worked as a Finance intern with Primus Partners from 3<sup>rd</sup> May to 25<sup>th</sup> June 2021. He has worked on projects like fundraising for a hydroelectric power plant and a steel project in India. However, due to confidentiality reasons the data for these projects cannot be made public. Hence, he is not allowed to utilize authentic company data for any use, college project or otherwise.

We hope the business aspect involved with confidentiality of the company's data is understood and duly respected.

For Primus Partners Pvt Ltd

#### Authorized Signatory

Name: Aarti Harbhajanka

Designation: Co-founder & Managing Director

Bengaluru | Chandigarh | Delhi | Mumbai

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CHAPTER NO.	TABLE OF CONTENTS	PAGE NO.
1	Executive summary	6
2	Introduction	7
3	Industry profile	8
4	Company profile	12
5	Objectives of the study	14
6	Project design	15
7	Data analysis	17
8	Findings and Recommendations	23
9	Learnings	24
10	References	25

## **Executive summary**

The summer internship report is about the Financial Research done in the profound company named Primus Partners Pvt Ltd , Mumbai under the role Financial consultant. Primus Partners is a professional consultancy firm providing mainly, ESG (Environmental, Social and Governance) solutions to the public and private sectors. Their continuous endeavour is to make the growth in the nation with unique way of 'Idea realization'—this approach works from the view- point of the ground implementation by providing solutions to the other private and public organizations along with different sectors and geographies. In order to help companies, by providing best solutions which is beneficial for them as well as the society, it is important for the consultant company to do the financial research and analysis of that particular industry and company. Every industry faces its fair share of unique challenges while implementing new technologies or expanding but consultancy companies such as Primus Partners take care of that and keep them up-to date with latest trends in the respective industry.

A financial consultant must have concrete ideas of the respective industries that their clients belong to. Most consultants cover about 10-15 companies usually in the same or related industry and closely analyse the stocks of these companies to provide insightful investment ideas to their clients. The Financial consultant usually communicate their results formally through financial research reports.

Since they cater to a small group of companies under a specific industry or geographic regions, the consultants expertise in the industries they cover. Financial Consultants have a 'coverage universe' so to speak, which consists of the companies that they cover, they are able to respond to any new information that comes in the market. Hence it is important to find each and every detail of the firm and industry.

The report begins with a brief overview of Consultancy industry and the company profile of Primus Partners Pvt Ltd. It also dwells briefly on the details of the company, its current position, its activities and its plan for improvement. The project moves on to the various tasks

and activities performed, and Swot analysis. During the internship few observations were made, based on which the client has been suggested recommendations.

## **INTRODUCTION**

Financial Research is a way to find out the valuation of a listed company by analysing its financial reports, going through its performance ratios, forecasting its financials through models and exploring various scenarios with the main objective of recommending an investment decision to buy, sell or hold a particular stock. This research is done by financial research analysts who discuss their analysis and research through their Financial research reports. They are mainly responsible for producing their results to investment banks, institutions or their own clients who may be interested in their recommendations. Financial research is also used by banks to support their investment banking, and sales and trading clients by proving accurate analysis on the required time. Financial research analysts have concrete ideas of their respective industries and the companies they do their research on. Most analysts cover about 10-15 companies usually in the same industry or related industry and closely analyse the stocks of those companies to provide insightful investment ideas to their clients. The Financial research analysts usually communicate their results formally through financial research reports.

## **HYDROELECTRIC POWER PLANT**

Hydropower can assume a critical part in India's economical turn of events and energy security as it meets the measures of manageability, accessibility and unwavering quality. It is an environment friendly and non-polluting source of energy and is generally reasonable for adjusting renewables. Hydropower plants are self-sufficient and hence no external force is expected to begin the plants. This permits framework administrators to give assistant capacity to other age sources (for example thermal). Moreover, hydropower gives transient soundness to the matrix. The fast-beginning ability of hydropower plants helps rapidly change the yield to serve top interest. The hydropower top burden factor is at half as against 16–20% on account of sun based and wind energy. Other than these capacities, hydropower projects safeguard soil ripeness as residue stream is controlled, subsequently assisting with expanding horticultural efficiency and renew ground water release. Hydropower projects keep a

maintained, satisfactory stockpile of water stream in waterway streams in any event, during lean periods; this inventory can be utilized by local people and for water system purposes.

## **INDUSTRY PROFILE**

Companies in this industry provide advice and assistance to businesses regarding future growth plans, providing solutions for existing problems such as debt restructuring, merger, acquisition and many such things. Demand is driven by the needs of businesses, private and public sector companies in decision making. The profitability of the individual consultancy companies depends on the efficiency of their operations and their ability to maintain a steady flow of business and clients. Large firms have advantage in being able to offer broad range of services and to take more complex projects.

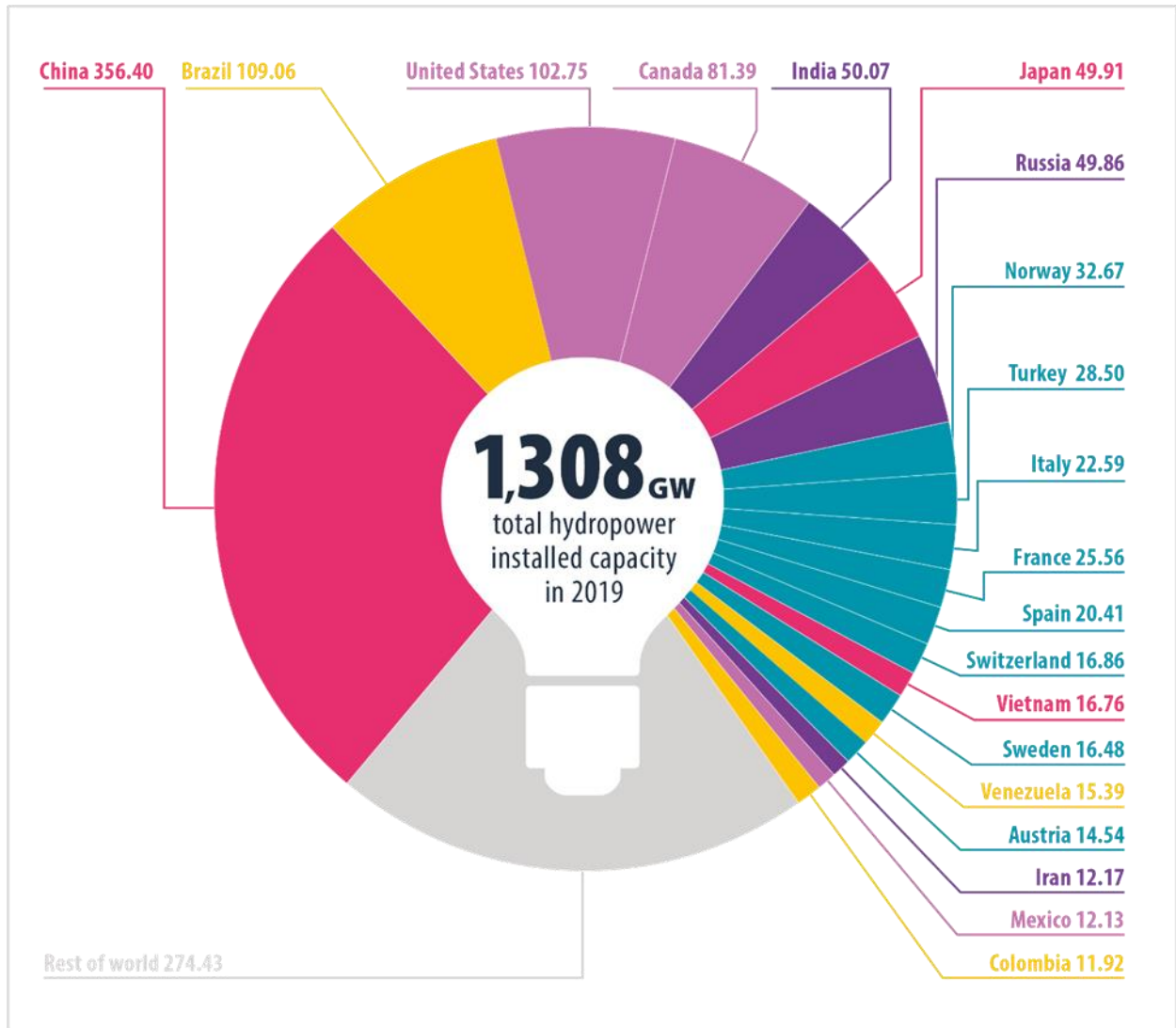
### **Hydroelectric Power: Market Overview in Global & Indian Context**

The worldwide renewable energy power market is expected to develop altogether during the estimate time frame inferable from expanded outflows of greenhouse gases (GHGs), especially CO<sub>2</sub> because of use of fossil fuels for generation of energy. Likewise, restricted presence of fossil fuels on the earth is another factor for the growth of the renewable energy market.

The overall hydropower introduced limit came to 1308 GW by end of 2019, and it is expected to introduce around 1498 GW by 2026, at a CAGR of 1.98% during 2021-2026. The outbreak of COVID-19 is relied upon to essentially affect the worldwide hydropower market because of interruption in the global supply chain and a decrease in venture for the forthcoming undertakings. Although yearly increases compare to the determined market, a few tasks are relied upon to be deferred because of COVID-19 related lockdown measures. Factors, for example, the expanding number of new hydropower projects upheld by government support and the rising interest for dependable power are relied upon to drive the market during the gauge time frame.



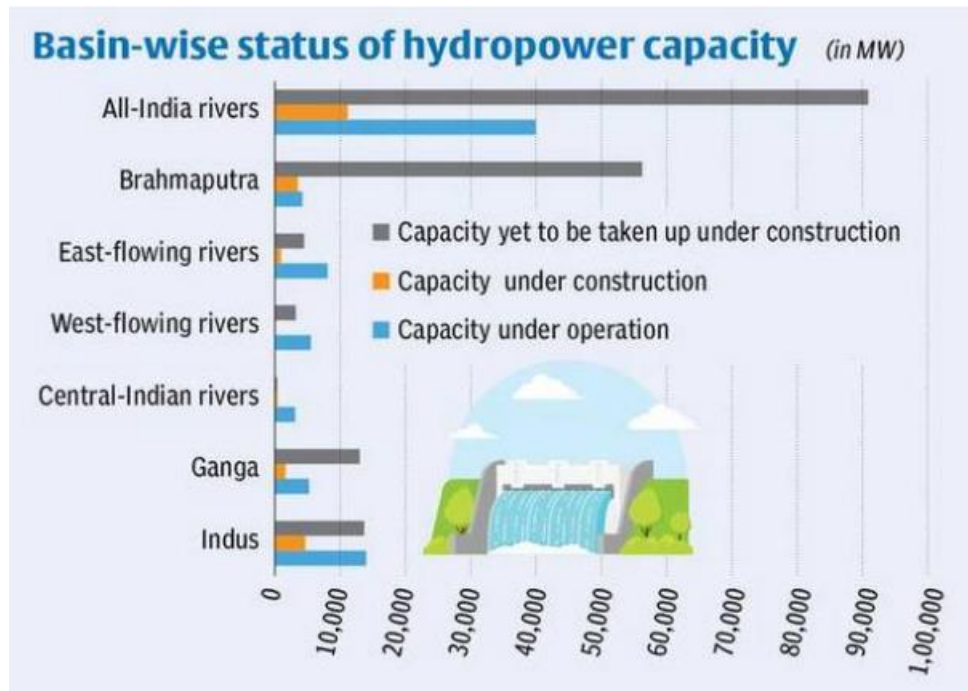
## Global Hydropower Installed Capacity



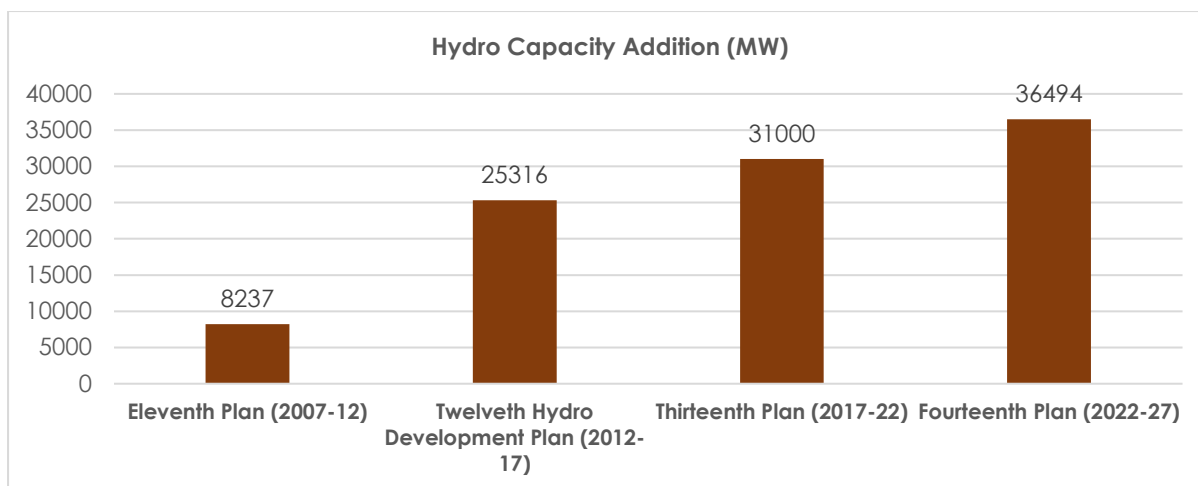
(Source: IHA Hydropower Status Report 2020 (Hydropower Status Report, 2021))

In India, the renewable sources of energy are growing at a rapid rate as people grow aware of the ill effects of traditional sources of energy. The hydro power projects in India are the biggest sources of renewable energy in India considering the rivers that pass through the country. India has a huge potential for producing hydroelectricity with the estimated potential as much as 148,701MW. Hence, to exploit this potential, there has been a surge in the number of dams over the recent years. These projects help in creating energy as well as

provide employment to the locals of the area. Hydro power plants can be classified into large hydro power plants and small hydro power plants. Small hydro power plants are the ones that generate less than 10MW while large hydro power plants produce over 100MW of energy.



There has been considerable investment by the government as well as private investors into hydro power projects over the last decade in India. The Tehri hydropower complex, Konya hydroelectricity project, Srisailem Dam are some of the largest hydro projects in the country with their hydropower complex producing more than 2400MW of electricity. These projects can help bring the per unit cost down as well as provide access to a broader market to clean energy. According to the infrastructure being developed, it is expected that India will be producing 70,000MW of renewable energy by 2030.



While hydropower’s contribution in the overall portfolio had declined over the years, the sector is beginning to make a comeback – at least in the vision articulated in plan documents. While only 8237 megawatts (MW) of hydropower generation was envisioned in the Eleventh Five Year Plan, three times that amount (around 25316 MW) are planned during the Twelfth Plan (2012-2017), followed by 31000 MW and 36494 MW in the Thirteenth (2017-2022) and Fourteenth (2022-2027) Plans, respectively (CEA 2008; Ministry of Power 2008; GoI 2010). Until 2007, a total of 34653 MW of hydropower had been installed. By contrast, each of the five-year plans starting from the Twelfth to the Fourteenth is expected to add new hydropower capacity of around 30000 MW, with the aim of harnessing the entire hydropower potential of the country by 2027.

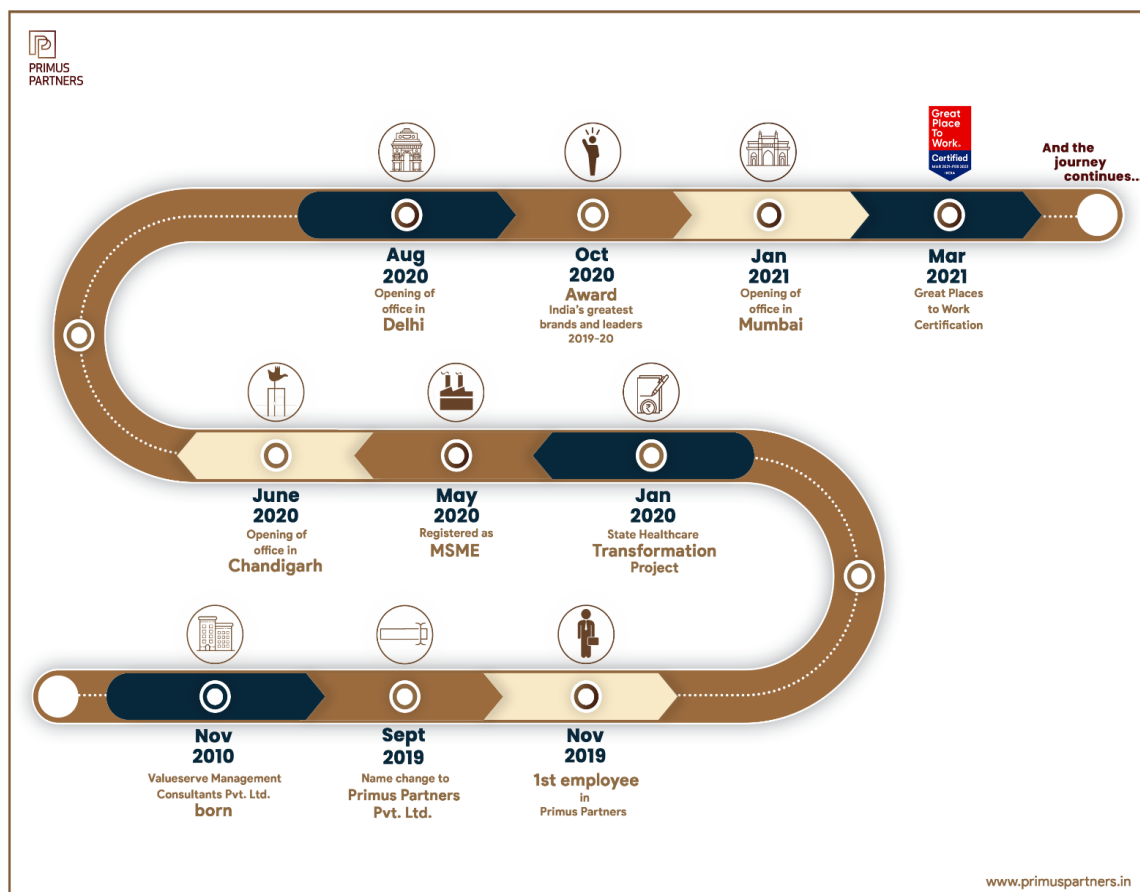
Significant reforms made in recent years include the 2008 Hydro Power Policy encouraging private sector participation and the 2016 National Tariff Policy on frequency response markets and extended certainty of power purchase agreements.

The Central Electricity Authority (CEA) and Ministry of Power have also been actively monitoring and fast-tracking priority schemes, notably the 50,000 MW Hydro Electric Initiative.

The government formally recognised large hydropower as renewable in 2019. This means that these projects built after March that year will be able to benefit from the renewable purchase obligation. Previously only projects up to 25 MW were considered renewable.

## COMPANY PROFILE

Incorporated in November 2010, primus Partners has now grown into one of India's leading Consultancy offering Companies with Over 150 employees in 4 regional offices across the country. The company is serving over 100+ clients in diverse industries. Headquartered in Chandigarh, the company has offices in Mumbai, New Delhi and Bengaluru. In a dynamic business world Standardized Business solutions do not Often work. Therefore, the company offers customized Idea Realization and Consultancy for companies across industries. The aim of the company is to create Idea realization and provide solutions which are beneficial for the company as well as the environment. The company's Endeavour is to make the problem solving easier by providing unique solutions, in order to change with the evolving business world.



Primus Partners is an 11 years young Executive Search firm that provide innovative solutions to the corporate world. It is set-up of small group of unconventional mindsets who nourished it to become one to India's leading financial and policy making Consultants with 150 employees.

The next phrase of expansion is to expand the business in international markets by taking more international projects along with opening new branches in domestic markets. With a progressive investment, the only attributes the company is looking for are dedication, enthusiasm and desire to excel.

#### **Services offered by Primus Partners –**

Being a consultancy company, the firm provides a wide array of services to its clients including:

- Public policy realization (Impact of policy changes in the micro as well as macro level to the business environment of the clients)
- Impact realization (Understand the impact of the decisions and strategies applied by the clients)
- Sectoral potential realization (Aim to help clients deliver the outcomes they are seeking and achieving its potential using technology, infrastructure and other tools)
- Technology potential realization (Help clients attain the right technology needed by the company to reach its potential)
- Financial potential realization (Help company manage its finance and costs to achieve optimum returns)

## **OBJECTIVES OF THE STUDY/PROJECT –**

- ❖ To find potential institutional investors for a hydroelectric powerplant project.
- ❖ Raise funds through various investment vehicles such as green bonds, InvITs, ESG funds, etc.
- ❖ To assess the operational efficiency and marginal effectiveness of the project.
- ❖ To analyse the financial position of the project and compare it with similar projects in the country.
- ❖ To understand the working and benefits of InvITs.
- ❖ To prepare a report on the project and the sector for potential investors.
- ❖ To help reduce the rate of interest on the current debt raised by the company through debt restructuring.

## PROJECT DESIGN –

The main aim of this study is to raise funds through sustainable funding such as using Environmental, Social and Governance (ESG) funds or Green Bonds. The methodology of this report is finding ESG funds or raise funds through Infrastructural Investments trusts (InvITs).

### Various ways to fund such projects –

- ❖ **ESG funds:** ESG funds are portfolios of equities and/or bonds for which environmental, social and governance factors have been integrated into the investment process. This means the equities and bonds contained in the fund have passed stringent tests over how sustainable the company or government is regarding its ESG criteria. An ESG fund should contain only those securities with a high sustainability score and would exclude companies with, for example, poor records on pollution, labor relations or management practices
- ❖ **Green bonds:** A green bond is a type of fixed-income instrument that is specifically earmarked to raise money for climate and environmental projects. These bonds are typically asset-linked and backed by the issuing entity's balance sheet, so they usually carry the same credit rating as their issuers' other debt obligations.
- ❖ **REITs:** A real estate investment trust (REIT) is a company that owns, operates, or finances income-generating real estate. Modelled after mutual funds, REITs pool the capital of numerous investors. This makes it possible for individual investors to earn dividends from real estate investments—without having to buy, manage, or finance any properties themselves.
- ❖ **InvITs:** Infrastructure investment trusts are investment instruments that work like mutual funds and are regulated by the Securities and Exchange Board of India. Abbreviated as InvITs, their units are listed on different trading platforms like stock exchanges and are a wholesome combination of both equity and debt instruments. The primary objective of InvITs is to promote the infrastructure sector of India by encouraging more individuals to invest in it and can be modified according to a given

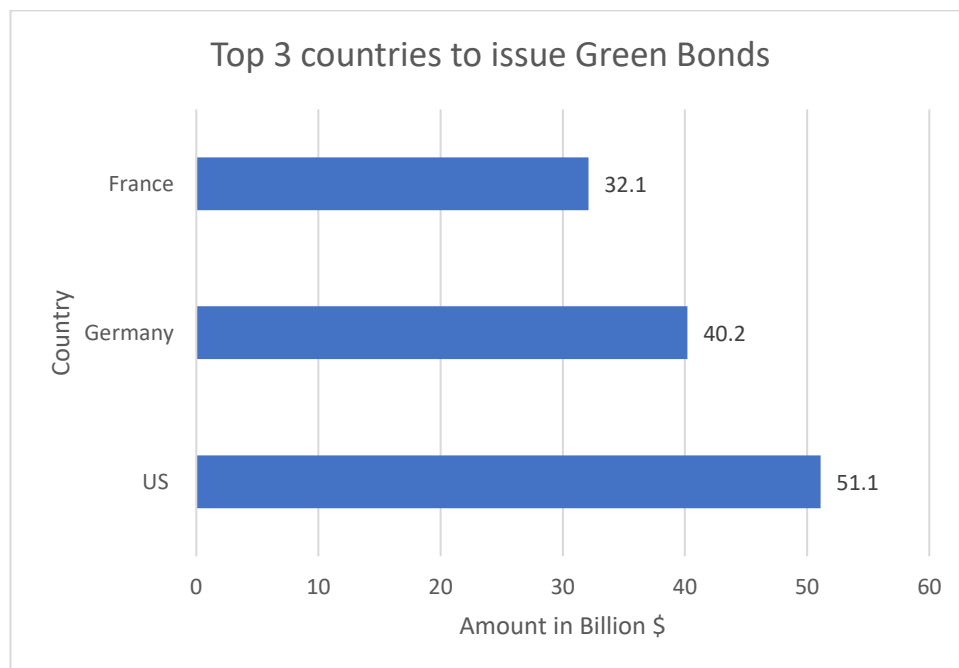
situation. Typically, such a tool is designed to pool money from several investors to be invested in income-generating assets.



## DATA ANALYSIS –

### GLOBAL MARKET SHARE OF GREEN BONDS

The Issue of Green Bonds have increased significantly in recent years owing to the concern of environmental and social factors, which financial backers overall are awakening to the significance of fusing biodiversity as a feature of ESG hazard evaluations. This is expected to some extent to the expanding centre around this point since the United Nation's Intergovernmental Science-Policy Platform on Biodiversity and Biological system Services delivered its milestone Global Assessment Report on Biodiversity and Ecosystem Services in May 2019, projecting the focus on the disturbing decreases of biodiversity around the world.



Source: Climate Bond Initiative (CBI)

Here is a list of Green bonds identified for raising funds and their existing investments:

Sl. No.	Company Name	Criteria	Fund/ Bond Size
1	Yes Bank	Green Infrastructure Projects in Renewable Energy and Energy Efficiency Projects including Solar Power, Wind Power, Biomass, and Small Hydel Project	Rs. 500 crores
2	Indian railway Finance Corporation		\$500 millions
3	Adani Green Energy	Financing the Dedicated Freight Corridor project and electrification of the railways.	\$500 millions
4	Greenko Group	Renewable energy	\$950 millions
5	Kerala Industrial Infrastructure Fund Board	Renewable energy	\$250 millions
6	Infrastructure Finance Company Limited	Renewable energy	
7	IREDA	Renewable energy	Rs.700crores domestic, \$350 millions from Singapore and London Exchanges

8	L&T infrastructure finance		
9	State Bank of India	Solar, Low Carbon Transport	\$100 millions
10	ReNew Power Private Limited		\$585 millions

The above green Bonds have successfully financed renewable projects and can be a great source for finance this hydroelectric powerplant.

The above below shows the list of InvITs in India and their recent projects.

Sl. No.	Company Name	Size (INR crores)	Comments
1	Digital Fibre Infrastructure Trust	14,700	Holds fibre assets of RIL.
2	India Grid Trust	20,000	Established to own and operate power transmission and renewable energy assets in India. We own 13 operating projects, consisting of 38 EHV overhead power transmission lines, comprising seven 765 kV transmission lines, twenty-nine 400 kV transmission lines and two 132 kV transmission lines, with a total circuit length of approximately 7,570 ckms and eleven

			substations with approximately 13,550 MVA of transformation capacity, across 17 states and 1 union territory, in India
3	India Infrastructure Trust	-	Pipeline Infrastructure Limited (PIL) is owned by India Infrastructure Trust, an infrastructure investment trust sponsored by Brookfield Asset Management
4	Indian Highway Concessions Trust	-	Highway Concessions One Private Limited (HC1) is the roads platform that manages and operates road assets held by Infrastructure Funds managed by Global Infrastructure Partners India LLP (GIP India). HC1 currently manages 7 roads assets organised as individual SPVs – 5 Toll roads and 2 Annuity roads, located across 7 different states in India. BRNL sells expressway in Odisha to CDPQ-owned India Highway Concession Trust
5	IndInfravit Trust	10,588.20	Trust's initial portfolio of assets comprised of five toll road projects in the Indian states of Rajasthan,

			Karnataka, Tamil Nadu and Telangana. Subsequently, the Trust added another eight road assets in the states of Rajasthan, Karnataka, Telangana and Maharashtra. Out of these eight projects, six are NHAI projects and two are state project
6	IRB InvIT Fund	7,500	The Trust primarily intends to own operate and maintain a portfolio of six toll-road assets in the Indian states of Maharashtra Gujarat Rajasthan Karnataka and Tamil Nadu.
7	MEP Infrastructure Investment Trust	1,200	Road infrastructure development
8	National Highways Infra Trust	5,000	the NHAI has been selling toll concessions of operating roads to financial investors under the toll-operate-transfer (TOT) model.
9	Oriental Infratrast		Sponsored by Oriental Structural Engineers Private Limited (OSE), it currently has 5 highway projects under it
10	PowerGrid Infrastructure Investment Trust	Fresh issue of Rs. 4,993 crores, Enterprise	PowerGrid InvIT (Infrastructure Investment Trust) owns, construct, operate, maintain and invest

		value of Rs. 10,384 crores	in power transmission assets in India. PowerGrid InvITs sponsor is Power Grid Corporation of India Limited (PGCIL). Units of the InvIT got listed at Rs 104, a 4 per cent premium to the issue price
11	Roadstar Infra Investment Trust (by IL&FS)		Set up to transfer bad loans worth Rs. 13,000 crores on IL&FS
12	Shrem InvIT		24 road projects across 5 states
13	Tower Infrastructure Trust		The company invests in energy infrastructure projects. Sponsors include Reliance Industrial Investment Holdings Limited and Brookfield IV Jarvis India Pvt. Ltd.
14	Virescent Renewable Energy Trust		Virescent Renewable Energy Trust is a renewable energy platform backed by leading global investment firm (KKR) in India. Owns 317MWp of solar assets located in Maharashtra and Tamil Nadu.

## **FINDINGS –**

- ❖ The company has started looking at international funding due to slow down in Indian economy, this will help them raise funds at a lower rate of interest.
- ❖ The government of India has recognised large hydroelectric powerplants as renewable because of the huge infrastructure investments made as opposed to the period before 2019 when power plants of 25MW were considered renewable.
- ❖ There has been a delay in the large hydroelectric powerplant projects due to prolonged periods for land acquisitions, lack of proper planning and long term infrastructural costs.
- ❖ A Hydropower Sustainability Assessment Protocol is an efficient way to have a hydro project assessed based on its environmental and financial feasibility. An HSAP assesses the performance of a hydropower project across more than 20 sustainability criteria.
- ❖ A good HSAP score can help raise funds at a lower rate of interest as it provides investors with a financial assessment of the proposed project.
- ❖ Several reforms have been made to encourage private sector participation. Reforms include 2016 National Tariff Policy and 2008 Hydro Power Policy.
- ❖ Various sources of funding such projects have been recognised such as green bonds, InvITs, ESG funds, etc.

## **RECOMMENDATIONS –**

- ❖ In order to reduce the delay for building of hydropower plants, the land acquisition process should be done in a planned manner keeping in mind factors such as labour and working conditions, resettlement, infrastructure safety, hydrological resources, etc.
- ❖ The project should look to get an HSAP assessment done in order to increase investor confidence which can help restructure the debt.

## LEARNINGS –

- ❖ The internship has helped strengthen the key basic concepts about ESG funds, green bonds and InvITs.
- ❖ Helped learn calculation of key financial ratios such as debt coverage ratio, debt turnover, current ratio, etc.
- ❖ A sound financial performance can help a company raise debt at a lower rate of interest.
- ❖ Learnt to do a research on industries, sub-industries and its companies.
- ❖ Governments around the world are growing more aware about the need for renewable energy causing the growth of ESG funds.
- ❖ Helped understand where the project is lacking behind and hence, gave me an opportunity to make suggestions on how they can reduce the interest on their existing debt.



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