
Appetite and Green Bonds to fund the Energy Efficiency Programmes

Marrakech
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Energy Efficiency Services Limited

(A JV company of PSUs of Ministry of Power, Govt of India)

- IEA estimates investments of \$2,014 billion in EE, 2015-40
- Investments in EE buildings (domestic and commercial) expected to be \$600 billion in 2015-40
- India commits emissions intensity reduction of GDP by 35 percent by 2030 – 50% through energy efficiency
- The share of household appliances will rise from 19% to about 44% between 2014-40
- Emergence of Air Conditioning – penetration to increase from 5% to 70% in next 20-23 years
- Emergence of Smart Grids - Government led National Smart Grid Mission – budget of \$144 mln already approved

Who we are

- Largest public ESCO in the world – 100% government owned
- Backed by Government of India and Promoters with net worth of over \$32 billion
- Implementing largest Energy Efficiency Portfolio in the world achieving actual energy savings – in sync with national priorities
- Over 178 m LED bulbs distributed (Target 770 mln), 1.4 mln Street lights replaced leading to 4,630 MW of additional capacity avoided; 18 mln t CO₂ reduced
- One of the fastest growing companies in India – 10 fold growth in one year

Business plan of EESL for next 5 years



(USD Million)

Sector	FY 17	FY 18	FY 19	FY 20	Total
Industry	\$65	\$108	\$145	\$199	\$517
Residential	\$221	\$664	\$1,056	\$1,116	\$3,057
Commercial Bulidings	\$4	\$9	\$16	\$24	\$53
Municipal Street lights	\$380	\$1,003	\$2,114	\$1,114	\$4,611
Agriculture	\$51	\$130	\$1,320	\$4,075	\$5,576
Total	\$721	\$1,914	\$4,651	\$6,528	\$13,814

Sources of funding



(USD Million)

Source	FY 17	FY 18	FY 19	FY 20	Total
Equity	\$153	\$398	\$831	\$1,382	\$2,764
Domestic Bonds	\$153	\$398	\$831	\$1,382	\$2,764
Green Bonds	\$201	\$560	\$1,827	\$1,830	\$4,418
Institutional Funds	\$122	\$319	\$664	\$1,105	\$2,210
Domestic / Working Capital Loan	\$92	\$239	\$498	\$829	\$1,658
Total	\$721	\$1,914	\$4,651	\$6,528	\$13,814

EESL plans to raise \$4 bln from Green Foreign Currency Bonds/ Green Masala Bonds in the next 4 years. The first tranche of \$100 mln is slated to be raised by Q1 2017.

Process for the Issue initiation :

- EESL addressed about 150 investors during the Green Infrastructure Investment Coalition - India Forum in London on 30th June, 2016.
- Appointment of
 - Rating agency
 - Arrangers for the Issue
 - Green Bonds labelling / Verification
 - Proposed to be Listed at London Stock Exchange.
 - The bond is expected to be listed in the Green Bond Index post issuance

Why Green Bonds



- A.** Huge investment plans require exploring of low cost funds from Green Bond markets.
- B.** Large Availability of low cost Green funds in the International market.
- C.** Easy access to Green/Climate Bond market for due to nature of business of energy saving and Co2 reduction.
- D.** Large number of labelled Green space will provide enough liquidity for Green Bonds in market.
- E.** Banks balance sheets are increasingly constrained due to sector exposure and capital ratio requirement leading to more dependence on capital markets.
- F.** Listing of Green bonds at International stock exchanges shall help wider awareness among agencies/investors about EESLs business.



Thank You

