

## ESCO Information Requirement

### Brief Details

1. Brief note on the history of the company and key milestones so far (include details of year of incorporation/establishment, commencement of operations, commencement of business related to ESCO)
2. Brief profile of Board of Directors and Key Management Personnel (include responsibilities, qualification, and experience)

S.No	Name of Person	Designation	Qualification	Years of Experience	Responsibilities Handled

3. Shareholding pattern of the company as on March month of last financial year
4. Write-up on major subsidiaries and associates along with key financials for last year. Provide details of investment made by the parent company.

### Business Related

5. Brief write-up on company especially activities related to energy management/energy savings/ESCO (shared savings and performance guarantee)/ energy audit/ consultancy/ equipment manufactured/ turnkey projects.
6. Has the company entered into ESCO contracts till date? If so, please provide the following details;

S.No	Nature of Service Provided	Name of Customer	Industry	Timeline for Execution	Savings Achieved	Duration of the project	Time Overrun	Cost Overrun

7. Specify no. of years in all energy management/energy related businesses.
8. Specify no. of years in ESCO business.
9. Specify no. of energy audits carried out till date vis-à-vis recommendations implemented.
10. Specify no. of clients in the energy management/energy related businesses.

Specify no. of different industries/sectors covered and nature of energy related services/products offered by the company, along with the nature of benefits derived from these services/products.

11. Provide current order book for all energy management/energy related activities and the likely revenue to be generated from the same
12. Specify no. of projects completed for all energy management/energy savings/ESCO based performance contracts (shared savings and guarantee saving)/energy audit/consultancy/equipment manufactured/turnkey projects.
13. Quantification of savings (in terms of Rupee saved or energy units saved year-wise) for all energy management/energy saving/ESCO projects carried out during last three years since last FY along with project-wise breakup, if available.
14. The number and details of the projects where actual energy saving is more than or equal to guaranteed energy savings for the ESCOs project implemented.
15. Has there ever been a situation in which the ESCO has guaranteed a particular level of savings but has not been able to achieve the same?
16. What is the maximum amount of savings achieved by the company? How does the company define the base line on which the savings are calculated?
17. Details on time and cost overrun for ESCO Projects? If any.
18. Any innovative project implemented in ESCO business in a specific industry.
19. Energy savings for last three years may be provided in the following format:

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Govt./ Public Sector Projects</b>			
Total Energy Saved in qtty*			
Total Energy Saved in Rs. Crores			
<b>Private Sector Projects</b>			
Total Energy Saved in qtty*			
Total Energy Saved in Rs. Crores			

\* In kilowatt hours/MW/KVA Avoided load/Kjoules/Gcal or any other unit in which company measures energy savings is mandatory to report.

\*\*Kindly note that the above table has to be duly certified by the company.

20. Does the company have a dedicated business development team and a defined marketing strategy?
21. Has the company availed or is in the process of availing carbon credits?
22. Please confirm that all statutory dues and taxes are paid on time and that all regulatory compliances have been adhered to (Required on company letter head).

Provide a confirmation that neither the company nor the promoters have any ongoing legal proceedings (Required on company letter head).

### **Organization Related**

23. No. of BEE certified energy auditors.
24. Note on documentation of processes and MIS maintained.
25. Note on ISO certification and other accreditations and awards related to the energy management/energy related activities.
26. Note on patents for energy management/energy related products/services.
27. Note on technological tie-ups entered into for energy management/energy related products/services.
28. Note on research and development activities undertaken along with team strength and qualification. Also provide details on the expenditure of the company towards research and development every year.
29. Note on number and quality and frequency of training programme for employees. Also provide details on total employee strength for the overall business and ESCO related business.
30. List of key personnel along with details (Technical qualification, Total years of service, previous experiences etc.)

S.No	Name of Person	Designation	Technical Qualification	Total Years of Service	Previous Experience	Experience in ESCO Business

31. Total manpower strength along with breakup in terms of Qualification (Engineers, skilled, semiskilled etc.), Years of relevant experience, experience in ESCO business.
32. Employees engaged in ESCO Business.
33. Facilities for procurement of audit equipment, also indicating own manufacturing facilities, if any.

34. Note on inventory of equipment of ESCO/audit instruments owned along with adequacy in relation to the current and expected order book.
35. Does ESCO outsource any part of its activities? If any provide list of activities outsourced.
36. Note on definition of job role for team members.
37. Maximum no. of energy management/energy related projects handled simultaneously at any point of time.
38. Note on organizational structure, controls and systems.

### **Finance Related**

39. Annual reports for the last three years along with divisional financial statements for the energy management/energy savings/ESCO grading business, separately if available.
40. Previous year's turnover for ESCO activities.
41. Previous year's profits (both at before depreciation, interest and tax levels and at net levels) for ESCO activities. • Previous year's turnover for all energy management/energy related activities.
42. Previous year's profits (both at before depreciation, interest and tax levels and at net levels) for all energy management/energy related activities.
43. CIBIL Score Report for Directors/company.

### **Analysis of receivables**

44. Details of terms of payment with customers
45. Past track record of writing off debtors if any
46. Ageing analysis of receivables

In addition to the aforementioned information, you are also requested to arrange for feedback from 10-15 major clients and from the bankers and auditors of the company.

## ESCO Grading Process

### Information for ESCO Empanelment

BEE undertakes the process of rating ESCOs in terms of success in implementation of energy efficiency projects based on performance contracting, availability of technical manpower, financial strength, etc. The rating exercise is done through SEBI accredited agency CARE Ratings Limited.

An accreditation methodology was developed which involves assessment of Business Risk (Track record and Market position), Organizational setup and Financial capability of the organization and accrediting the ESCOs on a 5-point grading scale. The assessments of the eligible ESCOs on each of the parameters are a holistic one, designed to evaluate the organizational capability for handling the ESCO assignment.

The grading scale is described as below:

Grading	Definition	Score
GRADE 1	VERY HIGH	85 AND ABOVE
GRADE 2	HIGH	70-84
GRADE 3	GOOD	55-69
GRADE 4	AVERAGE	40—54
GRADE 5	BELOW AVERAGE	LESS THAN 40

Criteria for assessment:

A 100-point scale has been devised based on the above parameters with a 40% weight-age given to Business Risks, 25% weight-age to Organizational Risks and 35% to Financial Risks.

#### I. Business Risk - 40%

Sr No.	Parameter
1.	Years in the ESCO business
2.	Number of detailed energy audits in last 5 years
3.	Number of clients for ESCOs projects in last 5 years
4.	Number of sectors covered for ESCOs projects (As per Schedule of the EC Act)
5.	Customer feedback for ESCOs projects
6.	Number of ESCOs projects completed (Those projects will be considered which are already executed and repayment of at least one year is done as per the agreement)
7.	Current Order book position for ESCOs business (as a percent of past year business)
8	Time and cost overruns
9	First time any innovative ESCOs projects implemented of its kind in specific industrial or establishment sector
10	Ratio of number of projects where actual energy savings is more than or equal to guaranteed energy savings to the total number ESCOs projects implemented

## II. Organizational Risk - 25%

Sr No.	Parameter
11.	Number of employees in ESCO business
12.	Qualification of employees related to energy related courses
13.	Average years of experience of employees in ESCOs projects
14.	Number of certified energy auditors
15.	% of employees in ESCO business with respect to total number of employees in organization
16.	Management evaluation
17.	Quality of organization structure, reporting system, and internal controls for ESCOs business
18.	Constitution
19.	Maximum number of projects handled at a time
20.	Quality of service, systems and processes, reflected in third party certifications
21.	Technology tie-ups, patents, R&D facilities

## III. Financial Risk - 35%

Sr No.	Parameter
22.	Revenues from the ESCO business over the last three years
23.	Annual turnover from ESCO business/ Total turnover
24.	Average PAT margins for ESCOs business in last 3 years
25.	NCA/TD-Net Cash Accruals to Total Debt
26.	Gearing
27.	Receivable management
28.	Revenues growth rate in last 3 years for ESCO business
29.	CIBIL SCORE (Risk Index Score)
30.	Working capital turnover ratio Banker's feedback
32.	Access to cash flows from other businesses