

The Investor



Actis is a global investor in sustainable infrastructure, with a focus on investing to accelerate the transition to a Net Zero future and deliver positive impact in the countries and communities where it invests. Headquartered in London, Actis has a track record of investing in growth markets across Africa, Asia and Latin America. Actis has raised USD24b since its founding in 2004 and has a team of approximately 350 people, including over 120 investment professionals, across 19 offices globally. The firm's capital is at work in approximately 100 companies around the world, employing over 120,000 people.

FUND NAME

Actis Energy 4

FUND SIZE

USD2.75b

TOTAL AUM

USD15.3b

The Company



Based in Pune, Sprng Energy was established by Actis in 2017 as a renewable energy platform to deliver clean, reliable energy to electricity distribution companies across India. Sprng is one of India's largest renewable energy companies, encompassing operating and contracted solar and wind assets with a combined capacity of more than 2.2 gigawatts of alternating current power (GWac), as well as another 5GWac+ of projects in the pipeline.

LOCATION

India

SECTOR

Renewable Power

WEBSITE

www.sprngenergy.com

DATE(S) OF INVESTMENT

JAN '17

AMOUNT

USD475M

STAKE

100%

DATE OF EXIT

AUG '22



In 2015, the Indian government set out an ambitious target to grow the country's renewable energy capacity, aiming to increase the proportion of installed energy capacity from non-fossil fuel-based sources from about 13% to 50% by 2030. Actis had expertise in the sector after building five renewable energy platforms across Latin America, Africa and Asia, including the India-focused Ostro Energy wind platform it sold to ReNew Power in 2018. Leveraging the firm's capabilities and extensive local network of suppliers, contractors and lenders, Actis sought to create a second energy platform to contribute to India's energy transition targets.

Through Ostro Energy, Actis had expertise in the wind energy space in India but lacked significant exposure to Indian solar. Actis identified a strong partner in Gaurav Sood, who had built Solaire Direct, a subsidiary of French utility company ENGIE comprising more than 590 megawatts of alternating current power (MWac) of solar assets across four Indian states.

The Deal

Actis set up Sprng Energy in 2017 with a total equity commitment of USD475m, bringing on Sood as CEO of the platform. Through Sprng, Actis aimed to install about 2GWac of renewable power, securing power purchase agreements (PPA) through participation in the Indian government's newly established competitive auction process and strategic acquisitions.

Kicking off with a successful bid for the 250MWac Rewa solar project in Madhya Pradesh in February 2017, Sprng developed a portfolio of solar and wind power through greenfield projects secured in government auctions and select acquisitions. Sprng hired a strong development and construction management team to supervise project execution with support from Actis' operations team. The company leveraged Actis' existing relationships with contractors and manufacturers to secure attractive prices for equipment and development.

Actis successfully scaled the business faster than anticipated. By early 2022, it had developed assets with a combined 2.3GWac capacity against its 2GWac goal, securing PPAs with central and state government off-takers. The platform has further developed an attractive pipeline of projects with an additional 5GWac+ capacity.

Inclusive & Sustainable Growth

Under the leadership of Sprng Energy's ESG Head Amit Gupta, Actis established Sprng as a sustainability leader in the renewable energy space. By the end of 2021, Sprng's assets avoided 4.42m tons of CO₂ emissions by displacing fossil fuel-based power generation. Sprng also planted 2,170 trees, further enhancing its climate impact.

For each project, the operations and sustainability teams conducted a rigorous environmental and social impact assessment and implemented a subsequent environmental and social management plan. For example, Sprng commissioned specialized bird and bat studies to assess potential development sites and avoid eco-sensitive areas and migratory routes. It also insulated power transmission lines to protect wildlife and installed robotic cleaning devices on operational power plants to reduce water use. The team also evaluated potential noise pollution caused by wind turbines, choosing farm sites that were a sufficient distance from local human and animal populations to avoid disruptions. The company achieved ISO 14001 certification in recognition of its strong management of environmental issues on site.

Sprng developed working conditions and labor terms at its construction sites that were far above local industry standards, providing quality labor accommodations, high wages, skills training and social welfare initiatives. As a result, workers at neighboring projects would often seek employment at Sprng.

Ensuring that Actis' ESG standards, particularly workplace safety protocols, were met across the Sprng platform was challenging. Industry norms around environmental health and safety (EHS) in India's construction sector are typically below international good practices, especially at the sub-contractor level. Sprng's operations and sustainability teams organized over 42,000 toolbox talks to ensure workers understood safety hazards ahead of and during construction. They also conducted frequent safety audits, and construction was



temporarily halted whenever necessary to address concerns and ensure good EHS practices were followed.

Road safety was a particular focus for Sprng, since India has among the highest road traffic crash and fatality rates in the world. To address excessive speed and fatigue among bus drivers carrying workers to and from construction sites, Sprng implemented a 'Know your Driver' campaign. Passengers were asked to engage personally with their bus drivers before embarking in order to assess driver attentiveness and to encourage the driver to value safety over speed.

As a result of these efforts, Sprng achieved over 7.5m safe workforce hours over the course of Actis' investment. The company also earned ISO 9001 and ISO 45001 certifications and won several workplace safety awards from entities such as the Sustainable Development Foundation, Apex India Foundation and Greentech Foundation.

Sprng spent over INR33.4m (~USD420k) on community development programs, supporting rural communities with health camps, vocational skills training, women's self-help groups, potable water distribution, health and sanitation awareness programs and the installation of solar streetlamps, security cameras and outdoor playground equipment for government schools. Through the health camp projects, Sprng and its nonprofit organization partner provided healthcare services to over 69,000 individuals, saving workers and community members long trips to the nearest doctor and an estimated INR22.7m (~USD285k) in healthcare fees.

Outcome/Outlook

Shell was drawn to the platform's market-leading position and continued growth potential, combined with its best-in-class non-profit organization and impact credentials. The oil & gas company acquired Sprng in August 2022 at a USD1.55b enterprise value, tripling Shell's renewable energy capacity globally. The deal was reportedly the largest renewable energy acquisition in Indian history in terms of both deal size and energy capacity. ●