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Clean Deal Leap Green has set sights on acquiring a subsidiary of publicly-traded Gujarat Fluorochemicals for ₹1,200 crore

Karthikeyan Co Looks to Buy Inox Windfarms

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New Delhi: A clean energy company promoted by India's first Formula One driver, Narain Karthikeyan, and his family is in talks to buy the wind power generation business of Inox Group for enterprise value of ₹1,200 crore to consolidate, scale up and aid its own fund-raising efforts, said people directly involved in negotiations.

Inox Renewables, an independent power producer, is a 99.98% subsidiary of listed Gujarat Fluorochemicals and has close to 300 MW of installed wind energy generation capacity across Rajasthan and Maharashtra. It has entered into long-term power purchase agreements (PPAs) with state electricity boards for the sale of wind energy.

Coimbatore-based Leap Green Energy, founded in 2006, is pursuing funding options for the deal, which is at an advanced stage of negotiations and could be announced before the close of the current financial year, the people added.

JP Morgan owns a majority stake in Leap Green Energy and has a significant management role in the company.

Leap Green is said to be in discussions with domestic and international banks to raise short-term loans to finance the deal and is also separately in discussions with UK Climate Investment LLP, a joint venture between UK Green Investment Bank and the UK's department of business, energy and industrial strategy for an equity investment. Proceeds from the equity investment could be used to replace short-term loans at a later stage.

Inox Wind is a hardware company specialising in blades, towers, generators and turbines. Its generation assets—all part of the accelerated depreciation scheme for wind farms—are therefore non-core.

Fuel for Karthikeyan & Co

DEAL, IF IT GOES

through, could almost double Leap Green's wind energy capacity

INOX HAS 300 MW WIND

power plants in Rajasthan and Maharashtra



Wind power could attract 1 lakh cr investments by 2020: CRISIL REPORT



LEAP GREEN in talks with banks for short term loans to fund deal

ALSO IN TALKS with UK Climate Investment LLP for equity infusion

KARTHIKEYAN FAMILY BUSINESS interests cover education, textiles, clean energy

The Karthikeyan family is the promoter of the South India-based PSG Group of educational institutions and also has business interests in textiles apart from clean energy

The company promoted by the Inox Group, which owns businesses as varied as industrial gases, cinemas, wind-turbine manufacturing and energy generation, clocked sales of close to ₹200 crore for the year to March 2015.

When contacted by ET, Deepak Asher, director and group head of corporate finance for Gujarat Fluorochemicals, said the company does not comment on market rumours.

Karthikeyan said he would not be able to comment on the transaction as he only focuses on marketing aspects for Leap Green.

Rajeev Karthikeyan, managing director, Leap Green Energy and brother of Narain Karthikeyan, did not respond to emailed queries.

Spokespersons for JP Morgan and UK Green Investment Bank declined to comment.

"The transaction may close only by the end of this fiscal given the number of regulatory

approvals required for such business transfers as agreements entered into with state electricity boards also need to be transferred to the acquirer," said a person in the know.

Leap Green Energy has 453 MW of installed wind-generation capacity and has entered into PPAs with state electricity boards in Rajasthan, Tamil Nadu and Madhya Pradesh. It clocked sales of close to ₹300 crore in the year to March 2015.

The Karthikeyan family is the promoter of the South India-based PSG Group of educational institutions and also has business interests in textiles apart from clean energy. The family is closely related to the owners of south India-based Lakshmi Mills.

Wind power could attract investments of as much as 1 lakh crore by 2020, according to a July 2015 report by ratings agency Crisil.

The report cited better tariffs and fiscal benefits as factors that would make wind power projects profitable, sustainable and scalable and noted that the top 10 developers with a 20% share of capacity had already invested about ₹12,000 crore as equity in wind projects.