

Inox Renewables exits wind power business

Lowest bidder in wind auction to focus on manufacturing

Shreya Jai | New Delhi March 08, 2017 Last Updated at 01:28 IST



Inox Renewables Limited (IRL) has decided to sell its operating wind farms to Chennai-based Leap Green Energy for an undisclosed amount to focus on its “core businesses”.

IRL is a subsidiary of Gujarat Fluorochemicals Limited (GFL), which has been into the wind sector, primarily turbine manufacturing, since 2010.

Exiting the wind farming business will help the parent company pare its debt, the company said.

“Inox Group has decided to exit the wind farming business and focus on its core businesses, including that of wind turbine manufacturing. This transaction will decrease the leverage of GFL at a consolidated level, by reducing debt of around Rs 800 crore that was attributable to the wind farming business, and free up management time to focus on our core businesses,” said Deepak Asher, Director and Group Head (Corporate Finance) of the Inox Group of Companies. IRL recently made headlines by quoting the lowest bid during the first-ever wind power auction in the country.

Asher told Business Standard the recently won wind power project forms part of its manufacturing business. “The project would be built as it was planned. It forms the part of our manufacturing portfolio and continues to be with IRL,” he said.

IRL won 250Mw of wind power project at the historic low bid of Rs 2.97 per unit.

The project will come up in Tamil Nadu. The company has an order book of close to 330 Mw of wind turbine manufacturing.

The assets, with a total capacity of 260 megawatts (Mw), which will be sold to JP Morgan Asset-backed Leap Green Energy Pvt Ltd, are spread over Rajasthan, Maharashtra, Madhya Pradesh and Tamil Nadu, and owned and managed by IRL and IRL Jaiselmer (IRJL).

The company did not disclose the transaction amount but as per market estimates, the deal size is estimated to be close to Rs 1,300 crore.

Inox scrip closed at 0.18 per cent lower at Rs 168.8 on Tuesday after the announcement. Leap Green Energy is promoted by noted Formula One racer Narayan Karthikeyan and his family.

Leap has around 400 Mw of operational assets in India. The deal would make Leap Green the largest independent wind power company in the country.

Rajeev Karthikeyan, Managing Director of Leap Green Energy, said the acquisition will help increase the company's operating capacity to 762Mw across four states. "Leap Green Energy is now gearing itself up to scale its total operating capacity to 2,000MW (2GW) by 2019," he said.

UBS acted as the sole financial advisor on the transaction. Khaitan & Co advised the Inox Group on the transaction, and MD&T Partners advised Leap Green Energy Private Limited and its subsidiaries.

Gone with the wind

- Inox Renewables Ltd sells 260Mw operational wind power projects to Leap Green Energy Pvt Ltd – backed by JP Morgan Asset and promoted by noted Formula One racer Narain Karthikeyan and family
- Inox to focus on core business of wind turbine manufacturing
- Recently won wind power project in country's first tender for same continue to be with Inox Project to be part of company's wind turbine manufacturing business
- Deal estimated at Rs 13,00 crore, to make Leap Green the largest independent power producer