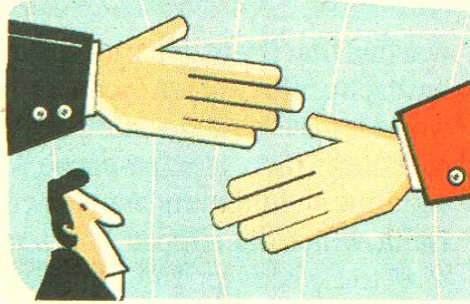


NIIF in Talks to Buy 49.5% in ONGC Tripura for ₹1,500 Cr

Fund plans to acquire 26% stake held by IL&FS, 23.5% owned by US-based GIP



Reghu Balakrishnan & Indulal PM

Mumbai: The National Investment and Infrastructure Fund (NIIF) has begun early discussions to acquire about 49.5% stake in gas-based power plant ONGC Tripura Power Company Ltd (OTPC) for about ₹1,500 crore, said two people aware of the development.

This would be the first investment by the NIIF, India's first infrastructure specific investment fund, in the conventional energy sector.

The NIIF plans to acquire the 26% stake held by the crisis-hit Infrastructure Leasing & Financial Services (IL&FS) and 23.5% stake held by US based infrastructure investment fund Global Infrastructure Partners (GIP). Other shareholders in OTPC are Oil And Natural Gas Corporation Ltd, which holds 50% stake, and the government of Tripura, which holds the balance 0.5%. A few investors besides the NIIF are also keen on the stake and the final bids will be in by October, said the people.

In May, expressions of interest were invited for acquisition of 26% stake held by IL&FS Financial Servi-

ces Limited (IFIN) and IL&FS Energy Development Corporation Limited (IEDCL) in OTPC. IL&FS had appointed Arpwood Capital and JM Financial to assist in the potential transaction.

Simultaneously, GIP had hired Rothschild to help sell its 23.5% stake. This will give the new investor an opportunity to have equal rights with ONGC in the power project.

OTPC's fully operational natural gas-based 726.6 MW power plant in Palatana, Tripura, supplies power to the energy deficit region of Northeast India. It has 86.5% of the capacity tied under long-term power purchase agreements, and gas supply agreement with ONGC, according to an IL&FS notification.

As one of India's largest gas-based power projects, the plant also has potential for expansion through addition of two 363.3 MW units, for which majority approvals are already in place, so as to reach the total of more than 1 GW capacity. OTPC also holds 26% stake in North East Transmission Company Ltd (NETCL), a joint-venture with Power Grid Corporation of India and the seven north-eastern states.

In 2015, private equity firm IDFC Alternatives had acquired 23.5% stake in OTPC for around Rs 426 crore. In 2018, US-based GIP purchased IDFC Alternatives' infrastructure investment business.

Spokespersons of the NIIF and IL&FS declined to comment while ET's emailed query sent to GIP did not elicit any response till press time on Sunday.

In the clean energy segment, the NIIF has investments in CDC-owned Ayana Renewable Power and Everstone Capital owned Eversource.

Set up by the government of India in 2015, the NIIF manages over \$4 billion of capital commitments across three funds. The NIIF was among the contenders for buying 14 road assets from the IL&FS Group.

In October 2019, the bankrupt IL&FS Group had sold its 51% stake in seven wind power special purpose vehicles to Orix Corporation of Japan for ₹4,800 crore. Reeling under an outstanding debt of ₹99,000 crore, the new board of scam-hit IL&FS Group is working on a road map to address a debt of ₹50,000 crore by March 2021.

India's total power capacity on March 31 was 370.11 GW, of which renewable was 87.03 GW or 23.51% of total installed capacity. Wind capacity stood at 37.69 GW and solar at 34.63 GW, according to India Ratings.

India will have about 60% of its installed electricity generation capacity from clean sources by 2030, according to power and new & renewable energy minister RK Singh.