IL&FS puts renewable energy arms on the block

Mumbai: Cash-strapped Infrastructure Leasing & Financial Services (IL&FS) Group on Wednesday said it had initiated a process to sell its stake in the renewal energy business.

The renewable assets of the group include operating wind power plants with an aggregate capacity of 873.5 megawatt (MW), and under-construction wind power plants worth 104-MW capacity. It also includes the solar power business, under which it has around 300 MW of under-construction projects.

Last week, IL&FS had announced plans to divest its stake in IL&FS Securities Services and ISSL Settlement & Transaction Services, for which it claimed to had received interest from over dozen entities, including banks, private equity funds and other financial services firms.

“The board today initiated a process of exploring selling controlling stakes held by IL&FS Group in renewable energy assets,” the company said in a statement.

The group is also exploring the option to sell stake in asset management services for the operating wind power generating plants as well as the business division conducting project development and execution of wind power plants. Also, it would divest its stake in businesses relating to project development and implementation of solar power plants and projects under development of around 300-MW capacity with corporate customers.

“The proposed sale of stakes held by IL&FS Group in these assets may be carried out as a basket/ individually or a combination of both,” the statement said.

The board will soon issue expressions of interest (EoIs) for these stake sales, according to the company, which has a debt of over Rs 94,200 crore. It has also been defaulting on its debt payments, including short-term repayments.

The Uday Kotak-led board of IL&FS, appointed by the government on October 1, had submitted a progress and the way-forward report to the corporate affairs ministry and the National Company Law Tribunal (NCLT) on October 31. The new board expects to complete the resolution process, in stages, over the next two-three quarters.

The plan submitted to the bankruptcy court also hinted at non-transparent and illegal transactions by the previous management in the sale of a group entity in June 2017. The board pegged the total debt of the group by over Rs 3,000 crore at Rs 94,215.6 crore and the number of subsidiaries almost double at 348, as of October 8. The new board also said it was facing significant challenges arising from lack of reliable information and gaps in the data in arriving at a resolution plan for the near- crippled group.

The board has appointed Arpwood Capital and JM Financial as financial and transaction advisers, along with Alvarez & Marsal as resolution consultants.

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