

Japan's JERA acquires 10% stake in ReNew Power for \$200 mn

Investment may just be the beginning of JERA's India energy play

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NEW DELHI

JERA Co. Inc. has bought a 10% stake in ReNew Power Ventures Pvt. Ltd before a proposed initial public offering of the clean energy firm, valuing the company at \$2 billion.

"JERA has acquired 10% stake in ReNew Power for \$200 million," Sumant Sinha, chairman and chief executive of ReNew Power, said at a press conference in New Delhi.

Set up in 2015, JERA is an equal joint venture between Japan's largest utility Tokyo Electric Power Co. (TEPCO) and Chubu Electric Power Co.

This comes in the backdrop of ReNew Power initiating discussions with investment banks for an IPO. Sinha declined to give a timeline for the IPO or details of his personal stake in ReNew Power.

JERA's portfolio of power projects include plants in Thailand, Indonesia, Vietnam, the Philippines, Taiwan, Qatar, Oman, the United Arab Emirates, the US, Canada and Mexico.

For JERA, this might just be the beginning of its Indian energy play.

"Coming to the Indian market is the first step. We have got a partner here. Though we haven't decided yet, it is natural to expand our activities in the region," said Toshiro Kudama, chief power development officer and senior executive vice president, JERA.

JERA has business interests across the energy value chain in businesses such as liquefied natural gas and coal supply.

"We are not a passive but active investors," added Kudama.

Apart from Goldman Sachs Group Inc.



ReNew Power chairman and CEO Sumant Sinha.

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and Abu Dhabi Investment Authority (ADIA), other investors in ReNew Power include the Asian Development Bank (ADB) and Global Environment Fund.

While HSBC was the financial adviser for the deal, Trilegal advised JERA on its investment.

"India and the solar power sector are in demand from overseas investors," said Sunil Sanghai, vice-chairman, head of investment banking at HSBC Securities and Capital Markets (India) Pvt. Ltd.

Overseas investors such as State General Reserve Fund of Oman, UK Green Investment Bank Plc, Investment Corp. of Dubai, Norway's Statoil ASA, France's Total SA and Royal Dutch Shell Plc have shown interest in the Indian renewable energy market.

ReNew Power has also secured long-term \$390 million debt funding from

ADB. In addition, it has raised \$250 million from Overseas Private Investment Corp. and is in the process of raising \$475 million through a masala bond.

"Till now the Indian renewable energy play was backed by private equity investors. As the sector matures, we will be witnessing interests from all quarters," a chief executive of a lending firm with exposure to clean energy projects said, requesting anonymity.

In India, which is the biggest greenhouse gas emitter after the US and China, renewable energy accounts for 15%, or 45,917 megawatts (MW), of the total installed capacity of 310,005 MW.

ReNew Power has 3.2 GW of operational and under construction capacity from its own wind and solar projects. It has set a target of over 11 GW of wind and solar power capacity over next five years.