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## GAIL in Talks with IL&FS, US Fund for Stake in ONGC Tripura Power

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Mumbai: GAIL has initiated preliminary talks with beleaguered infrastructure financier IL&FS and US-based Infrastructure Investment fund Global Infrastructure Partners (GIP) to pick up at least 49% stake in ONGC Tripura Power Company (OTPC) at a valuation of ₹1,500 crore, two people aware of the development told ET.

PwC India is advising GAIL, India's largest state-owned natural gas processing and distribution company, on the deal to acquire the stake in the gas-based power plant. If successful, the deal will give GAIL rights equal to Oil and Natural Gas Corporation (ONGC), which is the 50% owner.

IL&FS holds 26% in the power plant, while GIP has a 23.5% stake. The remaining 0.5% is owned by the Tripura state government.

The ₹1,500 crore valuation includes ₹500 crore as equity to be distributed among the two buyers.

The deal could resolve debt worth ₹4,000 crore on the books of ONGC Tripura. Since it is 26% owned by IL&FS, the sale would have a positive impact on debt owed by IL&FS as well.

ET reported on September 7 that the National Investment and Infrastructure Fund

(NIIF) had also shown interest in a stake buy, potentially its first investment in the conventional energy sector. The bids are expected to come in by November.

"GAIL has initiated talks with the IL&FS board to buy a significant stake; earlier NIIF had also shown interest, these are initial talks and final bids are expected in November, after which it will be taken up with the Committee of Creditors for approval," an official in the know of the transaction said.

IL&FS and GAIL did not respond to ET queries till press time, while PwC India said it does not comment on company-specific matters.

In May, IL&FS had sought expressions of interest to acquire 26% stake held in OTPC by IL&FS Financial Services and IL&FS Energy Development Corporation. It also appointed Arpwood Capital and JM Financial as advisors to the deal. Subsequently, GIP hired financial advisory group Rothschild to help sell its entire stake.

One of India's largest gas-based power plants, ONGC Tripura has an operational capacity of 726.6 MW. The plant also has secured the majority of approvals to add two 363.3 MW units to its existing capacity and expand to a total capacity of 1,453 MW.



**The 49% stake valued at ₹1,500 cr will help OTPC and IL&FS retire debt on their books**