

PE firms acquire 44% in Asian Genco for \$425 mn

- The Economic Times

NEW DELHI: A clique of investors, led by Morgan Stanley Infrastructure Partners, has bought a 44% stake in power generation and engineering services firm Asian Genco for \$425 million, the biggest private equity transaction in India in

almost two years, thus lifting the slowdown's veil over such big-ticket deals. The deal is also the biggest private equity transaction in the country's power sector and the first one of over \$300 million since 2008. The last PE deal of this size was when Providence Equity Partners invested \$428 million in Aditya Birla Telecom in 2008. The investment will be effected through convertible instruments that would give the investors around 44% in Asian Genco — a Singapore-based holding company that owns many hydro, thermal and non-conventional power generation assets in India — when converted into equity. Besides Morgan Stanley, the group of investors includes Everstone Capital, General Atlantic, Goldman Sachs Investment Management and Norwest Venture Partners, among others. The slowdown and a sharp correction in valuations had made private equity firms skittish about betting big on Indian firms. The biggest transaction last year, when buyout giant KKR — along with CPP Investment Board — hiked stake in Aricent, formerly Flextronics Software, was worth only around \$255 million. The Asian Genco deal comes in the wake of a raft of new power sector firms raising funds to set up generation units to feed the voracious demand for electricity in the world's second-fastest growing economy. Asian Genco owns a power generation capacity of over 4,000 mw that is under development riding on an estimated capital outlay of \$4.5 billion. The independent company, in which former power secretary RV Shahi is learnt to be a consultant, had earlier raised funds from other investors like power trading firm PTC and its finance offshoot PTC Financial Services, besides global investors such as Tiger Global Management. The latest investment will help the firm complete its current pipeline of projects and develop new ones. "With this transaction, we have secured full equity financing for all our current slate of projects," Asian Genco chairman Vijaykumar TV said in a statement. The company is developing a project called Teesta III, among the largest hydro projects in the Indian private sector, with a capacity of 1,200 mw and a coal-fired supercritical thermal project in Andhra Pradesh with a 1,320 mw capacity. Zeus Inframanagement was the sole advisor to Asian Genco in the deal.