

Lenders with exposure to stressed power assets have to resolve them by August

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Stressed power companies, with a cumulative capacity of 4,000-5,000 megawatt (MW), could find new owners by August as lenders exposed to these assets have three more months to find a resolution to such cases.

In February, the Reserve Bank of India had issued a circular to this effect.

The bankers have divided stressed power assets into two categories: those having main commercials such as power purchase agreements (PPAs) or availability of fuel source in place but not being able to service debt for some reasons, and those that are almost completed but have no PPAs or coal linkages and, hence, unviable.

Out of 20,000-25,000 MW capacity under immediate stress, assets of cumulative capacity of 4,000-5,000 MW are in the first category, an analyst with a top global consulting firm told *BusinessLine*.

“The assets can be sold off quickly, provided there is a correction in place. Many of us believe these assets will find the new owners either before August 27 or as the result of NCLT,” he said.

Many challenges

Reshmi Khurana, Managing Director and Country Head at Kroll, believes there will be no dearth of potential investors into viable assets provided there is a good restructuring plan in place. “The real questions is how the banks will resolve unsustainable cases,” she added. “It will be difficult for private investors to come into such projects.”

Consensus

Finding consensus among lenders will be another challenge, experts believe.

“There is a section that prefers resolution before the asset goes to NCLT, and there is another section that is trying to take the assets to NCLT immediately,” an industry player, who did not wish to be named, told *BusinessLine*.

He added that lenders’ efforts to bring new equity into the stressed projects may not provide a relief for the sector as most of the stressed assets became NPAs because of policy shortcomings.