

TAQA withdrawal from hydro deals will not affect Jaypee's resolve to reduce debt

Noida, July 24:

Jaypee Group today announced that the withdrawal of TAQA India Power Ventures Ltd from its agreement with Jaiprakash Power Ventures Ltd (JPVL) for the sale of Baspa II and Karcham Wangtoo hydro-electric projects in Himachal Pradesh will not affect the Group's resolve to reduce debt and unlock stakeholders value.

"It is unfortunate that the Abu Dhabi based company TAQA has decided to undo its agreement with Jaiprakash Power Ventures Ltd to buy 1000 MW Karcham Wangtoo and 300 MW Baspa II projects due to a change in their business strategy and priorities. This will, however, not impact our Group's commitment to reduce debt to Rs 45,000 by March 2015. We have created valuable assets and we are confident to get investors to help us raise funds in the near future," said Mr Manoj Gaur, Executive Chairman, Jaypee Group.

On March 1, 2014 JPVL had signed an agreement with TAQA to sell the 2 hydro power projects for an enterprise value of Rs 9689 crore. But in a sudden and unexpected development, we have been informed by Mr Frank Perez, Senior Executive Officer of TAQA that they had some compelling reasons forcing them to review their investment strategy and they were opting out of the transaction.

We recognise that TAQA has exercised the buyer's prerogative to opt out of the deal, but as per the agreement, they will have to pay to JPVL the break away fee.

TAQA has been present in India for the past couple of years with one thermal power plant operating in South India and another hydro-electric plant about to be commissioned in Sorang in Himachal Pradesh. The agreement in March was signed after detailed due diligence by them. Yet, for some reasons known to them, they have decided to undo the agreement.

Industry experts know that all our hydro-electric plants are among the best in the country, and have been making profit right throughout their existence. We had undertaken divestment of these as part of our objective to reduce debt. Our focus and resolve to work towards that goal remains as steadfast as ever.

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