
Aventus Capital advises Mahindra Group on its strategic partnership with Ontario Teachers' to invest in Mahindra Susten, the group's renewable business

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Mahindra Group and Ontario Teachers' Pension Plan Board (Ontario Teachers') announced a strategic partnership to capitalize on the growing renewables opportunity in India and contribute towards the country's decarbonization ambitions. The parties have signed binding agreements pursuant to which Ontario Teachers' will acquire a 30% equity stake in Mahindra Susten Private Limited (Mahindra Susten) at an equity value of INR 2,371 crore (~USD 300 million).

Aventus Capital was the exclusive financial advisor to Mahindra Group on this transaction.

The proposed transaction also envisages the setting up of an Infrastructure Investment Trust (InvIT) in compliance with applicable regulations of the Securities and Exchange Board of India. The InvIT is initially proposed to comprise renewable power assets seeded by Mahindra Susten with operational capacity of around 1.54 GWp. As part of the proposed transaction, shareholder loans of INR 575 crore (~USD 73 million) advanced by Mahindra Group to Mahindra Susten will be repaid.

As a result of this transaction, Mahindra Group will receive an inflow of approximately INR 1,300 crore (~USD 165 million). Mahindra Group and Ontario Teachers' will jointly explore the sale of an additional 9.99% stake in Mahindra Susten by May 31, 2023. Mahindra Group will deploy these funds, plus an incremental amount of upto INR 1,750 crore (~USD 220 million), into the business & InvIT over the next seven years.

Over the same period, Ontario Teachers' has committed to deploy an additional amount of up to INR 3,550 crore (~USD 450 million) into the business and the InvIT over the next seven years.

This transaction will enable Mahindra Susten to build a strong renewable energy business focused on solar energy, hybrid energy, integrated energy storage and round-the-clock (RTC) green energy plants.

Prateek Jhavar, Executive Director and Head, Infrastructure and Real Assets Investment Banking, Aventus Capital said, "Happy to advise Mahindra Susten on such an important partnership. This acquisition by a long-term global investor like Ontario Teachers' is testament to the strong platform built by Mahindra Susten. With India's pressing net zero targets, we expect more such alliances in the renewables space as more corporates align themselves with the sustainability goals."

As per the updated Nationally Determined Contributions ("NDCs") of the United Nations Framework Convention on Climate Change ("UNFCCC"), India now stands committed to reducing the emissions intensity of its GDP by 45% by

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2030 from its 2005 levels, and achieve about 50% cumulative electric power installed capacity from non-fossil fuel-based energy resources by 2030. These are concrete steps towards achieving India's long-term goal of reaching net-zero by 2070. As a result, the Indian renewable industry is expected to continue to grow significantly in the long term.

It is expected that Ontario Teachers' acquisition of a 30% shareholding in Mahindra Susten, which is subject to closing conditions including regulatory approvals, will complete over the next few months. The InvIT is also expected to be formed during FY 2024 subject to requisite approvals.

About Avendus

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