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A consortium of lenders led by Axis Bank has put on sale a 76-megawatt (MW) hydropower project – operated by Lanco Mandakini Hydro Energy – in Rudraprayag, Uttarakhand, according to sources.

By: [Shritama Bose](#) | Mumbai | Published: July 10, 2018 6:27 AM



The project achieved closure with the sanction of the term loan by a consortium of six banks led by Axis Bank, and the construction started in August 2009, to be completed in three years. (Reuters)

A consortium of lenders led by Axis Bank has put on sale a 76-megawatt (MW) hydropower project – operated by Lanco Mandakini Hydro Energy – in Rudraprayag, Uttarakhand, according to sources. At the end of September 2016, Lanco Mandakini's debt stood at ₹785 crore. Lanco Mandakini Hydro Energy is a special purpose vehicle (SPV) promoted by the Lanco Group set up in 2006 in Dehradun. The company was set up to implement two run-of-the-river hydroelectric projects of 76 MW each – Phata Byung and Rambara Hydro – on river Mandakini in Uttarakhand.

In response to an email seeking comment, an Axis Bank spokesperson said, "As a matter of policy, Axis Bank does not comment on client-specific matters." An email sent to the Lanco Group did not elicit a response till the time of going to press. **According to a rating note by Brickwork Ratings, the project cost was estimated at ₹520 crore, to be funded out of debt and equity components of ₹416 crore and ₹104 crore, respectively.** The project achieved closure with the sanction of the term loan by a consortium of six banks led by Axis Bank, and the construction started in August 2009, to be completed in three years.

"Due to various modifications in the project design, the cost was revised upwards to ₹772 crore in May 2013, with the debt component going up to ₹592 crore and COD (commercial operation date) was shifted to September 2014," Brickwork said in the note. Due to floods in Uttarakhand in June 2013, the project suffered some damage, after which the company concluded that the Rambara project is not techno-economically feasible. The floods resulted in the project cost being revised multiple times.

The COD was proposed to be postponed to September 2017. The lenders had also availed a special dispensation from RBI to postpone the COD and repayment schedule by one year without treating it as restructuring, according to the Brickwork note.

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