

**LOCAL MARKET** for ESG-compliant papers to get a boost given the rising popularity of the sustainable theme, say fund managers

## Torrent Power, Avaada Plan to Raise ₹2,200 cr Via Green Bonds

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**Mumbai:** At least two energy companies, including Torrent Power and Avaada Energy, plan to raise up to ₹2,200 crore through a sale of local green bonds to expand the non-conventional energy business, market sources told ET.

The move will help kick-start a domestic market for sustainable bonds as fund managers see rising inflows into schemes with a focus on ESG (Environment, Social, Governance). Those papers are likely to be of three-five-year maturities.

While Torrent Power is looking to raise about ₹800 crore, Avaada Energy may sell local bonds up to ₹1,400 crore.

"Borrowers have reached out to potential investors testing the market appetite," said one of the persons cited above.

Torrent Power is rated AA (Positive outlook) by CRISIL. Another rating company CARE rated Avaada Energy A-(Positive Outlook).

Both companies are in the process of obtaining certification for green bonds. They are in talks with rating companies to receive a better rating, which will pave the way for sustainable bond sales, dealers said.

Torrent Power and Avaada did not comment on the matter.



### CLIMATE TRIGGER

**More companies are set to raise funds for sustainability objectives after the PM set aspirational green goals for India**

"At least a double-A rating helps attract a wider investor base for green bonds in the local market, which has not yet picked up," said Ajay Manglunia, managing director-fixed income at JM Financial. "With the growing focus on decarbonisation, this market is now moving up. Any company with lower leverage commands a premium in terms of funding costs."

Insurance, mutual funds and retirement bodies take interest in invest-

ing in AA-rated papers tagged with sustainable or green usage. Any double-A rated company with no high leveraging is expected to offer an interest rate in the range of 6.5-7.5% with three-or-five-year maturities.

A few months earlier, Vector Green Energy tapped the local market raising about ₹1,200 crore by selling green bonds in the local market

At the beginning of the fiscal year, Vineet Mittal-promoted Avaada Energy raised ₹1,000 crore from investors such as the Asian Development Bank, Germany's Deutsche Entwicklungs- und Investitionsgesellschaft (DEG), Dutch development bank Netherlands Development Finance Company (FMO).

More companies are likely to raise money for dedicated deployment after Prime Minister Narendra Modi set aspirational green goals for the nation.