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Fortum Oyj to sell RE, EV charging network

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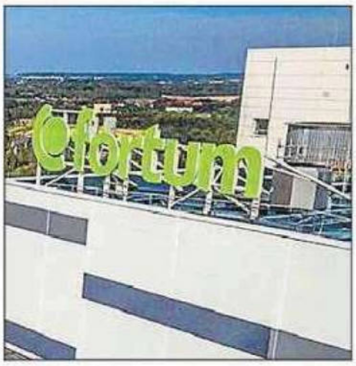
NEW DELHI: Finnish state-run energy giant Fortum Oyj has engaged EY and London-based Opus Corporate Finance LLP to oversee the sale of majority stakes in its Indian renewable energy (RE) platform and electric vehicle (EV) charging network, respectively.

Known respectively as Fortum India Pvt. Ltd (FIPL) and GLIDA, the two assets are part of Fortum's strategic shift to focus on its core Nordic markets amid geopolitical challenges. The deals have an equity value of approximately $300 million (around ₹2,700 crore), according to two individuals familiar with the development.

The first transaction, termed "Project Samsara", involves Fortum divesting its majority stake in FIPL, the management company responsible for spearheading the utility's renewable energy initiatives in India, and a $300 million investment for future projects. FIPL is currently developing a 200 megawatts (MW) commercial and industrial (C&I) solar-wind hybrid project, with an additional 600 MW of ready-to-build projects in the pipeline. The second transaction, dubbed "Butterfly," focuses on GLIDA, formerly known as Fortum Charge & Drive India. This entity operates around 850 EV charging points across India.



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This divestment strategy coincides with AM Green's plans to acquire Fortum Oyj's and Chempolis Oy's 50% stake in their joint venture, Assam Bio Refinery Pvt Ltd, along with the Finnish biotechnology firm Chempolis Oy, as previously reported by *Mint*. The move signals Fortum's broader strategy to streamline its operations and focus on core markets.

"Fortum is seeking an investor in its Indian renewable energy business in a mix of secondary sale and primary infusion. It is also looking to sell stake in its EV charging business," said one of the two people cited above requesting anonymity. The proposed sales come in the wake of the war in Ukraine, which led to disruptions in gas supply and significant losses for Fortum's majority-owned subsidiary, Uniper, which was subsequently sold to the German government at a loss of around €6 billion. Additionally, the Russian Federation seized Fortum's Russian assets, valued at approximately €5 billion. These events have forced Fortum, the third-largest Nordic utility, to refocus its strategy, concentrating on its core Nordic market and reducing its presence in other regions, including India.

The Ukraine war has also impacted India's energy sector, with Russian state-owned Gazprom failing to fulfil a contract to supply liquefied natural gas (LNG) to state-run GAIL (India).

"Fortum has initiated arbitration proceedings against the Russian Federation and will claim compensation for the unlawful seizure of its assets in order to protect its legal position and shareholder interests. The commencement of arbitration proceedings follows the Russian Federation's violations of its investment treaty obligations under the Bilateral Investment Treaties that Russia has with the Netherlands and Sweden," Fortum had said in a statement on 27 February.