

India Power Corp eyes further acquisitions to step up generation business

Eyes 3-4 stressed thermal plants in the near future to scale up power generation to more than 2,000 MW

Avishek Rakshit | Kolkata March 10, 2016 Last Updated at 10:20 IST



As part of its plans to scale up power generation capacity by nearly 19 times to exceed 2,000 MW in the coming years, Hemant Kanoria-promoted India Power Corporation (IPC) is looking to acquire 3-4 stressed thermal plants in the near future.

This move will augment the power company's generation capacity by 500-750 MW.

"We are focusing on Brownfield expansion as far as our thermal power generation business is concerned," the company's chairman Hemant Kanoria told *Business Standard*.

The major part of funds needed for these acquisitions will be spent from the company's own coffers.

"However, based on the need, we may go for finance options, but that will not be a major part", he said.

Ruling out takeover of state-owned thermal plants and focusing only on private players, it will acquire only those plants which are either up and running or is nearly 80% complete.

Kanoria is not considering Greenfield projects to further its thermal capacity citing a tenure of about 10 years to construct a plant and make it operational. Additionally, new plants need power purchase agreements as well as fuel supply agreements to be drawn and implemented.

The company's decision comes in the wake of its recent acquisition of the entire

89% stake of French energy firm Engie in Meenakshi Energy in Nellore in Andhra Pradesh. IPC will thereby has the controlling stake in this power plant whose net worth is around Rs. 1,600 crore, but will also have to bear a burden of Rs, 3,000 crore of the debt owed by the power producer.

This deal immediately adds a significant 300 MW of thermal portfolio to the company while another 700 MW will be added shortly. Also, a 450 MW thermal plant in Haldia in West Bengal will be commissioned by the end of 2016. At present, its thermal generation capacity is only 12 MW.

It is also evaluating wind energy greenfield projects in 2-3 states to ramp up its portfolio in this vertical. The firm presently has a wind energy capacity of 95.2 MW spread across Rajasthan, Gujarat and Karnataka.

However, despite its small-scale presence in solar energy and the government actively promoting harvesting energy from the Sun, the firm will not focus on this front.

Policy issues and related hurdles were cited by Kanoria to have influenced this decision.

"While we are looking at enhancing our generation capacity, we want to be a cautious and conservative player as well", he said adding bottomline to be his topmost priority.

The company, which is also into distribution business having a portfolio totaling 7,694 square kilometers has also applied for parallel distribution licences in West Bengal and Harayana.

"It is our endeavour to balance generation with distribution", he said.

Critical of the government's recent attempt to transfuse new life into the debt-ridden state distribution companies (UDAY scheme) as provisions for "reward and penalties"

are not included, Kanoria is of the view that allowing more competition in the energy distribution front as well as provisioning for open access will make the Indian power sector more competent.

IPC's present capacity includes a wind energy portfolio of 95.2 MW, a 12 MW fired thermal plant in Dishergarh in West Bengal and a small 2 MW grid connected solar plant in the same state.