

Hindustan Power Projects may look at initial public offering next year

OUR BUREAU

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Hindustan Power Projects may look at coming out with an initial public offering in 2017. "Depending on the capital requirements and perception of the power sector among investors we will decide," said Ratul Puri, Chairman.

The company, which has recently commissioned phase I of its Anuppur thermal power

plant in Madhya Pradesh at a cost of ₹8,000 crore, will now start work on phase II, which is to be built at a cost of ₹9,000 crore and completed in the next four years.

The total plant capacity is 2,520 MW of which phase I's capacity was 1,200 MW.

"Our asset base is ₹14,000 crore and our debt is ₹8,000 crore. We are generating earnings before interest, tax, depre-

ciation and amortisation of ₹2,000-2,500 crore ever year. We are quite comfortable to fund the next phase of development at Anuppur. However, depending on our capital needs, we may look for an IPO next year," said Puri

He added 70 per cent of the power being generated in the plant will be sold to Madhya Pradesh and Uttar Pradesh at tariffs between ₹3.60 a unit and ₹3.80 a

unit. Apart from the company's Anuppur thermal power plant, Hindustan Power Projects also has around 600 MW of solar power capacity. The average tariff for its solar projects is around ₹8.5-9 a unit.

The company has been avoiding participating in the recent solar power tenders, which have seen aggressive bidding and tariffs falling below ₹5 a unit.

"I think some of the bidding

has been a bit too aggressive and irrational. This is why we have stayed out of some of the recent bids. In my opinion, the true cost of solar power is between ₹5 and ₹5.5 a unit," said Puri.

He added that the company has around 500 MW of hydro-power capacity ready for construction. However, the wait is for a clear signal of support for the hydro power sector from the government.



Ratul Puri, Chairman,
Hindustan Power Projects