

Coal auction: Indiabulls set to bid for coal block

MUMBAI: Indiabulls Power plans to bid for coal blocks being auctioned and has no plans to bring in a strategic partner or to sell stake as it hopes to grow organically, CEO Rajiv Rattan has told ET. "We are keen to bid in the new coal auctions as unlike before, we are now certain of a transparent and fair process of allotment," Rattan said.

The company's shares rose 45% last month, helped by a report from brokerage Motilal Oswal, which gave a 'buy' recommendation due to "compelling" valuation. Rattan said the company had not taken a coal block but ensured proper fuel supply, making it perhaps the only listed power entity that was not hit by the Supreme Court's order cancelling allocation of coal blocks.

Rattan said speculation about selling stake was baseless. "There is no truth to these talks, I have put in Rs 360 crore of my own money into the company, which is a clear signal that we are not planning to sell or bring in any strategic investor right now, I am clearly not looking at exiting this company or feel the need for a strategic investor currently," said Rattan.

Rattan took control of the group's power companies after buying out copromoters Sameer Gehlaut and Saurabh Mittal's stakes in Indiabulls Infrastructure and Power. He then infused fresh equity amounting to Rs 360 crore into Indiabulls Power through his private company. These transactions were a part of an overall restructuring process that the entire group underwent recently.

Markets, on the other hand, were drawing their own conclusions, especially last month when shares rose on speculation about an imminent stake sale. Some experts that tracked the company closely said they expected the company to be sold off completely in the near future as the promoters had split and it does not make financial sense for a single promoter to run it. Since September 19, the stock has seen an average upside of 5%.

"I completely deny these conclusions and there is no truth to them, as I have spent considerable money to completely own the business, which I am very bullish about as we have very clear differentiators. As unlike others, I opted for coal linkages rather than owning coal blocks, thus, we are one of the only listed power companies that is not impacted by the recent Supreme Court order that de-allocated coal blocks allotted to private companies," Rattan added.

"Also, the compensatory tariff of Rs 1.55 per unit that the Maharashtra Electricity Regulatory Commission has allowed using imported coal as pass through for our plant at Amravati could add Rs 1,700 crore as EBIDTA and Rs 500 crore as PAT in the coming fiscals," said Rattan. Earlier this month, the company roped in Jayant Kawale as its new managing director. A former IAS officer, Kawale was earlier managing director at Jindal Power.

Indiabulls Power is developing 2.7 GW of projects in Maharashtra, 1.35 GW each at Amravati and Nashik. Of these, it has already commissioned three units of 270 MW each (two at Amravati and one at Nashik) and its current operating capacity stands at 810 MW. The second unit at Nashik is scheduled for commissioning in 3Q FY15, which will take its operating capacity to 1.1GW.

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