

Rajiv Rattan to invest Rs360 crore in Indiabulls Power

Mumbai: Rajiv Rattan, founding chairman of **Indiabulls Power Ltd**, will infuse Rs.360 crore through a preferential allotment of shares, the company said in a statement. This investment is at a 30% premium to the company's Friday closing price of Rs.9 per share on BSE.

In separate transactions, Rattan, who had incubated the power business within the Indiabulls Group, has also bought out all shares held by Sameer Gehlaut and Saurabh Mittal in **Indiabulls Infrastructure and Power Ltd**, the holding company of Indiabulls Power.

Following the Indiabulls Group's reorganization this year, Rattan and Mittal have continued to hold a 15% stake in Indiabulls Housing Finance Ltd, an 18% stake in Indiabulls Securities Ltd and a substantial stake in Indiabulls Real Estate Ltd valued at around Rs.3,000 crore, Indiabulls Power said in a statement.

In July, the promoters of the Indiabulls Group, which has interests in housing finance, real estate, securities and power, had decided to split by restructuring the conglomerate, 14 years after they came together to create it.

In a notice to BSE in July, the group had said the promoters have "mutually agreed" to restructure the business units of the group by segregating responsibilities of the top management, in order to give each business focused attention.

The restructuring is effective from 9 July.

As part of the restructuring, chairman and co-founder Gehlaut will continue to control the housing finance, real estate, securities and wholesale trading business segments of the group, headed by its flagship companies Indiabulls Housing Finance, Indiabulls Real Estate, Indiabulls Securities and Indiabulls Wholesale Services Ltd.

Rattan and Mittal, directors of these companies, had relinquished all their control and resigned from posts held in Indiabulls Housing Finance and Indiabulls Real Estate. Meanwhile, Gehlaut has relinquished his office as chairman and a director of Indiabulls Power, leaving the business in the hands of Rattan. Rattan and Mittal will also control Indiabulls Infrastructure and Power.

Separately, the company on Sunday said it has been allowed to use imported coal to make up for the shortfall in domestic supply. It said a 20 August order by the Maharashtra energy regulator Maharashtra Electricity Regulatory Commission (MERC) has allowed it to pass on the additional cost to consumers in the form of a compensatory tariff of Rs.1.55 per unit.

The MERC order followed a cabinet committee of economic affairs (CCEA) decision last year to compensate power generation companies for any deficit in domestic coal supply through coal linkages of Coal India Ltd, the statement said.

Indiabulls Power currently supplies power from its 1,350 megawatts (MW) Amravati plant in a long-term power purchase agreement (PPA). As per the PPA, the company's tariff will increase by 60 paise per unit from 1 April 2015, leading to a significant profit from this plant alone.

Currently, two units generate power at the Amravati plant and the remaining three are expected to be operational in the current financial year.

"Indiabulls Power is one of the very few power generation companies that does not get impacted by the recent Supreme Court order terming all coal block allocations since 1993 as illegal since the company does not have any allocated coal blocks but has dedicated domestic coal linkages from Coal India for its entire capacity of 5,400MW. The company also plans to participate in any forthcoming coal block auctions by the government of India pursuant to deallocation of the illegal coal blocks allocated since 1993," the statement said.

The company is currently developing a total of 5,400MW coal-based thermal power projects comprising two 2,700MW power plants located at Amravati and Nashik in Maharashtra. It has an installed capacity of 810MW and hopes to achieve a 2,700MW installed capacity by December 2015.

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