

**Rajiv Rattan takes control of Indiabulls Power**

Amravati power plants get nod for compensatory tariff

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Rajiv Rattan, one of the three promoters of the India Bulls group, has in a sudden move taken control of the group's two power companies after buying out Saurabh Mittal's stake in Indiabulls Infrastructure and Power, the holding company for Indiabulls Power.

The acquisition comes within two months of the three original promoters deciding to recast their holdings in the group. Mittal will now focus on the information technology business which was earlier part of the group.

After buying out Mittal's 5 per cent holding in Indiabulls Infrastructure and Power, Rattan infused fresh equity amounting to Rs 360 crore into Indiabulls Power through his private company. Rattan will now hold 5 per cent directly in the company. Besides, Indiabulls Infrastructure and Power, where Rattan has a 42 per cent stake, including warrants, will hold 52 per cent in Indiabulls Power.

Rattan's control over the power business coincides with Indiabulls Power being allowed a Rs 1.55 a unit compensatory tariff for using imported coal as pass through for its plant at Amravati in Maharashtra. In an August 20 order, the Maharashtra Electricity Regulatory Commission (MERC) granted Indiabulls Power the pricing flexibility.

Rattan and Mittal had in July bought out Sameer Gehlaut's 50 per cent stake in Indianbulls Infrastructure and Power.

Both Rattan and Mittal will continue to hold 15 per cent stakes in Indiabulls Housing Finance, 18 per cent stakes in Indiabulls Securities and substantial stakes in Indiabulls Real Estate valued at around Rs 3,000 crore at current stock prices. In July, Gehlaut took control of the three companies. Under an agreement reached then, the power business will not be using the Indiabulls brand name after December.

Speaking to Business Standard, Rattan said though they were approached for buy-outs they did not take the offers because he believed problems in the power business had reached "rock bottom". "In view of the proactive approach by the central government in resolving power sector issues, the worst seems to be over and things are looking up for the sector," said Rattan who is the founding chairman of Indiabulls Power. Besides, the clear differentiator between the company and its peers, he said, was that Indiabulls Power was the only listed company in the power space that would not be impacted by the deallocation of coal blocks because it did not have any captive blocks.

The company will use imported coal to make up for the supply shortfall from Coal India Ltd at its Amravati plant. This will help it increase its plant load factor to above 85 per cent and that will positively impact the bottom line.

"The order has come under the change in law clause following an amendment in the coal distribution policy. The Cabinet Committee on Economic Affairs (CCEA) in June 2013 also allowed power procurers to

pass through the increase in tariff because of use of imported coal," said Rattan.

Indiabulls Power is currently supplying power to Maharashtra state utilities through long-term power purchase agreements. According to the power purchase agreements, the company's tariff will increase by 60 paise a unit from April 1, 2015, accruing it earnings before tax, depreciation and amortisation of Rs 1,700 crore from its 1,350 Mw plant alone. Indiabulls Power has under execution two 2,700 Mw power plants at Amravati and Nashik in Maharashtra. It has an installed capacity of 810 Mw and is aiming to achieve 2,700 Mw installed capacity by December 2015.

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