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Orient Power to hike output by 800 MW

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Chennai, Apr 22: Sensing huge opportunities on the renewable energy sector in India and to become one of the major players in the sector, Orient Green Power Limited, an associate company of Shriram EPC, involved in developing green power across the country, has decided to add 800 MW afresh over the next three years from the existing generation of 200 MW through windmills and biomass means.

The company promoted by Shriram EPC along a major PE Bessemer Venture Partners (BVP) way back in 2006, has developed close to 200 MW green power based on windmills and biomass and is currently developing over 300 MW on the same line across the country, particularly in Tamil Nadu and Maharashtra.

To part finance the expansion plans, the company is planning to raise Rs 900 crore through IPO and has filed a prospectus with market regulator Sebi for clearance.

"We hope to come out with an issue between July and September. We have not decided on the quantum of shares to be issued to raise the amount," said T Shivarman, managing director, Shriram EPC, the main promoter with 35.8% stake in Orient Power.

He told the FE, "We see there is huge potential in the renewable energy areas in India. The Central Electricity Regulatory Commission (CERC) is expected to come out with a set of guidelines. It is expected that the power generated

through renewable sources will be increased to a minimum of 5% of the total power produced in India as against the current 3% and there going to be lot of incentives and sops for the same. We seek to become one of the major players in this area."

He further said, "Out of the proposed 1,000 MW by 2013, nearly 70% of which will come through windmills and the remaining through bio-mass. Apart from Tamil Nadu and Maharashtra, where we currently have power plants generating 200 MW, the company will look at entering into Gujarat, Rajasthan, Punjab and other states for bio-mass and windmills projects."

Currently the company's windmills projects produce 160 MW and 40 MW through bio-mass, he said.

To a question, he said, "We don't see the exit of our private equity partners - Bessemer Venture and Olympas Capital - at this point of time. They will continue to be invested in our company as they see huge potential going forward. Whatever we plan to raise is only sufficient for 700 MW of power and for the remaining we look at institutional and other anchor investors." It may be recalled that Shriram EPC along with BVP floated Orient Power with an investment of \$20 million each. Then came the Olympus Capital with a substantial investment into the company (said to be around \$55 million). The IPO will consist of a fresh issue of shares and the holding of the existing shareholders.

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Shriram EPC's green arm files for IPO

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ENGINEERING firm Shriram EPC's renewable energy arm, Orient Green Power (OGP), which is looking to tap the capital market to raise up to Rs 900 for funding its expansion projects, has filed a draft red herring prospectus with capital market regulator Securities and Exchange Board of India (SEBI) for its proposed initial public offer (IPO).

OGP, engaged in developing, owning and operating renewable energy power projects, intends to use up to Rs 510 crore of the net proceeds of the issue to purchase and install wind turbines from Leitner Shriram Manufacturing, an Indo-Italian (49:51) joint venture between Shriram EPC and Leitner Technologies for making multi-mw class of wind turbines for both domestic and export markets, for its 300 mw of wind power projects in Tamil Nadu.

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Shriram EPC ▲ 1.14%

Shares of Shriram EPC gained 1.14% after the management told CNBC-TV18 that the company holds a 36% stake in Orient Green Power, for which they have filed a draft prospectus for public listing. The firm intends to raise Rs900 crore for Orient Green Power through a public issue.