

Hindustan Power to bid for stressed assets

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New Delhi, 13 September

Hindustan Power projects is looking to acquire stressed thermal power plants, besides bidding for renewable energy projects in India. The private power producer, which had earlier put in a bid for Avantha Power's 600 Mw Jhabua power plant, has no plans to expand its capacity through new projects but is open to acquisitions.

With 6,000 Mw of power generation capacity, Hindustan Power has presence across thermal, hydro and solar power sectors. "We will bid for multiple assets (that will undergo a resolution process under the Insolvency and Bankruptcy Code). There would be enough interest from bidders, but there won't be any over-exuberance. We believe there will be rational bidding," Ratul Puri, chairman, Hindustan Power projects, told *Business Standard*.

Puri said some price discovery had already taken place when lenders called bids outside of the National Company Law Tribunal (NCLT). Some of the assets were, however, priced high and haircuts had to be taken by lenders. "You cannot run a second cycle if the asset is priced wrong," he said.

The bid price, he said, could be lower in the NCLT because

there was a risk that some of the power purchase agreements signed by these units could be cancelled.

Some 34 coal-based power plants are under financial stress. While the Reserve Bank of India had asked lenders to file for insolvency in defaulting companies, a Supreme Court order on Tuesday put the process on hold.

On the renewable side, the company would bid for new projects since, according to Puri, thermal assets in distress were better than picking up stressed green power projects. The renewable energy sector is facing regulatory challenges.

With the imposition of safeguard duty, Puri said, it was now possible to bid more realistically. Solar power tariffs had gone too low for the company to bid, he said.

At the same time, the company would be looking at opportunities overseas, especially in the Far East for solar power projects. In July 2017, Hindustan Power announced it acquired 15 solar power generation projects in Japan. The company had earlier executed 25 Mw solar power plant in Lauterbach, Germany. It plans to increase its generation capacity outside of India to 2,000 Mw by 2022 at an investment of ₹100 billion.