DVC in Talks with Banks to Restructure ₹30k-Cr Debt

Kolkata: State-owned Damodar Valley Corporation is in talks with banks and financial institutions to restructure its ₹30,000-crore debt, even as the power generator looks to tap the bond market for funds, a top company executive has said. The Kolkata-headquartered company is finding it hard to service its debt in the absence of adequate coal and avenues to sell power from its upcoming plants. Non-payment of power dues is an added problem.

"We are planning to increase the tenure of the existing loan till the life of the plant and are in talks with financial institutes to avail of the debt restructuring scheme floated by the Reserve Bank of India," DVC chairman Andrew WK Langstieh told reporters in Kolkata on Friday. DVC has been paying about ₹1,200 crore every year as interest on loan which it had taken to set up additional capacities of about 5,000 MW. "We plan to raise additional funds through the bond market at low interest rates to service our interest and also retire some of our high cost debts in a bid to lighten our debt burden," said Langstieh. Adding to DVC's woes is non-payment of dues by consumers. Jharkhand is one of the largest defaulters with March-end dues standing at about ₹4,500 crore. "We are in talks with the Jharkhand government for a financial restructuring package so that the dues can be settled. Nevertheless, the state has been clearing its recent dues regularly," he said. DVC registered a ₹1,050-crore loss in 2013-14. The company, however, is hopeful of achieving decent revenues from December as it hopes to sell 700 MW of additional power to the southern states through the southern grid.