

## DVC to form venture with Neyveli Lignite for Bengal project

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Andrew W Langstieh, Chairman, Damodar Valley Corporation ASHOKE CHAKRABARTY

Business Line

*Deal likely to be wrapped up in Q1 of 2016-17*

Kolkata, April 15:

Damodar Valley Corporation (DVC) is set to shift its ₹ 8,100-crore and 1,200-MW Raghunathpur project in West Bengal to a joint venture with Neyveli Lignite Corporation Ltd (NLC).

Andrew W K Langstieh, Chairman of DVC, told reporters here on Friday that NLC would hold 76 per cent majority stake in the joint venture and DVC would have the balance 26 per cent stake.

"SBI Capital Markets is doing the financial and technical due diligence exercise for the deal, which is likely to be wrapped up in first quarter of 2016-17," DVC Chairman said.

He said SBI Cap has already given the initial report. "The final report is being awaited," he added.

The coal-fired 600X2 power project had been commissioned in March.

NLC, on the other hand, has a 650-MW power purchase agreement with the Karnataka Government. Incidentally, DVC had begun supplying 450 MW power from Raghunathpur to Karnataka and 100 MW to Kerala through southern corridor from this month. It needed to sale the balance power generated by the project.

"NLC and DVC's proposed joint venture thus becomes perfect fit for each other," Langstieh explained.

Raghunathpur project suffered a four-and-a-half-year delay, including financial cost escalation. "The project's is saddled by debt burden of around ₹ 3,500 crore and an additional interest cost of ₹ 2,200 so far," he explained.

DVC has seen improvement in its finances following an one-time-settlement of ₹ 47,770 crore through Ujjwal Discom Assurance Yojna (UDAY) in 2015-16. "The settlement, however, had to take a hit of ₹ 1,200 crore write-off on arrears from the Jharkhand Government distribution company," Langstieh added.

Damodar Valley Corporation's 2015-16 turnover rose to ₹ 13,000 crore from ₹ 11,380 crore. During the year, DVC's generation increased 9.33 per cent over that in the previous year. It recorded highest peak generation of 4,900 MW on April 5 indicating that the operational metrics were also shaping up better for the state-owned hydro and thermal power company in the current year.

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