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DVC in talks with Neyveli for stake deal

A Staff Reporter

QUICK CHECK

DVC figures in Rs crore

Year	Total income	Net profit
2010-11	5771.50	(120.23)
2011-12	7305.53	(858.07)
2012-13	11217.53	392.33
2013-14	12253.88	(995.43)
2014-15	11572.77	(1333.56)

Calcutta, April 15: Public sector power utility Damodar Valley Corporation (DVC) is in advanced stages of discussion with Neyveli Lignite Corporation to divest a 74 per cent stake in the 1200-megawatt (MW) Raghunathpur thermal power project in Purulia after initial talks with NTPC failed.

According to DVC officials, the power project is likely to be transferred to a 26:74 joint venture company between DVC and Neyveli Lignite after getting the approval of both the coal and the power ministries.

The move can be beneficial to both the companies - DVC is sitting on idle capacity without power purchase agreements (PPAs) and Neyveli Lignite has PPAs but

no power. The divestment will also ease DVC's financial burden.

"We are actively in talks with Neyveli Lignite Corporation for a joint venture for Raghunathpur thermal power project. The discussion is in advanced stage. It requires the approval of the respective ministries," DVC chairman Andrew W.K. Langsteih said.

DVC sources told **The Telegraph** that one crucial aspect of NTPC walking away (in December 2015) and the entry of Neyveli Lignite is the availability of PPAs for the 2x600MW project.

"At the moment, there is oversupply of power and nobody is looking to sign fresh PPAs. DVC itself could manage only 550MW PPA for the Raghunathpur project. Coupled with the existing financial constraints, it made sense to seek a partner, who already has PPAs in place," a senior DVC official said. Neyveli Lignite has 650MW PPAs and they were looking for available power. "They were able to persuade the Karnataka government, which has given letter of comfort," the official said

For DVC, which has invested about Rs 8,000 crore in the project through a mix of debt and equity, the divestment is likely to bring in the much needed cash to help it improve the company's finances. It has recently realised Rs 4,770 crore dues from Jharkhand through the UDAY scheme.

Langsteih said DVC had generated maximum power at 27,591 million units in 2015-16, which had helped it to post a turnover of Rs 13,000 crore (provisional). Moreover, it has started to supply 550MW power to Karnataka and Kerala over the last couple of months.

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