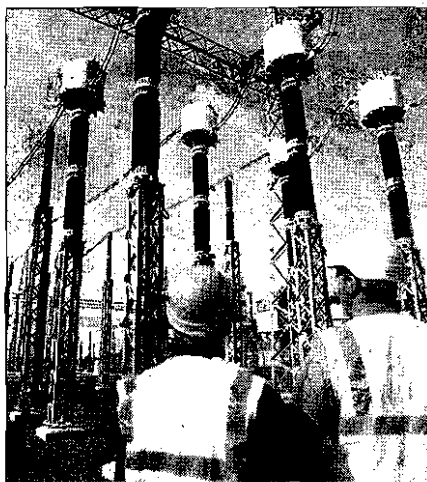


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Bhilwara Energy plans IPO to raise up to ₹1,200 crore



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NEW DELHI

BHILWARA Energy, part of the ₹4,000-crore textile to metals LNJ Bhilwara group, has plans to list on stock exchanges through a public offer that could raise ₹1,000-1,200 crore.

The fresh equity will meet a part of the expansion costs of the company that includes new hydro power generation capacity of over 1,000 mw over the next four years.

"We have lined up investments to the tune of ₹8,000 crore till 2014 to build new hydro power plants in Arunachal Pradesh, Nepal and Punjab," said LNJ Bhilwara Group chairman Ravi Jhunjhunwala adding that a part of the ₹2,500 crore equity needed for the expansion may be raised through an IPO sometime in 2011.

He, however, clarified that Bhilwara Energy's funding programme was still being worked out and a final decision on market offering and its size may be taken later, in consent with the board

of the company.

"We may also consider offloading a portion of promoters' equity to private equity players to the tune of \$50-100 million," said Mr Jhunjhunwala. Through its two listed entities, HEG (Hindustan Electrode Graphite) and RSWM (Rajasthan Spinning and Weaving Mills), the Bhilwara group holds 26% and 17% equity in Bhilwara Energy respectively. About 40% equity is held by the family directly.

Bhilwara Energy has 300mw of operational hydro power capacity (merchant power) and intends to increase its renewable energy share to 2,500 mw by 2017 through hydro, wind and solar power projects.

The group has also signed an MoU with Mannvit of Iceland to develop geo-thermal projects in India and Nepal. The equity offer will help raise funds for four projects; an 800-mw hydro project awarded to it in Arunachal Pradesh, two 120 mw and 50mw projects in Nepal and another 100 mw project in Punjab.

"Few more projects may soon be finalised in Anunachal Pradesh, Himachal Pradesh and Nepal, taking the total investment up to over ₹16,000 crore by 2017," said LNJ Bhilwara Group co-promoter and executive director of HEG, Riju Jhunjhunwala.

"The capital-raising exercise therefore could happen in two to three tranches as and when the organisation needs equity support for projects," he said. BEL recently diluted 10.8% stake to two foreign based investors IFC, Washington and India Clean Energy Fund for \$50 million. After this stake dilution, the total foreign interest in the company stands at 17%.

The core business interests of the LNJ Bhilwara group include textiles, graphite electrodes, power and IT services.