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Olympus picks stake in Shriram green energy arm for \$35 m

Corporate Bureau

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Private equity player Olympus Capital Holdings has picked up a minority stake in Orient Green Power Ltd (OGPL), a renewable energy generation company promoted by Shriram EPC Ltd (SPEC) for \$35 million. Olympus is the second PE investor in OGPL after Bessemer Venture Partners (BVP).

Shriram EPC and BVP, the promoters of OGPL, have together made a fresh investment of \$20 million (\$10 million each), taking their total investment in the company to \$40 million. With the fresh funding from Olympus, the total PE investments in OGPL is to the tune of \$75 million.

OGPL is currently involved in generating 215 MW of power through different modes including biomass, wind, mini hydel plants and biogas with an estimated investment of Rs 900 crore to Rs 1,000 crore over two year period. Of the 215 MW, close to 70 MW capacity is in operational and the remaining capacity will be completed by March 2009, said T Shivaraman, founder of OGPL and managing director of SPEC.

Addressing a press conference here on Tuesday, he said: "The fresh fund raising is in line with OGPL's long term business plans and will enable it to set up and acquire power generation assets based on renewable sources, including biomass, cogeneration, wind, small hydro and biogas." The company is targeting to have a total capacity of 500 MW over the next two to three years, Shivaraman said.

OGPL's projects are designed to sell power under long-term power purchase agreements (PPA) with state electricity boards. The company is also looking at trading companies such as Reliance, Tatas, Power and Trading Corporation to sell power for better margins.

"We are in talks with a few power trading companies to sell power and hope to finalise the deals in the next few months," Shivaraman said. The company will also look at selling power to third parties directly in the future, he added.

According to P Krishnakumar, Managing Director of OGPL, the company is also involved in creating and selling of certified emissions reductions (CERs) from the clean development mechanism (CDM). "We can generate 5,000 CERs per MW per year and we will sell it to private players," he added.

"We remain solidly convinced about the business prospects of renewable energy ventures. Towards that end we have invested tremendous financial and human resources to establish a versatile and robust operating model and we have already made substantial progress in this regard," Shivaraman maintained.

"We are also looking at acquiring companies which are purely involved in renewable energy development," he said.

The company is currently setting up a 15 MW hydroelectric project in Orissa and a 7.5 MW power project based on poultry litter/biomass in Andhra Pradesh.

Apart from these two, the company is also involved in setting up of several biomass power plants ranging between 7.5 MW and 10 MW in Tamil Nadu, Madhya Pradesh, Rajasthan and Punjab, he said.

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