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Orient Green to sell bio mass plants to parent

TIMES NEWS NETWORK

Chennai: Shriram Group's Orient Green Power, backed by Olympus Capita, Bessemer and Edelweiss will transfer its beleaguered bio mass power business to the parent — Shriram Ventures Ltd — at an enterprise value of Rs 275 crore.

OGPL started operations as a bio mass power producer. With poor patronage/support from

**VALUATION AT
₹275 CRORE**

government's, coupled with rising feedstock prices biomass power plants have become unviable. The company has two lines of business, namely biomass and wind energy. In FY2017, the biomass operations registered a 24% drop in revenues at Rs 78 crore. Its EBITDA over the past three years has been very low besides, contributing to over 50%

of the losses. The company has 66 MW of bio mass power capacity across nine locations. "We had to do the clean up to unlock the potential of the wind energy business," said T Shivaraman, vice chairman of the company. Shriram group will acquire the assets and run some of them, without any financial implications and look out for buyers for these assets. The transaction will see OGPL's parent take over debt of Rs 193 crore and infuse Rs 80 crore into OGPL which will go towards working capital augmentation. The assets that will be sold to Shriram group are four bio mass plants in Tamil Nadu, one each in Dindigul, Pattukottai, Vandavasi and Pollachi. Another one in Mehboobnagar in Telengana, one in Madhya Pradesh, two in Rajasthan and one in Maharashtra. While most of these will be mothballed, only select plants will be operated. Post this, OGPL will become a pure play wind energy firm.