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PTC India plans offshore arm for acquiring coal assets

Engages PwC for identifying locations in Indonesia, Australia, Africa

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Thuvir Srinivasan
New Delhi, Nov 25

PTC India Ltd plans to float an offshore arm, jointly with strategic partners, to pick up equity in coal mines abroad.

The power trading major's partners for the venture include a financial investor and a player "with interests in the power sector", each of which would hold a 33 per cent stake.

The company is carrying out due diligence for coal resources in Indonesia, Australia

and Africa and has engaged consulting firm PricewaterhouseCoopers to identify the location where it could pick up equity in coal resources.

PTC is eyeing up to 15 million tonne coal per annum from overseas and plans to set up a special purpose vehicle in the country where an equity participation deal is eventually struck. The venture could be launched as early as January next year, the PTC Chairman and Managing Director,

► *PTC India is eyeing up to 15 million tonnes coal per annum from overseas and plans to set up a special purpose vehicle*

Mr T N Thakur, told Business Line.

The proposed special purpose vehicle (SPV) will be a holding company registered abroad with subsidiaries that will invest in coal projects and in turn sell the extracted coal from the overseas assets to PTC India.

and get paid the conversion fee.

PTC, which has already made a beginning in its efforts to diversify into the coal intermediation business, has identified promoters for two such toll manufacturing projects.

Explaining the terms at which the SPV would sell coal to PTC, Mr Thakur said that PTC would project its demand for coal for a specified period and the SPV would, in turn, have to meet up to 80 per cent of PTC's

projected demand. The excess coal that is mined can be sold commercially based on decisions made by the shareholders in the venture, he said.

At the end of the quarter ended September 30, PTC India had initiated or signed power purchase agreements (PPAs) for an aggregate capacity of 10,433.8 MW. The company had also signed long-term power supply agreement (PSA) or MoUs for an aggregate capacity of 5,011.5 MW.