

IVRCL eyes 2 more desalination plants, plans Rs 1600 cr investment

BV Mahalakshmi

Chennai, Nov 3: IVRCL Assets & Holdings, part of IVRCL group, is betting on the new businesses from water desalination plants and would be investing Rs 1,600 crore in a phased manner. After its first plant in Chennai, it is eyeing two more projects in the next two to three years with the proposed investment and is expecting revenues of over Rs 1,500 crore after three years when the capacities are fully operational.

"We are looking at two more projects - in Mumbai and Vizag with each having a capacity of 100 million litre per day with an estimated investment of Rs 800 crore each," S Ramachandran, MD, told FE. Having the pre-qualification through its Chennai desalination project, the company is in talks with the Maharashtra and Andhra

Pradesh governments to handle similar projects in Mumbai and Vizag. The company is opting to go through Swiss Challenge process (a new bidding process to help private sector initiative in core sector projects. It's an offer made by the original proponent to the government ensuring his process to be best for these projects) rather than the usual bid process.

"We are looking at equity of Rs 1,400 crore, out of which Rs 700 crore is already funded and for the rest, we are keeping options of qualified institutional placement (QIP) or convertible debentures and we are open to investors in the SPV," he said. The company recently increased its FII equity holding limit in the company to 49%. Besides, it is also looking at viability gap funding mechanism as well.

"For FY12, we are expecting to clock revenues of Rs

1,000 crore through three ways which include toll collection, desalination plant in Chennai, engineering and project management of Highway projects. The company has set up the country's first Rs 600 crore-desalination plant in Chennai, which is the largest plant in South Asia. Working on the principle of reverse osmosis, it takes in 238 million litre of seawater and makes about 100 million litre per day (mlpd) potable water through a technology tie-up with Befesa of Spain. It hopes to turn cash surplus after five years after servicing debt. Further, the company has been approached by other corporates including Vedanta Copper, Tata Power and GVK Power for their power projects which require water. For about 100 MW of power, the plants need 10 mld of water.

The projected water re-

quirement for all coastal cities by the year 2026 is estimated to be 23,607 mld, a four-fold increase from 2008. The country is expected to have new investments Rs 42,000 crore by 2026 with an installed capacity of 4,721 mld. The possible sources of funding identified are the central sector outlay, state sector outlay, institutional financing, FDI and private sector. Some of the desalination projects which have been announced for the industrial applications such as Rs 600 crore in coastal Kutch under BOOT basis, NTPC Tamil Nadu Energy Company's desalination project worth Rs 12,600 crore to be executed by Ion Exchange. Rajasthan State Mines and Minerals Ltd worth Rs 300 crore in Nagaur to be executed by Doshion Ltd are a few.

(Travel for this story was sponsored by IVRCL)