

# State energy firms to issue masala bonds in UK in bid to raise \$1 bn

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NEW DELHI

**P**ower sector heavyweights NTPC Ltd, Power Finance Corp. Ltd, PTC India Ltd and Rural Electrification Corp. Ltd are likely to sell rupee-denominated bonds, also known as masala bonds, in the next 3-4 months to raise about \$1 billion in total from investors in the United Kingdom.

The funds will be used for financing the planned expansion of domestic renewable energy capacity, an official statement said, citing Union power minister Piyush Goyal, who is leading a business delegation to the UK.

To be sure, this exercise is just meant to test the waters as the country needs a **w h o p p i n g** \$140-160 billion, as per official estimates, to scale up its clean energy capacity from the present 38 gigawatts (GW) to 175 GW in six years.

In an interaction with British business leaders, Goyal said that the companies would individually issue masala bonds adding up to about \$1 billion, and bearing a tenor of five to seven years, in the UK to gauge investor appetite.

Each bond issue could be in the range of \$150-250 million, subject to the approval of the respective company board.

Goyal's delegation includes chiefs of 12 Indian energy companies, including PTC, Hero Future Energies, Hindustan Power Projects Pvt. Ltd and Mytrah Energy Pvt. Ltd.

At a round table on financing renewable energy and energy

efficiency, organized by the City of London, the minister said state-run Energy Efficiency Services Ltd, which has popularized LED bulbs and is preparing for large-scale supply of energy-efficient agricultural pumps and fans, could also issue "green" masala bonds.

About 770 million LED bulbs are sold everyday in India, a scale that has helped to bring down prices to 55 pence from over £3.5 two years ago, the statement said.

Electrical equipment manufacturers say large-scale indigenous production of energy-efficient products has the potential to stem the flow of cheap imports from China.

"The requirement of quality certification from the Bureau of

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Indian Standards as well as the decline in the cost of local production of LEDs have led to a perceivable decline in import of LEDs from China. This could be replicated in other products

too if scale can be achieved," said Gautam Seth, joint managing director, HPL Electric and Power Ltd.

Earlier in the day, at a function organized by industry lobby Confederation of Indian Industry in London, Goyal urged British industry executives to invest in India and share technology in the renewable energy sector, which will benefit both the countries.

"While India will gain from new technologies, the UK can make the same technologies more accessible by manufacturing in India, capitalizing on Indian skills and scale to bring down costs," Goyal said.