

# NCC to Sell Power Assets to Sembcorp

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Infrastructure firm NCC has signed a detailed term sheet to sell its thermal power assets to Singapore global utilities services firm Sembcorp, moving a step closer to a definitive agreement, said two people aware of the development.

The development comes days after France's power GDF Suez agreed to buy a 74% stake in Meenakshi Energy, possibly indicating revival of interest among global investors in Indian infrastructure.

The sources said NCC and Sembcorp agreed on a broad framework to determine premiums to be paid on at-

tainment of milestones. They expect a definitive agreement and a final deal over the next 6-8 weeks.

NCC is developing a 1,320MW coal-fired power project at Krishnapatnam in Nellore district of Andhra Pradesh in joint venture with Gayatri Projects, another Hyderabad-based infrastructure firm. NCC holds 55% stake and Gayatri owns the rest.

Sembcorp proposes to pay around ₹500 crore to buy the stake from NCC and invest more in phases. The premium payments will be made over the next few years based on milestones like project completion, fuel linkages and power purchase agreements. NCC will

continue as the EPC (engineering, procurement and construction) contractor.

Confirming a detailed term sheet with Sembcorp, KV Rao, chief executive of

NCC Infrastructure Holdings, the holding company of NCC for BOT road and power assets, told ET that he expects a definitive agreement with Sembcorp by January next year.

Sembcorp did not respond to an E&Y mail seeking details on the agreement with

## Power Deal

NCC is developing 1,320 MW power project in Krishnapatnam, Andhra Pradesh

The project is a JV with Hyderabad-based Gayatri Projects

NCC holds 55% stake in the Krishnapatnam project

Singapore's Sembcorp has proposed a ₹500 cr deal to buy NCC's stake in the project and invest more in phases



NCC. PricewaterhouseCoopers' energy, utilities and mining leader Kameswara Rao said the structuring of the deals is "understandable and bridges the gap between long-term expectations and the more im-

mediate concerns of project delivery risks."

If it fructifies, the deal will make it third major investment in India for Sembcorp, which had reported revenues of 10.2 billion Singapore dollars (about ₹48,000

crore) in fiscal 2012, and its second in India's power sector. Sembcorp bought a 49% stake in a 1,320MW power project being developed by Thermal Powertech of Gayatri Projects for ₹1,042 crore in 2010. Earlier in November 2009, it had bought 40% stake in a marine offshore venture of Kakinada Seaports. The deal also helps Sembcorp increase its Indian power portfolio to 2,640MW, at Krishnapatnam in Andhra Pradesh, making it the third largest global investor in the Indian energy sector after Hong Kong's CLP Holdings and US-based AES Corporation. Interestingly, the power asset of Meenakshi Energy is also located at Krishnapatnam.