

COMPANIES

Mitsui & Shell backed biomass-to-steam company Punjab Renewable seeks to raise ₹150 crore

The company expects to close the current financial year with a turnover of around ₹160 crore

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Punjab Renewable Energy Systems Pvt Ltd, (PRESPL) a company that specialises in producing and selling steam from biomass, seeks to raise ₹150 crore. The existing shareholders- NEEV Fund (37 per cent stake), Mitsui of Japan (34 per cent) and Shell (13 per cent) could either dilute their stake or participate in the fourth fund raise of PRESPL, the company's Chairman and Managing Director, Lieutenant Colonel Monish Ahuja, told *businessline* recently.

Ahuja, the founder of the company, holds the rest of the stake.

Mumbai-based PRESPL, which has been in business since 2011, invests in machinery to pick up and process biomass, burns the biomass to produce steam, which is sold to process industries.

The company counts well-known names such as Pepsi, L'Oreal, Sun Pharma and Glenmark among its customers. It gives the customers the option of owning the biomass plants or buying only the steam. In either case, PRESPL will operate the plant.

The company processes 600 tons of biomass a day across about a dozen plants in the country to produce about 1,800 tons of steam, Ahuja said.

A notable aspect of PRESPL is that the loans given to it are "100 per cent covered" by a credit guarantee by the US International Development Finance Corporation (USDFC). Ahuja said that initially, the USDFC was willing to give "50 per cent guarantee" but later agreed to covering the loans in full after seeing that the banks hesitated to give loans to this new business.

Briquettes

PRESPL also sells briquettes made from agricultural residues. Ahuja said that its briquettes have replaced firewood at cremations. Each cremation, Ahuja said, calls for two trees worth of firewood. His pitch to municipal corporations is simple: the country is trying to plant trees to create carbon sink, why are you cutting down trees. Many have agreed to shift to agri residue briquettes. A good example is that of the Aurangabad Municipal Corporation, where 250 deaths occur every month—70 per cent of cremations use PRESPL's briquettes.

Asked about sustained availability and predictable prices of biomass, Ahuja said that such problems would not be there if one invested in supply chain management. "All our biomass plants are running at 100 per cent capacity," he said.

PRESPL is growing annually at 60-70 per cent a year, Ahuja said. The company expects to close the current financial year with a turnover of around ₹160 crore. With fresh equity, the turnover could rise to ₹450 crore in two years, he said.

