

# Private majors may give super-critical thermal plants a miss

AMRITHA PILLAY & SHREYA JAI

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Leading private sector manufacturing majors are not keen on the super-critical thermal power plants, which are slowly becoming the norm for the power-generation sector. In contrast, government-owned manufacturing major BHEL is pinning its growth plans in the power sector on this new technology.

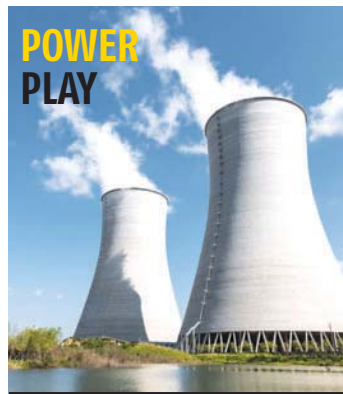
Fueled by energy transition objectives and stiff competition from state-owned BHEL in this segment, companies such as Larsen & Toubro (L&T) and Thermax, typically big component suppliers to the thermal power industry, are stepping back from thermal power.

This includes distancing themselves from the new and emerging super-critical technology. Super-critical power plants operate with 20-30 per cent more

water efficiency compared to conventional thermal power, and also generate 20 per cent fewer emissions by the same comparison. All new power plants in the country are being constructed using super-critical technology.

Senior executives from L&T (L&T) and Thermax Global have expressed their lack of interest in bidding for potential orders in the super-critical segment. For both companies, the dissuading factor remains the same: the lack of sufficient orders.

Ashish Bhandari, managing director and chief executive officer for Thermax, said in a post-quarterly results call that super-critical power projects were long-term in nature. The company does not find it a viable option to train and allocate its resources for a one-off or mere handful of such projects. In recent years, Thermax has shifted its strategy to con-



## POWER PLAY

▶ For Thermax, 4 % of its ₹2,567 crore order booking in Q1FY24 was from power

▶ For L&T, order inflow from the power sector stood at ₹220 crore, an insignificant share in the total order inflow of ₹65,520 crore in the same period

▶ BHEL looks to capture the upcoming thermal capacity in the country up to 25 Gw

▶ The largest orders would come from NTPC, which plans to build 7 Gw this year

centrate on green energy projects.

S N Subrahmanyam, managing director and CEO of L&T, said the company was unlikely to bid for any super-critical projects. He said: “For the handful of

orders we have to compete with BHEL, I don’t think so (we will participate),” he said, adding that competing for these projects with BHEL, which has vast idle capacity, could result in low margins.

BHEL has in its portfolio some of the largest super-critical thermal power plants. During a recent analyst call, the company’s management projected that close to 20-25 Gigawatt (Gw) will be tendered out in the next three-four years.

“In the thermal pipeline, we are looking at almost 3 Gw where we are favourably placed. Another almost 6 Gw is under bidding already and almost 9 Gw to be bid out, which may, of course, go into the next year,” the management said during an analyst concall in May 2023. “There was an 8.87 per cent growth in electricity generation in FY23, which is expected to grow by another almost 8 per cent in FY24. With the order for the 2x660 Mw NTPC Talcher thermal power plant, BHEL has reasserted its market leadership position in the segment and is targeting other upcoming opportunities as well,” said the management.

Among the thermal capacity coming into play, NTPC has 7 Gw of capacity on standalone and an additional 3 Gw with its joint venture subsidiaries. Other organisations planning thermal capacity include Coal India, DVC, and Neyveli Lignite. States are also working on building thermal capacity to the tune of 4 Gw.

For L&T, the decision to refrain from participating in the super-critical ecosystem is also guided by its choice to invest more in green energy and reduce fossil fuel exposure. In a recent interview, A M Naik, chairman for L&T, told Business Standard that while the company was contemplating setting up shop for its green energy business, he suggested they use the existing shop floors meant for coal-based power plant projects. “At Hazira, I suggested not to create new shops, use the ones for coal (thermal power projects) shops, for green,” he said.