

SPML Infra eyes licences in Bihar

OUR BUREAU

Calcutta, Sept. 21: SPML Infra is eyeing more electricity distribution licences in Bihar after securing a 15-year contract for the Bhagalpur area.

The Nitish Kumar government is going to put up a distribution franchisee for 10 twin cities in Bihar. SPML is planning to bid for a few of them.

“Bhagalpur is our first venture in electricity distribution. It is a new business for us. For the time being, we want to focus on Bihar and look for new opportunities,” Subhas Sethi, chairman of SPML, said.

Typically, two factors determine long-term viability of the distribution business: input cost and high transmission and distribution loss. Higher the losses, higher are the possibilities of containing them and making a profit.

Moreover, input cost also determines the profitability as a licensee would buy electricity and not produce it because of its small requirement. For instance, Patna has been failing to get bidders as companies perceive input cost to be on the higher side.