

The Power Man

Praveer Sinha has overhauled and charged up the 108-year-old Tata Power to make it future-ready. Here is how the electrical engineer did it

By **Manish Pant**

► **WHEN ON MARCH 30** this year the board of Tata Power extended the term of CEO & MD Praveer Sinha for another four years till April 2027, it didn't surprise many. For under the 60-year-old Sinha's stewardship, Tata Power has gradually transformed into a new-age, sustainable, technology-oriented and customer-centric green energy solutions company. So, how did he do it? Let us find out.

To understand Sinha's impact, let us look at a few numbers. When he took charge in May 2018, Tata Power's market capitalisation was at ₹23,843 crore. Nearly five years later, and the figure has grown to ₹61,813.84 crore as of April 19 this year—an increase of 159 per cent! Its consolidated total income for 2017-18 was ₹29,763.91 crore; for the nine months ended December 31, 2022, the figure was already at ₹43,221.80 crore. For FY18, Ebitda was at ₹6,296 crore; at the end of December 2022, this number stood at

₹6,968 crore. With such a track record backing him, Sinha has emerged as the winner in the Power category of the BT-PwC India's Best CEOs ranking.

But, let us talk about some other milestones. In April 2022, a BlackRock Real Assets-led consortium, including the UAE's sovereign wealth fund Mubadala Investment Co., announced a ₹4,000-crore investment in Tata Power Renewables. "That was one of the biggest value unlockings in the renewables business globally. The transaction will serve as a stepping stone to the future," says Rohit Natarajan, Vice President at Antique Stock Broking. In the recent past, the 108-year-old Tata Power has formed joint ventures and taken over power distribution through the public-private partnership (PPP) mode in Odisha. Besides, it has also created a strong presence in non-regulated businesses such as rooftop solar, home automation, solar pumps and EV charging.

Besides making all the right moves, Sinha—an electrical engineering graduate who has also done a masters in business law—is also quite academically inclined. He received his doctorate from the Indian Institute of Technology Delhi and is a visiting research associate at the Massachusetts Institute of Technology. Prior to helming Tata Power, he was CEO & Managing Director at Tata Power Delhi Distribution Ltd, a Delhi government and Tata Power JV. "I had prepared a presentation after doing a lot of homework in terms of what was needed at the company [Tata Power]. I have delivered on most of the items on my agenda," he says with a smile during an interaction at the company's headquarters on a balmy Mumbai afternoon. To date, he keeps a copy of the presentation as a constant reminder.

At that time, Tata Power was an overly leveraged power utility with very high debt to equity and high debt to Ebitda ratios. "It was, therefore, very important that before we got ready for the next stage of growth, [we had] to get the right matrix and the right amount of money to support our growth plans. The first thing we wanted to do was how to deleverage our balance sheet." The company decided to divest its assets that were outside the country and utilise the funds raised through



ALL CHARGED UP Praveer Sinha, CEO and Managing Director, Tata Power

Key Highlights

- 1 Under Sinha, the 108-year-old Tata Power has transformed into a new-age, sustainable, tech-oriented and customer-centric green solutions firm
- 2 Its market cap has grown nearly 150 per cent since Sinha took over in 2018
- 3 He deleveraged the balance sheet by divesting assets outside India and consolidating its other businesses
- 4 Under him, Tata Power has enhanced its focus on green energy

their sales, in its businesses here. This was followed by consolidating the businesses that weren't delivering value as well as an enhancing focus on green energy. "We saw the writing on the wall that clean energy and sustainability would be important," he says. He also decided that the company would have to pursue a healthy

mix of regulated and unregulated businesses for future growth. "The regulated business gives us a very static return on equity (RoE), while [the RoE from] the unregulated [one] is primarily dependent on efficiency and performance," he says. From a mix of 90 per cent regulated and 10 per cent unregulated, it is now moving to a mix of 60 per cent regulated and 40 per cent unregulated businesses.

In 2020, the company came up with a long-term strategy to expand in areas such as distribution. Following the acquisition of the Odisha discoms, Tata Power's customer base increased to 12 million from 2.5 million, in the blink of an eye. "That was a huge growth, though not so much in capital, but it offered great opportunities in terms of geographical area, customer base, customer services, etc.," says Sinha. The company also undertook a significant expansion of its renewables manufacturing capacity. "From just 250 MW of cells and modules, we doubled it to 540 MW of cells and 580 MW of modules during the Covid-19 period. We also decided to do our own projects as well as third-party engineering, procurement and construction (EPC) projects," states Sinha. This has helped the company in improving cash flows and economies of scale. The introduction of channel partners has also been successfully executed, with nearly 40 per cent of the 500 representatives across 300 cities fetching ₹1 crore plus in orders, each.

"All the businesses that we incubated in 2020 have grown big and started yielding results. Notwithstanding the Covid-19 pandemic, all our businesses have done very well. Our distribution business has stabilised. Our greenfield 4 GW manufacturing facility for cells and modules is coming up. We have a backlog of nearly ₹15,000 crore in orders in the EPC business. The rooftop solar and group captive are doing phenomenally well. In EV charging we again have a 50 per cent market share," he declares.

"Sinha is not leading a linear business. He, therefore, has to think about multiple aspects like how to balance the coal requirements as well as the transition to green energy, how to deliver imported coal-based power at an affordable price to state distribution companies while also maintaining return on equity and managing the company's renewables portfolio," says Antique's Natarajan.

Meanwhile, Sinha is confident that the shift from conventional to new technologies as well as the alignment between verticals, support functions and departments will ensure an even brighter future for one of India's oldest and largest integrated power utilities. "A very strong foundation has been laid and we call this Tata Power 2.0. This phase will prepare us for the next 100 years," he emphatically declares. **BT**

@manishpant22

Power

PRAVEER SINHA

CEO AND MD, TATA POWER

Revenue from operations	FY22	42,815.67
	9MFY23	42,655.32
Profit before tax	FY22	3,003
	9MFY23	4,298.93
Profit after tax	FY22	2,155.61
	9MFY23	2,870.86
	FY22 RoE (%)	12.13
	Market Cap	61,813.84

● Data is on a consolidated basis; all figures in ₹ crore except RoE; 9MFY23: April-December 2022

● M-cap as of April 19, 2023

● Data Source: BSE, ACE Equity