

We plan to sell \$150-200 mn of non-core assets, says Praveer Sinha

Interview with CEO & managing director, Tata Power Co Ltd



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All the parameters performed well in the last fiscal and expect to keep the current momentum going in the new fiscal as well, says **Praveer Sinha**, CEO & managing director, Tata Power Co Ltd. During an interview with *Swati Khandelwal*, Sinha said that 220 mw capacity was added in the renewable segment and additional 400 mw capacity will be added in the next fiscal.

Excerpts:

PAT has reduced by 92%, and you have incurred an impairment charge of Rs 1,886 crore. What is the reason for taking such impairment?

All the parameters have performed well, and I expect we will be able to continue with the steady performance that we saw during the year. The exceptional items are basically related to deferred tax related issues or impairment and they are shown to meet the financing requirements. But, the main thing is how the company is performing in terms of its revenue, operating profits, ebitda and profit after tax (PAT) before exceptional items. In all the four parameters the company has done very well.

Update us on the performance of your subsidiaries and plants, particularly the renewable business?

If you have a look at the performance of our subsidiaries then each of them have done well and they include the Maithon Power or Industrial Energy Ltd (IEL) as well as subsidiaries that are functioning in the renewable sector like Tata Power Renewable Energy Ltd (TPREL) and Walwhan Renewable Energy Ltd (WREL). They have achieved more than the target and have performed well when compared to their performance last year. Similarly, we are also in the distribution business in Delhi, Mumbai and Ajmer and they all have performed well this year. Besides, we have also added 200 mw capacity into our renewable segment and an additional capacity of 400 mw will be added in the next financial year. So, if you look at our performance, except the CGPL, we have done very well.

CGPL remained Rs 300 crore negative due to increase in coal cost compared to last year. And, there was also a decline of Rs 300 crore in profit of the coal company because of the domestic obligation in the Indonesian market under which we were supposed to sell 25% of our produce at low cost to local Indonesian generation companies.

What is the current EPC order book of Tata Power?

The EPC orders are basically related with Tata Power Solar and for the first time last year, the company's revenue crossed the Rs 3,000 crore mark and earlier it stood at Rs 2,800 crore. So, we have started this year with the existing order book of about Rs 1,600 crore and hope that we will have a good order book going ahead and get operating revenue from it.

Do you have any non-core asset divestment plans in the future?

Yes, earlier, we shared with you that we will be divesting our international assets like wind project in South Africa, hydro-plant in Zambia. So, we are in the process of taking steps to divest them. Apart from this, we have invested in a hydro-plant in Georgia and repair work is going on at the site and it will be completed in this financial year. Then, we will look after its divestment because we have plans to grow in the country mainly in the renewable segment and hope that, this year we will grow in it.

What could be the possible divestment amount for FY20?

Discussions are underway and that's why I will not be able to provide any specific number on it, but we are expecting that it will stand between \$150-200 million dollars. As of now, we can't provide a specific amount until the transaction is completed and till the necessary approvals are reached for the purpose.

How much capacity addition are you planning to add in the future?

We have plans to increase our capacity, especially solar capacity, by six to ten times in the next five years and we are working on it.

CERC allowed tariff revision which came as a good relief for the power sector, including yours. How much losses will be reduced at your Mundra plant?

Losses of Mundra plant depends on coal prices in the international market. For instance, if it is priced at \$90 then the under-recovery stands at 70 paise and we are expecting that Tata Power's under recovery will go down by about 50% at such levels. So, we think that the under-recovery will be reduced this year from 70 paise to 30-35 paise.

In terms of raw material prices, what's your outlook for coal?

International coal fluctuates more. Last year, we saw that at one time, between April-May, its prices went up to \$100-105 and then it came down to \$80 levels. So, such variations can be seen within a few months. However, Indian coal prices are controlled by the government or Coal India Limited (CIL) and that is why its prices go up by 4-6 per cent annually.