

All subsidiaries and plants of Tata Power have reported robust performance: Praveer Sinha, CEO & MD

Praveer Sinha, CEO & Managing Director, Tata Power Co. Ltd, during an interview with Zee Business, said "All parameters performed well in the last fiscal and we expect to keep it up in the new fiscal as well."



"All parameters performed well in the last fiscal and we expect to keep it up in the new fiscal as well", says Praveer Sinha, CEO & Managing Director, Tata Power Co. Ltd. During an interview with Swati Khandelwal, Zee Business, 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:

Q: PAT has reduced by 92%, and you have incurred an impairment charge of Rs1886 crore. What's the reason for taking such impairment?

A: All the parameters have performed well, and I expect that we will be able to continue with the steady performance that we saw in 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. And in all the four parameters the company has done very well.

Q: Update us on the performance of your subsidiaries and plants particularly the renewable business and what is your view on it?

A: If you have a look at performance of our subsidiaries than each of them have done well and they include the Maithon Power or Industrial Energy Limited (IEL) as well as subsidiaries that are functioning in the renewable sector like Tata Power Renewable Energy Limited (TPREL) and Walwhan Renewable Energy Ltd (WREL). They have achieved more than the targets 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 have an overall look at our performance, except the CGPL, have done very well. CGPL remained Rs300 crore negative due to coal cost increase compared to last year. And, there was also a decline of Rs300 crore in profit of the coal company because of the domestic obligation in the Indonesian market under which we were supposed to sell 25 per cent of our produce at low cost to local Indonesian generation companies.

Q: What is the current EPC order book of Tata Power?

A: The EPC orders are basically related with Tata Power Solar and for the first time last year, where Tata Power Solar's revenue has crossed the mark of Rs3,000 crore and earlier it stood at Rs2,800 crore. So, we have started this year with the existing order book of about Rs1,600 crore and hope that we will have a good order book this year too and get operating revenue from it.

Q: During our last conversation you spoke about the non-core asset divestment. Do you have any non-core asset divestment in the future?

A: Yes, earlier, we have shared it 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 and 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.

Q: What could be the possible amount of divestment for FY20?

A: 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 not completed and we necessary approvals are not reached for the purpose.

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

A: 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.

Q. CERC allowed for tariff revision which was a good relief for power sector including yours. How many losses at your Mundra plant is going to be reduced?

A: Losses of the 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 Our, Tata Power's, under recovery, will go down by about 50 per cent at such levels. So, we think that the under-recovery will be reduced this year from 70 paise to 30-35 paise.

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

A: 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.