

Tata Power Hopes to Get Commitment from All States On Mundra Tariff Hike

Q&A

Tata Power hopes to get a commitment from the five

states that buy power from its loss-making Mundra unit regarding tariff increase at the planned Friday meeting with the power ministry, chief executive **Praveer Sinha** told Rachita Prasad in an exclusive interview. Sinha shared his view on the impact of Covid-19 on the power sector and what the utility is doing to ensure that power supply is not disrupted. Edited excerpts:

How is the company dealing with Covid-19?

We are a public utility and we have a huge responsibility to generate power and supply power to the consumer. We have taken precautionary steps at our offices and plants. Whether it is our own employees or outsource workers, we are doing thermal scanning. We have provided masks and sanitisers. All sites are being sanitised and fumigated.

You have told discoms that you will ensure supply from Mundra till the March 20 meeting, and then take a call.

Any update on that?

In the last meeting, two states – Gujarat and Maharashtra – agreed to the tariff increase. The other three states needed time. We understand that two of these states are also on board now, only one state is yet to decide. We are hopeful to get some commitment on this from all of them in the next meeting. No one wants to give up this power, so they need to take a decision. There is interest from other states for buying power.

Has the Covid-19 scare affected your divestment plans?

Our divestment plans are going on very well and we expect the money from the sale of our 50% stake in Cennerjie (South African JV) to come in this month. We are also in advanced talks for some of our other divestments and expect them to happen in the first two quarters of 2020-21. Investors don't seem jittery, there is no



slowing of discussions.

What's your outlook on coal prices and availability amid the Covid-19 outbreak?

Everyone expected that coal demand will reduce from China and hit prices. But China's demand has actually increased, as some of their own coal mines were not operating. Demand from other countries like South Korea and Malaysia has gone up. There may be minor reduction in some countries but nothing drastic. We expect that coal prices will stabilise more or less at present levels, which is \$67-\$68. We expect

some delays to happen in shipment, given the 14-day quarantine, but no major disruption in prices.

What's your view on the power sector? Are things looking better?

A lot of stabilisation is going on. Market corrections have taken place. We are optimistic that things will get better. Ministry of power is moving in the right direction. The new tariff policy and their plan for distribution reform should come soon. They are clear it cannot be business as usual for discoms. We only want the pace to be faster.

With the banking sector seeing stress, is financing going to be more difficult?

Banks have money and they are looking for good projects with good promoters. Cleaning up of stress projects is happening, which means serious players will remain in the sector and make the sector stronger.