

Tata Power plans ₹2,500-cr asset sale to pare debt

Will scale down international operations and focus more on India market

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Tata Power is looking to scale down its international business by selling off its non-core assets and looks to double down in India, as it sees an upsurge in demand for power business in the country.

Talking to *BusinessLine*, Praveer Sinha, CEO and MD, Tata Power, said

the company's plans to sell assets should bring in ₹2,000-2,500 crore, which will be used to pair debt and fund growth plans in India. "None of these countries give us big benefits. So, we feel that we can better utilise that money for our growth plans in India," he added.

₹48,506-cr gross debt

Tata Power is looking to move out of Zambia, South Africa and

Georgia. By selling these assets and some land parcels, Sinha is hoping to bring down the debt to equity ratio.

Tata Power's gross debt in fiscal 2019 stood at ₹48,506 crore, marginally down from the previous fiscal.

"Our debt equity ratio has reduced from 2.5 to 2.2 and we have a target of bringing it down below 2 in the next 12 months. We are looking for significant growth in the years ahead, and divestment of investments that are not core to power and allied areas will be evaluated," added Sinha.

Tata Power runs a 120-MW hydro power plant in Zambia and in South Africa, Tata Power has a joint venture with

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Cennergi for wind power generation. Cennergi is an independent power producer jointly owned by Tata Power and Exxaro Resources.

Retaining East Russia

Apart from these two countries, Tata Power has made strategic investments in Indonesia, Singapore, and Bhutan. These investments abroad were done to help the company procure cheaper and better quality coal, in addition to undertaking power-related business. While Tata Power looks to exit from its international business, it will retain its presence in East Russia.

In December 2017, Tata Power won a mining licence in Far East Russia and said at that time that will deploy the coal mined there for its Mundra and Trombay power plants in India, in addition to exporting to Far East Asian markets.

"Regarding East Russia, we will wait and see if coal can be procured cheaply. We are still on the lookout as coal is still required for plants like Mundra," said Sinha.

Mundra is where Tata Power has a 4000-MW ultra mega power plant, which is bleeding due to high coal prices, which has increased the cost of running that plant.

However, for the year ended March 2018, Tata Power has reversed its Mundra impairment of ₹1,886.72 crore.

Sinha said he is hopeful of finding a solution to the problems at Mundra soon but Tata Power will continue to honour its commitment on the project.

"The High Power Committee has said that all pass-through costs cannot be given and some haircut is needed. The Supreme Court has given its go-ahead and we can sit with the state governments to come to a mutual agreement for a revised Power Purchase Agreement.

"So, we are expecting a part resolution quickly now that the elections are over. Even though it will continue to be stressed asset, with the resolution, at least there will be enough money to pay off the debt," Sinha said.