

● **INTERVIEW: PRAVEER SINHA**, CEO & managing director, Tata Power

'Doubling revenue by 2025 is possible'

Tata Power hopes to reduce its net debt to below ₹25,000 crore in FY21 from ₹43,000 crore in FY20 by closing the transactions worked over the past two years. The firm is also adopting an asset-light model to reduce the count of subsidiaries from 90 to 40 that will simplify governance structure and reduce the finance cost of subsidiaries like CGPL.

Praveer Sinha, CEO & managing director of Tata Power, tells **Vikas Srivastava** that its target of doubling revenue and tripling profits over the next five years is a conservative estimate, given the opportunities in the distribution, transmission and renewables business over these years. *Edited Excerpts:*

Do you think growth targets to double your revenue by 2025 are ambitious, given the tepid demand and competition?

Our estimates are very conservative since we have been preparing for it for the last 12-18 months, and many of these things have already been incubated. I will give you two examples: Two years back, in the rooftop solar segment we were generating revenues of ₹40 crore, while this year we will have revenues of ₹500 crore from this segment.

So, to move from ₹500 crore to ₹5,000 crore in rooftop solar will not be difficult for us in the next five years as we have



already set up the network of dealership, channel partners, supply chain and the required technologies in over 100 cities. Second, we earlier used to install 2,000 solar pumps, now this year we will install 25,000 solar pumps.

Privatisation of discoms by the state governments is uncertain as is the timeline for privatising UT discoms...

Next month, three discoms will be bid out — Odisha - Southern, Western and Northern discoms — each having over two million

consumers. In October, there are Union Territory bids, followed by Jharkhand in the next six to 12 months. So, we are confident of achieving our growth numbers.

Could you elaborate on the platform structure for mergers & acquisitions in the transmission sector?

Now that we have taken a stand that there will be no addition of thermal power capacity, we will examine transmission projects under the Resurgent Power platform. However, it is at an initial stage and we have not yet identified the transmission projects for acquisition. It is work in progress.

Analyst say Coastal Gujarat Power will post a ₹250-crore profit at current coal prices if the compensatory tariff is provided. How would that work out?

Management expects the under-recovery of around 45 paise per unit if the coal prices remain in the current range of \$65-\$70 per tonne. Of this, we have to give 35 paise per unit, as mine benefits and interest cost waiver as per high powered committee recommendations, if the entire cost becomes a pass through. So, we are left with 10 paise per unit, which translates into ₹250 crore as compensatory benefit.

How soon can we expect a resolution of CGPL? When do you plan to approach the CERC?

We are in discussion with states, all these things take time. But nonetheless, we are putting money into CGPL and refinancing the debt. Between CGPL and the coal mining company, it will become profitable. We have also done a lot of coal blending to improve the operational parameters, so we are in a much better position to handle it. If that happens, there will be an additional ₹250-crore benefit.

With regards to higher tariff from Gujarat and Maharashtra and the cap on coal prices at \$90 per tonne, for both we are planning to approach the CERC soon.

Do you plan to increase your solar cell and module manufacturing capacity under Aatmanirbhar Bharat plan and do you want to make wafers and ingots?

We are increasing the cell and module manufacturing capacity from 300 MW each to 550 MW each. This will take our total capacity to 1100 MW by the end of FY21. For wafers and ingots the government still has to come out with the policy and the fiscal incentive and support they will provide on manufacturing.