

PEOPLE



Rajiv Ranjan Mishra, managing director, CLP India, says the new government has its work cut out because of the many long-pending problems in the sector...

## Committed to Progress

**R**ajiv Ranjan Mishra believes that, notwithstanding the high hopes the government has generated, expectations must be kept realistic given that so many of the issues in the power sector are long-standing and cannot be sorted out overnight, even with the best of intentions. It will take time, he says, for reforms to show results and this, in turn, depends on the central government getting support from the states.

“The power sector has been under considerable pressure in the recent past. The biggest issues have been known and have remained constant for the past few years – fuel availability, frequent contractual disputes, an unsettled regulatory environment, and the poor financial

health of the distribution companies.

“The government has taken some steps to begin resolving these issues – a common minister of power, coal and renewable energy for better coordination, coal block reallocation, ambitious targets for renewable energy, and the Electricity (Amendment) Bill. But we need to be patient,” he cautions.

CLP India owns a 1,320 MW coal-based power plant based on supercritical technology in Jhajjar, Haryana, and a 655 MW combined cycle gas-based power plant. It also has the country's largest wind generation capacity. For CLP India, the past few years have thrown up many challenges. For its gas-based

power plant in Gujarat, the inadequate availability of low-cost domestic gas has been a challenge. The cost of generation using imported spot gas has been very high. As a result, the offtaker has been seeking intermittent despatch from CLP, which has had to renegotiate its PPA to give the offtaker some relief. Then, its coal-based plant at Jhajjar has suffered a severe financial impact due to domestic coal shortages.

Mercifully, the company's wind business has been settling down. “We have been adding 250-300 MW of wind capacity every year, which is spread across a wide geography spanning six states. Even here, though, there have been challenges such as grid restrictions and payment delays in Tamil Nadu,” he says.

The company has seen demand for power declining as despatch levels, especially for its coal- and gas-based generation plants, have been below expected levels. The high cost of debt has put further pressure on CLP's profitability. That said, the company continues to be one of the largest foreign investors in the Indian power sector with a total committed investment of over Rs 145 billion. This investment is spread across a diversified and environment-friendly generation portfolio that covers renewable energy, supercritical coal- and gas-fired power plants, of over 3,000 MW, of which nearly 2,800 MW is operational and the rest is at different stages of construction.

CLP is also one of the biggest wind IPPs in the country with over 1,000 MW worth of committed investments. Around 300 MW of wind projects are under construction in Maharashtra, Rajasthan and Madhya Pradesh. It also has plans to enter solar generation.

“We are not investing in gas-based power projects until low-cost domestic gas becomes available. We are exploring investments in a greenfield project with assured coal supply either in the form of a pithead or an imported coal-based plant closer to the coast. We are also monitoring the transmission business

closely and will act on it when the time is right," he says.

Explaining the company's philosophy, Mishra says it has never chased MW targets. Rather, it evaluates each project on its merit to see if it meets the company's and the investors' expectation on returns. As with all major power companies, Mishra's challenge at the macro level is how to convince shareholders to invest in new projects when the existing investments in the sector are yet to deliver adequate returns. His other major struggle, he says, is making sense of bidding behaviour in the private sector for new projects. "We seem to get caught in a frenzy and make unsustainable bids, damaging not merely the value of our own shareholders but also faith in the entire sector. So, to get into a state where sensible, sustainable bids are made, carefully balancing the risks and rewards in the power sector is a major challenge. A situation where you either don't grow your business at all, or are destined to suffer from the winner's curse is not one likely to result in the long-term growth of the sector," he says.

Before joining CLP 12 years ago, he worked for British power utility PowerGen for over six years. Through his work with these two companies, he has gained overseas experience from his stints in the UK, Korea and Thailand. At CLP, he's been given many exciting assignments but, if forced to choose, he might select his time as chief financial officer/deputy managing director of BLCPL Limited, one of CLP's joint ventures in Thailand, as the most rewarding. This was a 1,400 MW imported coal-fired project, almost literally a "bluewater" rather than a greenfield project (they started with land reclamation in the Gulf of Thailand!), and the largest project financing in Asia post the Asian financial crisis.

"It established many firsts, not merely for Thailand but for Southeast Asia, and finally ended up being built and commissioned on time with an outstanding financial performance. On the personal front, my family and I greatly enjoyed

living in Thailand and getting to know its culture," he says.

At CLP India, he follows an "open door" policy where any employee can easily access the leadership team, including him. With over 350 employees, he admits it is not easy to reach out to all of them, especially those at the wind sites that are spread across six states. However, he conducts frequent open house discussions where the leadership team gives business updates to the employees and the latter can pose questions to the management.

"In general, I like to set clear targets for my team, and then let them get on with it. I am not a micro-manager. I do a weekly review of the business on Monday mornings with my management team, we set the targets for the week and then manage by exception," he says.

Mishra's commitment to the progress of the power sector is not merely theoretical or career based. It is more personal because he comes from Bihar, where his parents still live, and he has experienced the ordeal of long power cuts in the stifling summers. "I have seen first hand that lack of power supply transports our quality of life back to the Middle Ages. For all its challenges and frustrations, I feel blessed to be in this sector. We can make a tangible difference to the quality of life of the people, and I can contribute to the development of my country in my own small way. And the fact that I can do it in CLP, following the highest ethical standards, makes it truly special," he says.

Mishra's inspiration comes from his parents. While he is an engineering graduate and MBA from IIM, Lucknow, he recounts how his father and uncles were the first generation of the family to go to school. In fact, his father battled extreme hardship and poverty to become an engineer, without ever making a great deal about it. "The biggest way in which he has inspired me is by practising 'mind over matter'. He has an iron will and will never deviate from his chosen path once he makes up his mind. As far as my mother goes, after all these years, I am still amazed at her

unending sacrifices and her unconditional love for me," says Mishra.

As a young boy, he also saw his family practising the values taught by the Upanishads – of doubt, of questioning and of humility. This, he believes, resulted in a childhood where he never saw anyone around him displaying a "know-it-all" attitude. There were no extreme views expressed, only respect for diversity, and an open, curious mind.

His wife Sonali is an engineer by training, but chose to be a stay-at-home mom after their son, Nikhil, now 17, and daughter Meghna, now 12, were born. As parents, they are very hands-on and emotionally involved with their children. All of them share a passion for physical fitness. Sonali and he are long-distance runners (ranging from 10 km to full marathons), and their children follow similar pursuits. In fact, his daughter's physical regimen puts him to shame, he laughs.

While Nikhil and he share a love of reading (fiction and classics for Nikhil, non-fiction, politics and philosophy for Mishra), the entire family loves music and Western television series. On the cultural front, he has suffered only one major failure – trying to get his children to enjoy Kishore Kumar's old songs.

In addition, Sonali and Meghna love dancing. "All in all, my non-office hours are often as busy as my office ones. And as the kids have grown up, I have had to pretty much give up my golf, which I was keen on, when we lived in East Asia about 10 years back," he says.

As to the future, he is aware that the low per capita power consumption in the country offers immense potential for CLP to create capacities across the power sector value chain, especially on the generation front. "Having said that, it remains to be seen to what extent the current government walks its talk. In short, we remain cautiously optimistic about the long-term prospects of the Indian power sector, as well as CLP's ability to participate in it," he concludes. ■