



May 13, 2024

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Corporate Relationship Department
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Rotunda Bldg., P. J. Towers
Dalal Street, Fort
Mumbai – 400 001.
Scrip Code: 500400

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Plot No. C/1, G Block
Bandra-Kurla Complex
Bandra (East)
Mumbai – 400 051.
Symbol: TATAPOWER

Dear Sir/Madam,

Earnings Call Transcripts

Pursuant to Regulation 46(2)(oa) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the transcript of the audio call recording of the Company's Analyst Call held on May 8, 2024, on the Audited Financial Results (Consolidated and Standalone) of the Company for the quarter and financial year ended March 31, 2024 is attached herewith.

The transcript of recording can also be accessed on the Company's website using the following link:
<https://www.tatapower.com/investor-relations/inv-info-archive.aspx>

You are requested to take the same on record.

Yours Sincerely,
For **The Tata Power Company Limited**

Vispi S. Patel
Company Secretary
FCS 7021

Encl: As above

TATA POWER

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“The Tata Power Company Limited Q4 FY24 and Annual FY24 Analyst Conference Call”

May 8, 2024



**MANAGEMENT: DR. PRAVEER SINHA – MANAGING DIRECTOR & CEO,
THE TATA POWER COMPANY LIMITED
MR. SANJEEV CHURIWALA – CHIEF FINANCIAL
OFFICER, THE TATA POWER COMPANY LIMITED
MR. J.V. PATIL – FINANCIAL CONTROLLER, THE
TATA POWER COMPANY LIMITED
MR. KASTURI SOUNDARARAJAN- CHIEF TREASURY
AND INVESTOR RELATIONS, THE TATA POWER
COMPANY LIMITED
MR. RAJESH LACHHANI – INVESTOR RELATIONS
TEAM, THE TATA POWER COMPANY LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Q4 FY '24 Earnings Conference Call for Tata Power.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing “*” and then “0” on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Dr. Praveer Sinha – MD and CEO, Tata Power. Thank you, and over to you, Dr. Sinha.

Dr. Praveer Sinha: Good afternoon to everyone, and thank you,, for the introduction. We have with me my colleagues, Sanjeev Churiwala, CFO, Mr. J.V. Patil – Financial Controller; Mr. Kasturi and Mr. Rajesh from the Investor Relations and some of my colleagues from Corporate Communications and Finance team.

Before I share with you some of the salient features, let me just briefly cover about the power demand in the country:

Last year, like the previous year, the demand of power grew by nearly 8%, both in terms of the peak demand as well as in terms of energy. But what we have seen in the last 2 months, month of March and April, even before this summer has really started, there has been an increase of nearly 10.5% in terms of energy and peak also reached a level of 224-gigawatt on 29th of April. And this on a corresponding basis last year was 208. So, there is a huge increase in demand. The expectation is that we will have a peak of 260-gigawatt, and there is lot of work that needs to be done to ensure that this peak demand is met as also the energy requirement is also met.

We have, from our side in Tata Power, taken all steps to ensure that all our plants operate at full capacity, all our coal-based plants, whether it is domestic coal-based, have full availability of coal, as also our imported coal-based plants at Mundra and in Trombay have full availability of coal, and we will be producing at 100% of ability all these plants.

Similarly, all our thermal plants are operating at full capacity, and we do expect that in the coming months, these will be able to generate enough quantity of power for the requirement of the consumers. We have tied up in our distribution business also, the total quantity of coal. And we do expect that the power that is required for all the distribution companies will be adequate to meet. In fact, we have seen in the month of April, we have nearly 25% growth in demand in many of the places in Odisha, including Bhubaneshwar, and we have been able to successfully cater to that. And, in fact, some of the places in Odisha, we have seen that this is the second consecutive year of growth of demand by nearly 20%, 25%. So, I think we are well poised to meet the demand, though it is growing at a very, very fast pace.

On Tata Power:

We have shared with you both the Q4 results as well as the annual FY '24 results, and the details are already there. The presentation has also been uploaded, and I am sure you would have got time to go through that. I am not going to repeat the numbers, but I will just take you through some of the important aspects of our business. Our coal-based and hydro plants, our generation businesses have done exceedingly well in the last quarter. They have performed at full capacity, and that is why it gets reflected in the higher revenue as well as higher EBITDA and PAT for all these businesses.

Similarly, in transmission and distribution:

We have seen our transmission businesses have also done exceedingly well. Our distribution business in Odisha, Delhi and Mumbai and Ajmer have also performed exceedingly well. There were a lot of challenges. In Odisha, we have been able to overcome most of them. And going forward, you would see a substantial improvement in the financials of Odisha because we have been able to clean up a lot of issues, which were there about the earlier billing and their collection. And what you would see now is a huge improvement of the performance of Odisha DISCOMs. In fact, within a short span of 3 years, all the 4 DISCOMs have started making profit. And this is much better than what was initially planned when we had bid for these projects.

Coming to our Renewable business:

I think we have done exceedingly well in this year, many of the projects, which we could not do it in FY '22 and '23, whether they were third-party or our own utility scale, we have been able to implement. We have a huge backlog of projects, both third-party and utility scale, which we will be implementing in the next 24 to 36 months. A lot of it is planned in FY '25. We expect nearly 4-gigawatt of projects that will get implemented in FY '25, out of which nearly 2.5 will be third-party and 1.5 will be our own utility scale. And then, we will be doing the balance of 5-gigawatt balance in FY '26. So, a lot of capacity addition will happen.

We have also been able to commission our manufacturing facility in Tirunelveli. Our 4-gigawatt module plant is commissioned, and it's fully operational. And our cell plant of 4-gigawatt will start getting commissioned from next month. And over 3 months, it will stabilize and reach the peak capacity of 4-gigawatt over there. So, we will start then producing 100% domestically manufactured cell and module, which is a requirement for many of the bids excluding the rooftop program of the government.

We have also done exceedingly well in our rooftop business in the last quarter, and the performance has shown not only very good margins, but also very good quality of service that has been provided to the customers. And we continue to have a leadership position in rooftop.

And with the PM Surya Ghar Yojana program, we expect that we will play a very, very active role going forward in the market to create the rooftop solar for the consumers under the government scheme. So, we are expecting that our renewable business will really start showing great results in FY '25 onwards.

Similarly, in our EV business, we have nearly 86,000 home chargers, and we are #1 in the market with more than 5,500 public chargers and nearly 900 of bus chargers. And our emphasis has been that the EV chargers, bus chargers, home chargers and the public chargers will support the e-mobility initiatives of the government and many of the OEMs with whom we have tied up.

Coming to our some of the other initiatives:

We are the only power company in the country, which has taken the science-based target initiative. And we have a very, very robust plan to implement it over a period of time. Similarly, we have taken a lot of initiatives in our other operations, including HR where we have been awarded a number of recognitions, we have got in terms of the best employer. Our credit rating also has improved in the last quarter, and it is today AA+.

So, I think what you would see is that all in all, the performance of the company has improved drastically. We do expect that this will continue. We also expect that the Section 11, which was up to 30th June has now been extended up to 15th of October. And with the type of demand of power in the country, we expect that we will be able to continue generating from Mundra plant. And since in merit order, it's still very, very attractive, it will continue to schedule power to the beneficiaries under the sale.

So, we are very confident that whatever we have done this year, and, in this quarter, we will continue to work on that. A very strong foundation has been made in the company. This is the 18th consecutive quarter in which we have shown a growth in profit. And the strong foundation and the fundamentals of the company will ensure that our performance in the future also continues to have similar trend. And we look forward to your continued support in this direction.

I would now request Nirav if any questions are there, you can ask.

Moderator:

Thank you very much. We will now begin the question and answer session. The first question is from the line of Puneet from HSBC. Please go ahead.

Puneet Gulati:

My first question is with respect to the Tata Power Solar company. Rooftop seems to be a big opportunity. Do you have any target revenue from that for the same? And the second part of the same business is, how should one think about margins from TPSSL?

Dr. Praveer Sinha: So, let me try to respond to this. One is that based on the scheme that the government has announced, the main benefit is to consumers who use 1, 2 or 3 kilowatts of rooftop solar. The trend that we have seen based on the people who have registered, the first 1 crore household, more of it is 3 and 2-kilowatt. So, what we can expect is the average of about 2.5. So, it means about 25 to 30-gigawatt of rooftop has to be implemented in the next 3 to 4 years.

And considering that we already have a market share of nearly 20%, we are looking at something near to that. Mind you that we already have more than 2-gigawatt of rooftop solar already installed in the country, so we have the largest penetration with 20% market share. And the #2 in this is someone with a 2% market share. So, we have a huge gap between us and the next one of players in that range. And we expect that we will maintain our leadership.

Puneet Gulati: But do you expect any constraint in terms of DCR availability of modules there? Or you think you'll largely do based on your own capacity?

Dr. Praveer Sinha: So, we are setting up this plant only for meeting the DCR obligations for the home purpose that we will be able to use it for our own utility scale group captive as well as for rooftop opportunity if that comes out.

Sanjeev Churiwala: Puneet, Sanjeev Churiwala here, just kind of wanted to tell you and all the analysts on the call that every quarter, including this quarter, we upload a very comprehensive financial analysis deck. This time, the upload is about 66 slides that you will find all the segmentation, dissection, range to help you do a much better analysis. We just want to thank that the quality of the analysis that is happening of late has significantly improved, which gives the reader of those reports, including all our investors, a good confidence on where the company is performing. To your question on how is the solar rooftop EPC and other EPCs are doing, you can look at the Slides #35, #58. And there are a lot of slides, which gives you a complete insight into that.

Puneet Gulati: Correct. It talks about roughly 8% margin. Is that the margin that we should be running with?

Sanjeev Churiwala: So, if you look at the EBITDA margin, yes, it's about 7.6%. For the full year, it's about 6%. Our endeavor is on the PAT margin that we work on a 4% to 5% PAT margin. That is what we have always been telling. This quarter, we had landed up with 4.3%. And all of you are aware that the market was quite choppy at the beginning of the year. But with our own module, cell manufacturing now going live and the cell and the module prices coming in, we are confident that we'll be delivering the margin expectations that we have. So, both our EPC business as well as the solar EPC overall is doing phenomenally well. As you can see, over the last 5 years, it had a CAGR of 17%, you can expect perhaps a better growth coming in.

Puneet Gulati: Okay. And in terms of just disclosures, can you also talk a bit about your Coal Infra business and Tata Projects, what kind of profits are they contributing?

- Sanjeev Churiwala:** So, Tata Projects is quite a turnaround this year. In fact, when we look at the Quarter 4 numbers itself, the profit for this quarter is about Rs. 37 crores, and it was a significant loss-making company until last year. This year, for the full year, the company has now completely turned around with a very solid order book position that the company is making profits. So, hopefully, with the order book that we have, we are sure that Tata Projects will be delivering better results going forward as well.
- Puneet Gulati:** And also, can you talk about how much more money should we expect to come from the ITPC dividend and also Arutmin?
- Sanjeev Churiwala:** Sorry.
- Puneet Gulati:** Sir, how much more money should we expect to come from ITPC dividend, which came in this quarter as well along with Q3? And also how much balance remains from Arutmin that can still come to us?
- Sanjeev Churiwala:** So, Arutmin, we have already sold, and that disclosure is already made in the notes of accounts. The sale was signed up a few years back, and we were expecting the sales proceeds to come. So, that has come last year and this year. And accordingly, in Quarter 4, that investment in the books is now transferred. So, we don't have anything coming from Arutmin.
- Puneet Gulati:** Nothing coming from Arutmin. Okay.
- Sanjeev Churiwala:** Yes. When we look at ITPC, ITPC is a good turnaround story for us. We had last year entered into a settlement agreement with ITPC, which was duly acknowledged by the regulatory bodies over there. As a result of which we have received \$90 million of dividend this year in cash. We also expect around \$40 million to \$60 million of dividend next year as well. Besides the company is making about \$30 million of profit now every year. So, hopefully, we would expect \$10 million to \$15 million of dividend on an ongoing basis.
- Puneet Gulati:** So, \$10 million ongoing and \$60 million for next year.
- Sanjeev Churiwala:** Yes. So, \$40 million to \$60 million is what we're targeting. That will include the entire dividend for next year.
- Puneet Gulati:** Okay. So, including the \$10 million.
- Sanjeev Churiwala:** Yes. \$10 million is going forward as a run rate.
- Puneet Gulati:** And lastly, if you can also share if there are any remaining tax benefits from the merger of CGPL? What is the quantum of that?

- Sanjeev Churiwala:** Sorry. Could you repeat that?
- Puneet Gulati:** What is the quantum of tax benefit that is remaining from the merger of CGPL?
- Sanjeev Churiwala:** You're talking about the carry-forward losses and business losses?
- Puneet Gulati:** Yes.
- Sanjeev Churiwala:** It's of significant amount. And of course, given our profitability is improving every year and we have business profits also, business income also, that is resulting in inflation of this carry-forward losses and as business. But of course, this is a tax position. So, if you want, we can send you the breakup separately.
- Puneet Gulati:** Sir, just the unabsorbed number remaining, if it is available?
- Sanjeev Churiwala:** Yes. It's schedule processing.
- Moderator:** Next question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.
- Mohit Kumar:** So, my first question is on the utility scale or renewables. Sir, last year, I think there was a huge bidding which happened in the industry. But I think we didn't participate in most of them. How to think about the way forward for FY '25 and FY '26?
- Dr. Praveer Sinha:** See, last year, there were nearly 50-gigawatt of bids, which were supposed to come. Of course, all of them could not come. We expect this year also that the government has plans to make 50-gigawatt of bids. So, there are a large number of bids coming. We ourselves won a large quantity of business, especially the ones which are the bids, which are hybrid bids or the fixed duration renewable energy that is FDRE-based. So, we do expect that this year also, many of those type of bids will come, hybrid as well as the ones with solar, wind, BESS solely. And we will actively participate in all of them. We, of course, expect that since these are little complex things, there would not be too many players who have the capability to execute projects like this, and thereby, we will be in a much better position to bring better bids, as also win with much better margins.
- Mohit Kumar:** My question was about the load. Our participation was very selective last year. Was there any particular reason for us to not participate aggressively in the bids?
- Dr. Praveer Sinha:** We always have been selective. For us, it's about getting good margins. And we have earlier also expressed that it's not a question about participating and winning, but it's participating in right bids, and winning them at good margins, and we will continue to have similar focus in the coming years.

Sanjeev Churiwala: And if I could add, if you have a look at Slide #24, you'll get a trait in terms of how the reverse auctioning tariffs have moved significantly. And as such, we have actively participated in the bids. In fact, the bid position that we are into today, we already have a 5 gigawatt plus of project execution in the pipeline, which was never the case. And to that extent, we have a pretty healthy bid position also last year. Overall, we have won close to about 1.8 gigawatts, and largely that will be complex, which is a combination of hybrid as well as FDRE projects. So, I think we are in a much better position than we were a few years back. So, I do think that the comment that we are not active, which is correct, in the sense that, yes, we have not participated deliberately into pure solar or pure wind because we are chasing better returns.

Mohit Kumar: My second question is on the 4-gigawatt solar module capacity, which should be up and running in the next couple of quarters. Do you still intend to use the entire capacity for captive? Or do you think there is a market outside your own requirement?

Sanjeev Churiwala: Yes, of course, there's a market outside as well. So, as and when we are ramping up, as of now, we have sufficient contracts ourselves to kind of deliver this module themselves. But yes, as and when we ramp up, we will also look at opportunity of selling outside.

Mohit Kumar: My last question on the rooftop solar scheme. Have you got any color on the implementation? Is it right to say that there'll be no bidding like solar pump because solar pump, I think, it was not to the desired way, right?

Dr. Praveer Sinha: So, you are asking about solar pump or rooftop solar?

Mohit Kumar: My question is on rooftop solar scheme. Is there any color on the implementation, how this will get implemented because the solar pump scheme, I think everything were not to the desired way, right?

Dr. Praveer Sinha: No, I think rooftop solar is more of a bilateral arrangement between you and the consumers. And there is a certain amount of subsidy that is provided by the state government or central government. Now, the new scheme, of course, there's a central government subsidy. And in some cases, the state governments are topping up with some subsidies from their side also. So, we will be executing that. There is a portal, which has been created, where people have to go and register. And then, we will execute through an arrangement whereby we will respond to the consumers and implement the project, and they will get the payment of subsidy directly from the government.

Sanjeev Churiwala: All of these are summarized in Slide #34. We've kind of decoded the entire scheme in a very simple fashion to understand for everyone. We're kind of very bullish about this scheme.

Moderator: Next question is from the line of Vijayakumar from Avendus Spark. Please go ahead.

Bharanidhar Vijayakumar: So, my first question is on the recent RBI regulations on project financing where they have asked lenders to provide more, which is likely to have some impact on cost of funding in the future. Though it is in a draft stage, what is your sense on how this will impact us, if at all? That's my first question.

Sanjeev Churiwala: So, I think the scheme has just come out, the draft, and we have looked at the scheme very initially. A couple of very high-level observation that comes in is the requirement to make up provisioning during the project stage. And this could take up the financing cost a bit more. But that's more on a project financing basis. With smaller projects, we normally do. Our funding is largely on a corporate loan basis, which we take at the bank holding company level. So, I think we are kind of comfortable to that.

The second big requirement is about the company owning about 50% of the land before they could disburse. I would think that would bring a bit more of a discipline in terms of companies who won't go for bids without the land and land up into a problem. So, hopefully, that will bring a little more discipline in the way execution happens. But yes, we have been given 3 months. We're also trying to understand that better and make appropriate representations.

Dr. Praveer Sinha: This is still a document for discussion, so I think it is too premature to say anything what will eventually come out. So, let's wait and watch rather than trying to really judge based on what has been provided.

Bharanidhar Vijayakumar: My second question is on your Mundra coal and shipping cluster wise numbers disclosed in the PPT. So, for this quarter, we are seeing that the EBITDA and the PAT for this cluster is lower than the last quarter. So, can you give a color of how the Mundra separately is performing and how the coal is performing, what contributed to this sequential drop in profitability?

Sanjeev Churiwala: So, I think quarter-wise number is very, very difficult to decode because a lot of changes keeps on happening. But I think the best way is to look at on an annualized basis. On an annualized basis, the entire Mundra plant has run on Section 11 throughout the year, which is cost plus. And as we have mentioned earlier, we're trying to work on a cash breakeven point.

Bharanidhar Vijayakumar: And how about the sales and realization and, say, gross margins at the coal mining business side?

Dr. Praveer Sinha: Coal mining, if you see the last year, the coal prices, especially in FY '23, was very high. Of course, now the coal prices have stabilized. So, this is the trend that we have been seeing for the last 6 months, and it may remain in the same band for some more months. So, the huge increase in coal prices and the dividend payout, which we saw, that was possibly a one-off and may not happen in near future.

Bharanidhar Vijayakumar: So, the cluster-wise PAT at the full-year level comes to around about Rs. 600 crores. So, would this be like a number that we can expect in the next year also?

Dr. Praveer Sinha: If you see for the year, it's there in I think in Slide 7. You can have a look in that and see that how this coal type of projection is expected.

Moderator: Next question is from the line of Satyadeep Jain from AMBIT Capital. Please go ahead.

Satyadeep Jain: Three questions. First was on the impairment you've taken on the renewable energy assets. Can you talk about what drove that impairment?

Sanjeev Churiwala: Yes. So, this impairment we have taken on the acquisitions that we did for one asset. And during the acquisition, we had paid a goodwill of about Rs. 1,600 crores. During that time, it was allocated over 22 different assets. Overall, when we do the impairment test there is a surplus available. So, that's not a concern. But in some of the assets, there's a need for unwinding of the goodwill, which is a noncash winding up, which is shown as an exceptional item. So, this year or this quarter, we have provided for about Rs. 100-odd crores. And given that this is more unwinding and the goodwill at some point of time needs to be unwinded, we're kind of expecting Rs. 100 crores, Rs. 150 crores of unwinding happening every year, which is, again, a noncash charge and is reflected as an exceptional item.

Satyadeep Jain: Just on another staff paper on the power market pricing. You also have some exposure through Haldia and through Prayagraj in the merchant market. And also in the FDRE, also, you're oversizing the capacity. So, there is some excess generation. Any initial read? I know it's still early stage, it's still for discussion. Any early stage, maybe, thoughts on that? And when you look at renewable power excess generation, how do you have figured out the variable cost in that excess generation through FDRE?

Sanjeev Churiwala: No, I think FDRE is a combination of solar, wind, battery. You cannot decode a separate variable component as yet. And what we really look at during the bidding as to what is the appropriate cost and what kind of returns we need to generate. So, I think it's too early to talk about the variable cost on that. As you spoke about the merchant power, right?

Satyadeep Jain: Yes.

Sanjeev Churiwala: Yes. So, we have about 300-megawatt of overall merchant power available from Haldia and from some of our other plants. And of course, the operations have been good this year. Hopefully, depending upon the energy's demand-supply situation, we are positive that we should be able to continue to earn good money from our merchant sales.

Satyadeep Jain: The CERC staff paper, would this have any implication of that?

- Sanjeev Churiwala:** CERC what?
- Dr. Praveer Sinha:** That is on the DSS.
- Satyadeep Jain:** It's in a way, capping the merchant power, if you read it correctly, the price that you offer for merchant power?
- Dr. Praveer Sinha:** See, the merchant power, already there is a cap. Earlier, it used to be, 2 years back, Rs. 20. Then it was reduced to Rs. 12, and now it is at Rs. 10. So, at this stage, there is no discussion on capping it, the merchant power. Because if you cap it, then no one will generate it where ECR is higher than the merchant power rate. So, I think these are general discussions that keeps on happening, but there is no plan as such to use the merchant power rate.
- Satyadeep Jain:** Just 1 quick question if I can squeeze on the pump storage. I know you're starting construction soon. Any thoughts or developments on contract signings for that?
- Dr. Praveer Sinha:** We are in the process of obtaining all the approvals. And also, we will start the process of bidding for the civil, electromechanical and balance of plant. We expect later part of this year to start the construction activity.
- Moderator:** Next question is from the line of Amit from H.G. Hawa & Company. Please go ahead.
- Amit Agicha:** My question was regarding the usage of CRR, capital redemption reserve, which can be taken to give bonus shares, which will help to save the interest expense. Anything would help?
- Sanjeev Churiwala:** What is your specific question?
- Amit Agicha:** My question is like, is the company planning to use the capital redemption reserve to issue bonus shares so that the debt can be redeemed, and the interest elements of the expense can be saved?
- Sanjeev Churiwala:** Well, it's a hypothetical discussion for us because we are not releasing any bonus share. So, we have not examined it. But if you're kind of wanting to understand the implications of that, we can work it out and discuss with you separately.
- Moderator:** Next question is from the line of Sumit Kishore from Axis Capital Limited. Please go ahead.
- Sumit Kishore:** My first question is that in the last annual meet, you all had laid down a plan to double revenue, EBITDA and profit over FY '23 to '27 timeframe. FY '24 has ended with a 10% consolidated revenue and 12% reported profit growth. And in the renewable, EBITDA, profit growth was in single digits. So, I mean, at this stage, would you review the roadmap of FY '27 growth and basically sum it up for the 3 main business segments you are in?

Dr. Praveer Sinha: So, when we had presented, we had said in 5 years' time we will be doing that. And we are on track, and so we will be doing that. All the capacity add that we mentioned, more than 5-gigawatt of renewables. Our returns from the manufacturing plant are in project, the pumped hydro projects. So, all these will start generating revenue and the profit.

Similarly, our projects in transmission, where 2 of them are in very advanced stage of implementation and will get operational by end of this year, and another 2 by next year. So, I think all of them, whatever we have plans, we are very much on track to deliver what we had presented last year in the analyst meet.

Sumit Kishore: Sure. My second question is regarding DISCOM privatization over the next 1 year. Do you have any expectations of progress in privatization of DISCOMs? And what opportunities are on the anvil?

Dr. Praveer Sinha: Yes, we are expecting, based on our discussion, that large number of states are planning to go for something similar to Odisha. Many of them have gone and seen in Odisha, the type of changes and type of improvement and how it is a win-win for everyone, the consumer benefits by getting better service, better reliability, better customer experience. And the tariffs have not gone up because whatever loss reduction happened, the benefit went to the consumer.

The government has benefited as they don't have to incur any further financial losses in running. And the DISCOM has benefited because it has been able to generate enough cash to provide better technology and services to the consumer. So, I think it has been a win-win for everyone. And many of these states are now looking at replicating similar opportunity. And I do expect that post the election, many of the states will take up these initiatives.

Sumit Kishore: Is there any large state, which is looking....

Dr. Praveer Sinha: I am looking at all the states. So, apart from Odisha, there are 27 states. And apart from Delhi, there are 8 union territories. So, all of them are my potential candidates.

Sumit Kishore: And with the sharp dip in battery energy storage, stand-alone BESS bids, where do you see the load following feasible FDRE rate now? So, do you see this following and presenting a viable alternative to setting up greenfield thermal capacity in next 2 to 3 years?

Dr. Praveer Sinha: Well, as you know, we have seen the FDRE projects are going to be the new future. And the number of bids that are expected are very large, where you get a certainty of getting renewable power. There is huge pressure. It is not only about supply, but there is a huge pressure from the customer side also that they want to transition to clean energy, whether it is industry or commercial or even residential consumer. So, there is a strong awareness level, which has been

created. And I do expect that going forward, more and more people will insist on getting green power, and it is not that we can supply any power to them, and they will take it.

Moderator: Next question is from the line of Subhadip Mitra from Nuvama. Please go ahead.

Subhadip Mitra: So, just carrying on from I think Sumit's earlier question on your targets of doubling profits over the next 5 years, by FY '27. So, my question is that is there a certain targeted amount of renewables that you are looking to add, let's say, overall on an annual basis in order to reach that target because the assumption was that a larger quantum of your FY '27 profits would now come from the green energy piece.

Dr. Praveer Sinha: So, let me tell you that in FY '20-'21, we had a revenue of nearly Rs. 28,000 crores, Rs. 29,000 crores. This year, we have crossed Rs. 60,000 crores. We used to have a PAT of nearly Rs. 1,200 crores, Rs. 1,300 crores. We increased it to Rs. 2,200 crores. And this year, we are Rs. 4,000-plus crores. So, we had, at that time, said that we will do it 4 times. Not many people believed us. We have in 3 years doubled it, more than doubled. And whatever we have said last year we have said with full conviction that we will deliver it. So, please take it on what we have said. We have a track record of demonstrating and we will demonstrate it.

Subhadip Mitra: And with regard to the dividend, let's say, the prior year's related dividend that we have received from ITPC. If we adjust for that number, what would have been the growth in the profits for the current year?

Sanjeev Churiwala: I think we will not be able to adjust for it for a simple reason because we also had another dividend last year. If you look at on a like-for-like basis, we had a higher dividend last year, right? To that extent, like-for-like basis, it will only go up.

Subhadip Mitra: Sir, if I understand it correctly, last year, the higher dividend would have come from the coal-related operations, whereas this year, it's come from this ambient entity. Am I right in understanding that?

Dr. Praveer Sinha: Yes, partly, not to the full extent. And as mentioned earlier by Sanjeev is that this is part of the old payment that we are getting. There's still some balance that we are still due. And also, these companies are now making profits, so we will start getting dividend from those profits also. So, yes, these will be over and above our 3 main businesses that is generation, transmission and distribution and renewable. They will also supplement in terms of the profitability.

Subhadip Mitra: Understood. And sir, lastly, with regard to the regulatory assets, both at Delhi and in Mumbai, that number has been growing every year, do you foresee a scenario post-elections where there will be some relief on both these parts?

Dr. Praveer Sinha: So, Delhi, the regulatory assets have reduced by more than Rs. 800 crores. In Mumbai also, we expected because of the tariff increase that has been done in the month of March. In this financial year, we will reduce by another Rs. 1,200 crores to Rs. 1,300 crores. And Delhi, last year what has happened will continue in this year also. So, I think the trend of the reduction of regulatory asset has already started, and it will get amortized in the next 2, 3 years.

Moderator: Next question is from the line of Rajesh Majumdar from B&K Securities. Please go ahead.

Rajesh Majumdar: My first question was on the net debt level. There seems to be some kind of working capital release in this quarter of Rs. 2,150 crores. What is this pertaining to?

Sanjeev Churiwala: So, I think, again, a quarter-wise number can be misleading. The way I would really explain is when I look at the complete full year, my average working capital is close to about Rs. 3,500 crores and significantly lower as compared to all the past years. A couple of reasons. As, I think a lot of financial discipline has gone in, in terms of how we are collecting receivables. We have a big presence with the retail customers in our DISCOMs, and there's a lot of efficiency built up, which has happened.

Also, with respect to support from the procurers, all the timely payments are also happening. So, all of this put together plus lot of supply chain and inventory management has led to a significant reduction in our working capital. And of course, as a result of that, if you see why we have done Rs. 12,000 crore CAPEX this year, almost an all-time high CAPEX for the full year, our debt levels are almost constant, and our debt equity is almost 1x. So, I think there is a very healthy and comfortable debt position and cash position.

Rajesh Majumdar: Yes, I was coming to that. So, basically, what would be our comfort level of debt for the current year and the CAPEX for FY '25?

Sanjeev Churiwala: Well, the CAPEX is something that we have already said that and some of you already alluded to that, that we are kind of spending more CAPEX in the current year as compared to what we had done in the past. We already have a renewable pipeline of 5.4-megawatt, will be executed over 2 to 3 years' time. So, that would lead to a significant CAPEX of almost Rs. 15,000 crores to Rs. 20,000 crores every year. So, this is kind of maybe a little higher than what the CAPEX that we have mentioned during the investors call.

Rajesh Majumdar: And in targeting our debt equity at some kind of level, what will be the enhanced CAPEX then?

Sanjeev Churiwala: No, I think debt equity, while we are standing at 1.0 time, which is a very, very healthy situation, then ideally any debt equity of 1.5 is fine with us. But I think while debt equity is in our mind, most of that, I think, improving our cash flows every year so that we can self-fund a large part of the CAPEX is what we are working at.

- Rajesh Majumdar:** And sir, my second question was on the wind assets. We've seen some kind of improvement in the new equipment in terms of CUF of the wind turbine generators. So, given that and the fact that the tenants have also gone up, will be aggressively getting into wind projects in the future? Any direction on that?
- Sanjeev Churiwala:** So, for the FDRE and the RTC complex project that we do, it's all a combination of solar and wind, right? So, we cannot be in pure solar. It's always a combination of solar, wind and battery storages. So, yes, the answer is yes. It will always be combination of all this. And to that extent, whatever wind power needs to be deployed, we'll build those capabilities.
- Rajesh Majumdar:** And any IRR number on the revised tariff and capacity utilization on wind, solar, etc, any new IRR ranges that you can guide on versus what used to be 1 year ago?
- Sanjeev Churiwala:** The tariff is going up, and I think that there's a bit of a sanity in the market in terms of what returns we are targeting. But yes, every company depending upon their cost of capital, interest rate will have their own definition of what returns they want to target. We don't play on a low return kind of target. And for all the project wins that we have done so far, we are kind of looking at a good return on them.
- Rajesh Majumdar:** 15% plus, is that a right number to arrive at?
- Dr. Praveer Sinha:** I would say better than mid-teens because that's the type of return we get in our distribution and transmission business. So, yes, we definitely look at much better returns compared to others.
- Moderator:** Next question is from the line of Dhruv Muchhal from HDFC Asset Management. Please go ahead.
- Dhruv Muchhal:** Sir, the developer order book, the developer under construction renewable projects that we have is about 5.5 gigawatt, including hybrid, and you're guiding for about 1.5-gigawatt commissioning, I think, for FY '25. So, would it be fair to assume the remaining about 4 gigawatt would get commissioned in FY '26?
- Sanjeev Churiwala:** It will be a combination of 24 months, 36 months. So, yes, I suppose definitely, we're targeting 3.5 to 4 gigawatts by '26, and the remaining early 2026 probably. So, yes, 2.5 years is something that we can, as of now, assume. A quarter here and there, something that happens, but that's the plan.
- Dhruv Muchhal:** And sir, when you give these hybrid numbers in the order book, I mean, in the under-construction portfolio, for the hybrid projects, I mean, does it include wind plus solar, and that capacity is the total capacity or it's just the AC capacity that we are quoting?

Sanjeev Churiwala: So, the one that we quote is the installed capacity, right? And the installed capacity for an FDRE or a hybrid or an RTC is kind of 3x of the PPA capacities.

Dhruv Muchhal: Got it. So, this is the installed capacity number that we are giving. Perfect. That's helpful. And sir, secondly, would it be possible to give what is the EBITDA run rate for the current RE portfolio, I mean, the commissioned RE portfolio, which is about 4.5? On an annualized basis, assuming these projects were running throughout the year, what would be the EBITDA run rate?

Sanjeev Churiwala: We will give you much more than that, if you look at Slide #57.

Dhruv Muchhal: So, I was looking at that slide. So, for example, project got commissioned in fourth quarter, the EBITDA only for that quarter is considered. Next year, it will be the full EBITDA. I was just trying to understand what would be the run rate EBITDA or the commissioned capacity.

Sanjeev Churiwala: I think the way you have to look at it is look at the generation units, right? And this is a generation unit, you can calculate the first unit thing because, otherwise, to decode which date this particular capacity was commissioned becomes too complex a thing. And of course, for your modelling, if you need any help, we are more than happy. You can reach out to Rajesh separately. He can help you build upon that.

Dhruv Muchhal: Yes, sir, because run rate EBITDA is a thing, I think it's a common concept in renewable companies globally, and I think even some of the Indian companies, which helps us adjust for the seasonal or quarterly commissioning volatilities in the renewable portfolio, but, sure, probably we will discuss it offline.

Moderator: The next question is from the line of Gopal from SBI Life Insurance. Please go ahead.

Gopal Nawandhar: My question was on this impairment, which you have taken for WREL portfolio. So, this is on account of what, sir? Is it like the PPA remaining lives are coming down, that is the reason? Or how do you compare it?

Sanjeev Churiwala: So, let me just give you a conceptual reply. When we won this asset, we kind of paid a Rs. 1,600 crore goodwill. And then this goodwill kind of allocated over the 22 assets that we have. Overall company as a whole, we have a surplus position. But on the certain few assets, because of various reasons, there will be an impairment because the goodwill amount that's allocated to those assets during that time was done out of certain different assumptions. And of course, this is a common part that everyone knows that over a period of time, those assumptions may hold good or not good.

But I think what is important is this is more of an unwinding of the goodwill, which is a noncash charge and an exceptional charge. And this unwinding absolutely will keep on happening every

year because we have Rs. 1,600-odd crores, so you can assume about Rs. 100 crores to Rs. 150 crores of unwinding you'll see in the current year and going forward as well.

Gopal Nawandhar: And so what is the remaining life of PPA for WREL?

Sanjeev Churiwala: They have various assets, So, we'll will have to get into the detail of it.

Gopal Nawandhar: So, there are changes in the thought process of the government in terms of putting more thermal capacities. We, in the past, have always indicated that we will focus more on renewables. And even there are thoughts on basically UMPPs and all. So, will you ever consider a change in your thoughts on adding more coal capacity in the future?

Sanjeev Churiwala: Well, we stay focused on what we have already communicated, so there's no change in our plans.

Gopal Nawandhar: And sir, what we've seen in the last year, almost 40-gigawatt of ordering was done in renewables. What is that we have won out of that?

Sanjeev Churiwala: So, I think roughly a little less than about 2-gigawatt is what we have won. But I was as earlier explaining, we are not now doing a pure-play solar or pure-play bids, which is that consists of a large chunk of that 40-gigawatt. We are largely focusing on the complex space.

Gopal Nawandhar: Okay. Despite there is an improvement in the pricing?

Sanjeev Churiwala: Yes. If you see the Slide #24, you'll get an understanding on the kind of pricing that is moving. And of course, FDRE complex bids, not everyone can do that. And to that extent, we are more confident that going forward, we will continue to have a portion of bids there. For example, last year, out of 40-gigawatt, I think the hybrid on average is only 10 gigawatts. Another 10-gigawatt, we have close to about 2-gigawatt bid already.

Gopal Nawandhar: And sir, on capacity addition side also, this year, I think we hardly added 600-megawatt in the renewable portfolio. So, do you think this share can go up? Are there any on-ground challenges, which is restricting us in terms of adding more capacities? What is that restricting us?

Sanjeev Churiwala: Last year, if you remember, the prices of the cells, modules, availability of land and various regulations, there were a lot of challenges that were there. And hence, we decided to deliberately push out some of the projects, right? And to that extent that has really helped us to sort of deliver at the bottom-line ambition that we have. But yes, we have basically about 5.4-gigawatt in the pipeline. And one can expect 1.5 to 1.2-gigawatt getting commissioned in the current year and a much bigger capacity getting commissioned in the subsequent years.

Gopal Nawandhar: And lastly, sir, on T&D side, on these transmission projects, do we have any targeted market share or any value in mind because last year, out of Rs. 40,000 crores, we won only Rs. 2,300 crores. So, do we have any aggressive plan for the next year on transmission side?

Dr. Praveer Sinha: No. So, we are now looking at some of the states very aggressively. We won 2 of them. Again, we are selective. Because considering the timeline in which it has to be implemented and ROW (Right of Way) issues in many of the places, we have been very cautious. So, we will bid, of course, but we will be careful in the type of bids that we give, and we will create a good portfolio of transmission projects.

Moderator: Ladies and gentlemen, we'll take that as the last question. I'll now hand the conference over to Dr. Praveer Sinha for closing comments.

Dr. Praveer Sinha: Thank you, everyone, for joining for this analyst call. In case you have any further questions, please connect with my colleagues, and we'll be happy to respond to you and also help you in making it more easy. We have tried to make the presentation much simpler and much friendly in terms of providing as much detail as possible. But in case there are any further improvements that you would like, please inform us, and we'll try to incorporate that in the future presentation. So, thank you, and take care. All the best.

Sanjeev Churiwala: Thank you.

Moderator: On behalf of Tata Power, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.