



February 15, 2024  
BJ/SH/L2/

BSE Limited  
Corporate Relationship Department  
1<sup>st</sup> Floor, New Trading Ring  
Rotunda Bldg., P. J. Towers  
Dalal Street, Fort  
Mumbai – 400 001.  
Scrip Code: 500400

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

Dear Sirs,

**Earnings Call Transcripts**

Pursuant to Regulation 46(2)(oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the transcript of the audio call recording of the Company's Analyst Call held on February 9, 2024, on the Audited Financial Results (Standalone) and Unaudited Consolidated Financial Results (with limited review) of the Company for the quarter and nine months ended December 31, 2023 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 faithfully,  
For The Tata Power Company Limited

**Vispi S. Patel**  
Company Secretary  
FCS 7021

**TATA POWER**

The Tata Power Company Limited

Registered Office Bombay House 24 Homi Mody Street Mumbai 400 001

Tel 91 22 6665 8282 Fax 91 22 6665 8801

Website : [www.tatapower.com](http://www.tatapower.com) Email : [tatapower@tatapower.com](mailto:tatapower@tatapower.com) CIN : L28920MH1919PLC000567



# “The Tata Power Company Limited Q3 FY24 Earnings Media Conference Call”

**February 09, 2024**



**MANAGEMENT: DR. PRAVEER SINHA – MANAGING DIRECTOR & CHIEF EXECUTIVE DIRECTOR, THE TATA POWER COMPANY LIMITED**  
**MR. SANJEEV CHURIWALA – CHIEF FINANCIAL OFFICER, THE TATA POWER COMPANY LIMITED**  
**MR. JINENDRA PATIL – FINANCIAL CONTROLLER, THE TATA POWER COMPANY LIMITED**  
**MR. KASTURI, INVESTOR RELATIONS TEAM, THE TATA POWER COMPANY LIMITED**  
**MR. RAJESH LACCHANI – INVESTOR RELATIONS TEAM, THE TATA POWER COMPANY LIMITED**



*The Tata Power Company Limited  
February 09, 2024*

**Moderator:**

Ladies and gentlemen, good day and welcome to the Tata Power Q3 FY'24 Earnings Conference Call.

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

I now hand the conference over to Dr. Praveer Sinha, M.D. and CEO of Tata Power. Thank you. And over to you, sir.

**Dr. Praveer Sinha:**

Thanks, Darwin. Good evening to everyone and thanks for joining the Q3 FY'24 Analyst Call. I'm joined today by my colleague, Sanjeev Churiwala – CFO; Mr. Jinendra Patil – Financial Controller; Mr. Kasturi and Mr. Rajesh Lakhani from Investor Relations and other team members from the Finance Team.

We have already shared the details with you, but just for the benefit of everyone, there are a couple of issues I thought I'll bring to everyone's notice. One is that the power demand in the country has grown at a very fast pace. We have seen a nearly 10% demand surge in the last quarter and during the last nine months also the growth has been nearly 9% to 10%. This higher demand is expected to continue in future quarters and future years also, considering that there has been a huge surge in demand in all sectors, whether it is the commercial, industrial or the domestic residential sector as also in villages where we see that consumption has increased tremendously because of the government's Saubhagya Scheme. What we are expecting is that with the increased demand in power, Tata Power will continue to provide supply of power from all its existing assets.

Coming to this Quarter:

This is the 17th successive quarter in which we have shown PAT growth, thereby demonstrating that solid business fundamentals are there of the company. And this is especially heartening because the majority of the profits have come from the core businesses, unlike previous years when we used to get a large quantum of profit from our non-core business, especially the coal business. This quarter we have a PAT of Rs.1,076 crores, which is nearly 2% higher than the last quarter. And similarly, our EBITDA has increased by 15% to Rs.3,250 crores.

On a nine-month basis:

Our EBITDA has jumped by nearly 34% to reach an all-time high of Rs.9,342 crores. Similarly, our adjusted PAT before the exceptional items has gone up by 4% for the nine months to Rs.3,000 crores. And this is on the back of robust performance by all our core businesses including generation, transmission, distribution, renewables and also some of the new areas that we have gone into in EV charging as also in the rooftop solar. While we make huge progress in our various



*The Tata Power Company Limited  
February 09, 2024*

businesses, our commitment to net zero continues to be there and we will become net zero by 2045, which as a utility, we were the first one in the country to announce.

During this quarter, our Renewable business commissioned 72 MW of renewable capacity and 343 MW of capacity in our utility scale projects in the last nine months, and with our green portfolio and clean portfolio becoming nearly 5,600 MW. This of course includes our hydro, thereby accounting nearly 39% of our capacity in the clean generation capacity area.

We have won number of projects during this quarter, namely the 1,316 MW of RTC project, and this is the first RTC project that we have won from SJVN, which is a combination of solar, wind and battery storage, and with this, our project pipeline has become 4,752 MW. Over and above our existing 4,200 MW, we will have nearly 9,000 MW of renewable projects which we would be setting up.

With all this, we do expect that in the next quarter we should be in a position to cross 10,000 MW of renewable projects and move to nearly more than 50% of our capacity coming from renewable sources.

Our Solar EPC business has again reported a very good performance during this quarter, both in terms of revenue and EBITDA as also as our utility business where nearly orders of 612 MW worth 2,849 crores has been received in this quarter. Rooftop business continues to see excellent traction with nearly 146 MW installed and nearly 87 MW of orders won in Q3.

During the last nine months, we have installed 350 MW of rooftop solar. And why I'm emphasizing this is, considering that Government of India has recently announced that 1 crore houses will be provided with the rooftop solution. Once the details are out and we know exactly what sort of capacity is being envisaged, we expect a capacity addition of nearly 30 to 40 GW of rooftop opportunity in the next two to three years, and that's where I think Tata Power will play a very, very important role going forward. In all our renewable businesses, we have seen huge amount of growth and we do expect that this trend will continue in the future quarters also.

In our manufacturing plant, out of the 4.3 GW of solar cell and solar module, the 3 GW of solar modules have been commissioned and the manufacturing has started at our plant, and the 4<sup>th</sup> GW of module manufacturing will start in next two to three weeks. Similarly, on our 4.3 GW of cell line, the first cell is expected to be out in the month of April and the plant should stabilize to the full capacity by June, July.

We do expect that going forward there would be large number of projects including the rooftop solar project of the government, 1 crore rooftops has been announced, which will use local make solar modules and thereby we will have great opportunity going forward to meet the production that comes from this plant.



*The Tata Power Company Limited  
February 09, 2024*

During this quarter, we have energized 412 public EV chargers and with this our total number of EV chargers which are operating, installed is much higher, is operating at 5,300 and this is also on back of nearly 73,000 of home chargers and 690 of bus chargers, which are operating. We have recently tied up with Indian Oil Corporation to use their outlets to put nearly 500 of fast and ultra-fast EV chargers at different locations.

Our T&D business has been doing consistently very good. In the last quarter, we won two bids of worth Rs.2,300 crores. This is the 344 circuit kilometer Bikaner Neemrana transmission line and the 80 circuit kilometer Jalpura Khurja line with a total investment of nearly Rs.2,300 crores, and all these projects will get completed in next 24 months.

Our Odisha discom continues to perform very well. It has been a very challenging experience, but the teams over there have ensured that better quality service and reliability is provided to the customer and that has been demonstrated by not only good service to the consumer, but also in terms of financial performance whereby in Q3 the PAT has gone up by nearly 75% to Rs.63 crores and on a nine-month basis it has become Rs.217 crores.

We have also installed nearly 3.6 lakh smart meters in Odisha and replaced nearly 27 lakh meters in Odisha out of the 95 lakh consumers over there. This has helped us to improve our billing efficiency and collection efficiency, and the results will start being seen in the subsequent quarters.

Our balance sheet remains very steady in spite of the increase in capital. We have spent nearly Rs.3,600 crores in the last quarter. In spite of all this, our net debt has increased only by Rs.2,000 crores and is at a very healthy level of Rs.38,600 crores.

Our leverage ratios are very healthy. Our net debt to underlying EBITDA is 2.86, in the previous quarter, it was 2.7 and our net debt-to-equity has been virtually stable at 1.0x level. We do expect that our increase in CAPEX in the future quarters will also help us to generate better EBITDA and profitability for the company.

During the quarter, the company also received \$50 million out of the pending receivables of \$125 million from the investment done in Zambia, and we expect that the balance will also be collected in next 12 to 14 months as per the arrangement agreed with the discom in Zambia.

Acknowledging all these efforts, CRISIL has upgraded Tata Power credit rating from “AA-Stable to AA-Positive and India Ratings has upgraded from AA/Stable to AA+/Stable, which I think is two notches improvement in last one year.

As the Tata Power continues to move forward with the better performance and consistent performance, we do expect that our new investments which is in our renewable business, transmission and distribution as also the pump hydro project which will start in later part of this



*The Tata Power Company Limited  
February 09, 2024*

year, will start showing much better consistent and stable performance for the company in the future.

I thank you for all your support. And this is especially required considering that Tata Power crossed the market cap of ₹1 lakh crore a few days back and continues to improve its performance going forward. I believe that all our existing operations will continue to do well in future, and we look forward for your continued support.

I will now ask Darwin to open the floor for question-and-answer.

**Moderator:** We will now begin the question-and-answer session. The first question is from the line of Sumit Kishore from Axis Capital. Please go ahead.

**Sumit Kishore:** My first question is, over the past one year, Tata Power has commissioned about 353 MW of RE capacity. What is the expected phase out of commissioning of close to 4.75 GW renewable project pipeline here on, how much is expected in FY'25 FY'26 would be?

**Management:** As you rightly said, when we look at our YTD commissioning is 353 MW, normally we do a big commissioning towards year end. So, the last quarter is supposed to be a big quarter for us where we would expect another 250 to 300 MW of commissioning happening. But looking at our current bid, which is in the pipeline, while we're still working on our overall strategy, but looking at the date of commissioning, in '25, we could commission anything between 1.5 GW to maybe closer to 2 GW and in the subsequent years from the existing pipeline, another 2 GW plus will get commissioned. As you will have seen, the numbers as of now is smaller. That's because it was a strategic decision that we took many months back given the very high cells and module prices to defer some of the projects so that the cells and module prices could return to normalcy. Luckily, that strategy has worked, and as you are aware that the prices of cells and modules have come down and to that extent, we have back-end profits in many of these projects that we are executing now.

**Sumit Kishore:** So, a related question now with the cells and modules prices having collapsed and you are at the brink of commissioning your expanded cell and module capacity, would it make sense to use this output for utility scale projects in India at present without implementation of ALMM and what are the margins that you could expect to make on the manufacturing side in FY'25 as you ramp up your manufacturing capacity?

**Dr. Praveer Sinha:** So, as you are aware, the ALMM will kick in from 1st April. So, many of the projects where they were given the concession till 31st March, if they have not got completed, then they will have to only procure Indian make modules. So, that's where our benefit is there. The international prices have crashed. But I do expect that with this condition and also the new opportunity of 1 crore houses, which will have only domestic make modules, we will have a great opportunity. In fact, there is now huge demand that we are seeing from various of the CPSUs and various of



*The Tata Power Company Limited  
February 09, 2024*

the other procurers who want to set a project in the next financial year that they would like to tie up on a long-term basis from us. So, we don't expect that we will have any challenge in supplying modules from our factory and our margins to that extent will be quite protective.

**Sumit Kishore:** So, would it be reasonable to expect margins closer to 15% in manufacturing of cell plus module or is it early to talk about that?

**Dr. Praveer Sinha:** Well, I would always expect more than that.

**Sumit Kishore:** Finally, a question on the line that we see on your cluster wise summary, has there been significant improvement in Tata Projects in Q3 on a year-on-year basis or even quarter-on-quarter, which is driving some improvement in this quarter?

**Dr. Praveer Sinha:** Tata Projects has made profit in the last quarter, and this is the second quarter in which they have made profits, so last two quarters they have made profits and Tata Projects will surprise you going forward because all the projects where they had to make provision for the under-recovery or losses has been completed, and hereafter, it is only that will happen in Tata Projects.

**Sumit Kishore:** Has it been a significant increase in profit from Tata Projects in this quarter, if you could give us the absolute numbers... maybe, Sanjeev?

**Sanjeev Churiwala:** I think the way to look at it there is a significant reduction in the losses. So, if I look at the nine months operations, what I had as the losses last year versus the profit I have, the difference is almost close to Rs.220 crores. To that extent Tata Projects have come a long way. In the last two quarters, we are starting to see the profits coming in and this is a kind of current working that is happening there, I think it's on a transformational path.

**Moderator:** The next question is from the line of Puneet Gulati from HSBC. Please go ahead.

**Puneet Gulati:** My question is with respect to the future commissioning for Tata Power Renewables. Since ALMM will come in place, what kind of module price do you expect post 31st March 2024? I'm sure you would have tied up for those already. If you can give some color on the module prices there?

**Dr. Praveer Sinha:** I can't do prediction of the module prices What will happen. But I can only tell you that there will be huge demand for domestic make modules after the ALMM is fixed from 1st April. So, I think the commissioning of the plant has happened at the right time and we will have a huge upside because of the market demand that will take place.

**Dr. Praveer Sinha:** From Tata Power Renewables perspective, the consumer of these modules, where you intend to commission 1.5 to 2 gigawatts has something being tied up for FY'25?



- Sanjeev Churiwala:** The other way to look at it is, when we look at our large scale utility business, we already have 4.8 GW of project under pipeline. And this pipeline consists of all the various bids that we have won. So, when we look at, since the module prices considered in the bid versus our cost, we will definitely have margins over there. So, we're not immediately concerned as to how the market will behave. The past couple of things will have to be kind of taken into consideration in the BCD of the cells and the modules will continue. To that extent, the price parity will continue to happen in spite of the Chinese cells and modules prices dropping. As you're aware, most of the cells and manufacturing facility have been put on the backing of the PLI and the state incentives, right? So, that will also count when we're looking at our returns. So, I think we're in a very good position that we have commissioned a part of our modules, we already have a healthy pipeline of projects coming in, we have the protection of the BCDs there, as well as the incentive put in together. So, I think at least we don't see a concern going forward, but you never know what happens after one year, two years, but definitely, our pipeline is quite healthy as of now.
- Puneet Gulati:** If you comment on what is the progress in pump storage, have you placed orders for equipment, etc.,?
- Sanjeev Churiwala:** The pump storage as we had announced on 28th November, we are completing the feasibility and getting into the progress. Any pump storage to take easily four to five years to get commissioned and hence at the moment we're trying to tie up with the various things. At the right time when we have the proper approvals from the board, we will be coming back to you with more details.
- Puneet Gulati:** Lastly, on transmission projects also, you've once again started an initiative towards bidding for that. How is the competitive intensity there, if you can give some color and what kind of IRRs are you aiming for there?
- Sanjeev Churiwala:** I think the way we look at the transmission business, 50% of the bids on the market presently is still with PGCIL and then the overall private sector market share is close to about 10%. We have essentially won two bids and I think we continue to work on further bids coming in, because as and when you develop a portfolio of bids, you're in a position to kind of dictate better pricing in the marketplace from your vendors and suppliers. And of course, we want to ensure that we are getting good competitive returns on this bids and without that we're not bidding.
- Moderator:** The next question is from the line of Subhadip Mitra from Nuvama. Please go ahead.
- Subhadip Mitra:** My first question is with regard to the captive solar module manufacturing. Given that you're setting up let's say roughly about 2 gigawatts of capacity every year, is it right to assume that you would be looking at roughly 50% of module sales for your captive usage and the balance 50% would go to the external market, be it rooftops or otherwise?



*The Tata Power Company Limited  
February 09, 2024*

**Dr. Praveer Sinha:** When we are talking about 2 GW of our own utility scale, we also would be doing third-party EPC and there would be some quantity that would go. Similarly, we are already doing something like 300 plus MW of rooftop which we expect to increase to 500 MW. I also mentioned to you now that the big opportunity has come from the 1 crore houses to be provided with rooftop solar. So, I think we have a huge opportunity, both to supply within the country, as also maybe supply some quantity outside the country. So, we will have to see what sort of market opportunities are there and what sort of prices and returns we are seeing and then we will take a call based on the market requirement.

**Subhadip Mitra:** Secondly, on the transmission side, given that there is such a large opportunity opening up over there, is there any target you have in mind as to an X percentage market share or X quantum of projects that you would like to keep on winning every year and ramping?

**Dr. Praveer Sinha:** We don't look at investments on those principle of market, but we are more interested in what sort of returns we can get from these projects. So, we don't want to just for the sake of market share or just for winning projects, take any project for any margin. So, for us, if it is not meeting the threshold of returns, we would not take such projects. Opportunities are phenomenal, whether it is in transmission or renewable or it is in any of the other areas that we have seen, but for us the guiding principle will be what sort of return is there and what sort of risk and reward are there.

**Subhadip Mitra:** What is the ideal threshold for returns that you typically look at?

**Dr. Praveer Sinha:** Very difficult to say, but you have seen how we have been in a regulated business. Anything above that is the minimum that we would expect.

**Subhadip Mitra:** I will refer to slide #41 of your presentation where you've given the nine months breakup of the income, EBITDA and PAT cluster wise. So, firstly, thank you very much. This is very helpful for us to understand it in detail. Secondly, just wanted to understand the last line over there which is the other segment. That includes Tata Projects, NALCO and other eliminations. At least we are able to decipher is that out of the overall hit that has come from the coal front, maybe there's a 1,200 crore kind of hit that's coming over there, so while the renewables and the transmission pieces have all contributed maybe 300 crores and offset that hit, there is a large benefit that is coming from that others piece, almost about 1,000-odd crores and maybe 225 crores of that is Tata Projects as you mentioned. If you can throw some more light on this because that's a very large piece of business?

**Management:** We are in slide #41. Are you referring to the line which is others including -?

**Subhadip Mitra:** I'm referring to the 4th line from the bottom. Others including Tata Projects, NALCO and inter cluster elimination. So, the YTD FY24 number is -413 and the YTD FY'23 number is negative 1,426. That's a 1,000 crore gap over there.



*The Tata Power Company Limited  
February 09, 2024*

- Management:** Let me explain you. This is basically the dividends that we received from various associate and a joint venture company. So, to that extent this will also include the dividend from our coal mines, which we are not spelling out specifically out here. But what you can see is on a YTD basis, to that extent, it is lower by 1,000 crores and that has been fully mitigated from income from the core businesses which is coming from our renewable, T&D, transmission and our distribution businesses.
- Subhadip Mitra:** Probably, I'll take this offline with Rajesh.
- Moderator:** The next question is from the line of Sudhanshu Bansal from JM Financial. Please go ahead.
- Sudhanshu Bansal:** How do you see that trajectory of coal prices and power demand for next two to three years? Secondly, any color on the Mundra PPA will be very helpful, sir?
- Dr. Praveer Sinha:** On this power demand, I think you have seen the last two years CAGR has been 10% and I do expect that this sort of demand will continue in the subsequent years also. As far as the Mundra is concerned, the plant is operating under Section-11 and this is applicable up to 30<sup>th</sup> of June. We are in active discussion, but since the Section-11 is already in force, there has been a little bit of delay in finalizing, because this will eventually be applicable post the Section-11 period gets over. So, we do expect something on similar lines will get finalized much before the Section-11 period gets over.
- Sudhanshu Bansal:** And, sir, about the coal prices?
- Dr. Praveer Sinha:** Well, the coal prices is very difficult to say. I don't think there is anyone who can predict what the coal prices will be there, but what we have seen in the last six months is that the coal prices have stabilized, and it is expected to be in the same range, provided there are no other geopolitical changes that takes place.
- Moderator:** The next question is from the line of Apoorva Bahadur from Goldman Sachs. Please go ahead.
- Apoorva Bahadur:** Sir, wanted to understand this dividend. I think Rs.416 crores we have recognized. Is it one-time and what sort of cost this payment?
- Sanjeev Churiwala:** If you see, this is the turnaround story of one of our associate companies joint venture in Zambia, where we have hydro plant which has been underperforming for many, many years and there were tariff disputes which has now been settled. And because the tariff could have been settled, the company is now making profits and has decided to declare a dividend of \$100 million and we have received \$50 million in this particular quarter. But that profit, which is reflected on PAT as Rs.311 crores is less than offset by the one-time gain that we had because of Section-11 in the same quarter last year. So, net-net is about Rs.30-odd crores. So, it's not really impacting the extent the bottom line.



*The Tata Power Company Limited  
February 09, 2024*

- Apoorva Bahadur:** No, no, I wanted to understand that, will this be a recurring feature of Rs.416 crores benefit? What's the annual PAT typically now that we have received?
- Sanjeev Churiwala:** So, let's put it that way that given that this is an accumulation of the profit which they are now distributing, of course, we have received a bigger number, but this company is capable of declaring a yearly dividend or maybe \$25, \$30 million going forward. So, yes, we would think that there will be some recurring income coming through every year, but this company has just revised, right? So, we're kind of at the moment and see how the performance shapes up to be able to give you a very confident answer. Maybe four quarters down the line we will have better comfort. But the good part is this company where we were not kind of looking at any cash flow coming through, have been revised and at least we are receiving a \$50 million to that extent, of course, the company's return profile improves.
- Apoorva Bahadur:** Second question is on the pump hydro projects. Wanted to check at what stage are we in terms of CEA approval? Has the TPREL been concurred and all the approvals in place?
- Management:** All the documents have been submitted, whether it is for TPREL or for environment clearance and all, and these are going through various motions of approvals in the various departments. So, we do expect that by the 1st Quarter of next financial year, we will have major approval and hopefully in the later part of this year, maybe by third quarter of the next financial year, we will be in a position to start work.
- Apoorva Bahadur:** By around mid of CY'25, we expect to start work and then it will take another 4-5 years. So, I believe I saw in the PPT something '27, '28 is what we are guiding for the commencement.
- Dr. Praveer Sinha:** We are trying to stick to some sort of similar timeline.
- Apoorva Bahadur:** So, are we beginning work before we are getting all the approvals civil work and all?
- Dr. Praveer Sinha:** No. We will start work only after we get all the approval and that's why I'm saying that maybe in the third quarter of FY'25, we will possibly start work.
- Apoorva Bahadur:** For these pump storage projects, how much of capacity tied up for group captives with the Tata group, any color on that?
- Dr. Praveer Sinha:** Those are still being discussed and we will figure it out.
- Apoorva Bahadur:** Last question is on this module manufacturing. If you could share the cost structure, what are final cost for these modules or how much closer are we to the Chinese prices without the duties and with the duties as well?
- Dr. Praveer Sinha:** As I mentioned to you, these modules are on a different putting altogether compared to what prices you see in other countries, because this is the DCR and any module that comes from



outside, there is a custom duty and also they're not approved in the list of module manufacture. So, this has to basically cater to the local requirement within the country and we need to do the pricing based on that.

**Apoorva Bahadur:** What would be our cost?

**Dr. Praveer Sinha:** Those details are being worked out and once we are ready with that possibly in next quarter we will be able to give you some idea.

**Moderator:** The next question is from the line of Satyadeep Jain from Ambit Capital. Please go ahead.

**Satyadeep Jain:** Just one question is on the pump storage. If you are close to starting construction in the next few quarters and let's say if you don't sign up the capacity before you start construction, as you look at financing, I understood previously banks were somewhat unwilling to lend to untied RE capacity is that for pump storage. If you do start construction before tying up, raising finance, is there any challenge on that front, just want to understand how do banks lend on these projects?

**Dr. Praveer Sinha:** So, what we are seeing is that there is a huge amount of bids which are coming up. In fact, the next few weeks and months we are expecting nearly six to seven GW of bids which are coming which are the TPREL bids. So, we are seeing huge demand. There is also huge demand from industrial and commercial users where they are looking at 24/7 power and this will be a packaged power of solar, wind and pump storage so as to give 24/7 availability of power. So, we do not expect that we will have any challenge in tying of this quantity of power.

**Satyadeep Jain:** So, just want to understand, you'll basically tie-up this entire 2.8 GW before you start construction, right?

**Dr. Praveer Sinha:** Not necessary. We will take a call on that. So, let's see how the market evolves. But yes, some quantity will definitely get tied up, but maybe not 100%.

**Moderator:** The next question is from the line of Aniket Mittal from SBI Mutual Fund. Please go ahead.

**Aniket Mittal:** Firstly, on the TPREL side, when I look at the nine-month numbers, excluding other income, the EBITDA margins at about 77%, which clearly has been on a downward trajectory despite capacity additions that we have been doing. Just wanted to understand over the years what's the reason for the decline in EBITDA margins over here, and over the next three years as we commission capacity, how should we look at the EBITDA margin for TPREL?

**Dr. Praveer Sinha:** EBITDA margin is dependent on the project cost. As you have seen, now that the module prices have come down and large-scale projects will come in the last quarter as well as in the subsequent two quarters you will see a huge improvement in EBITDA.



- Aniket Mittal:** So, for the coming, let's say two years, if we commission the remaining capacity, what sort of EBITDA margin should we look at for TPREL?
- Dr. Praveer Sinha:** I won't be able to give you guidance at this stage, but definitely it will be much better than what we were doing it one year ago.
- Sanjeev Churiwala:** If you look at this business and also the industry the EBITDA margin would be in the range of 75%, 80% given that this has a mix of both solar and wind. And this particular quarter normally third quarter the wind is always low in terms of the generation. But yes, what we feel is once we go live with our cells and modules and with all the projects that are in the pipeline, this will keep on improving in the coming quarters. Deliberately as of YTD as I said in the earlier discussions that we only have commissioned 363 MW and of course to that extent the fixed cost absorption did not happen that much. But in the coming quarter, we will have further commissioning happening and bigger commissioning will happen in the first two quarters of the next year. So, you will see sequentially the improvements coming in.
- Aniket Mittal:** In terms of commissioning, I think you mentioned 1.5 to 2 GW for FY'25. How much would come in FY'26?
- Sanjeev Churiwala:** Given a current bid pipeline and the COD commissioning, definitely as of now, we would expect another 2 GW to come in, and if we're able to win something more in the coming quarters, this can go up to 3 GW. But yes, definitely 2 GW is for sure that we will be commissioning in '26 also.
- Aniket Mittal:** On a medium to long term basis, what's the optimal capital structure that you're looking for in terms of let's say the debt-to-equity or debt-to-EBITDA?
- Sanjeev Churiwala:** It's a very complicated answer because again, you have to think about whether you're looking at a consol level, are you looking at the specific platform level, because at a platform level -
- Aniket Mittal:** At a consolidated level.
- Sanjeev Churiwala:** Yes, at a consol level, presently our debt-to-equity is about one-time, right, and with all our planning, we don't think that will go anything beyond 1.5 to 2 times in the near future, right. But at the entity levels where we plan the bid, the issues will be different. But finally, what we do intend to ensure is that with all our non-core, that we will keep on selling from time-to-time equity raise if at all that has to happen, we keep debt-to-equity definitely below two.
- Aniket Mittal:** Lastly, in the 4.8 GW of under-construction projects, what are the wind capacities?
- Sanjeev Churiwala:** If you can go to Slide #9, you will have the breakup of that.



- Aniket Mittal:** This slide actually includes hybrid as well, right, which should also have a wind component in it?
- Sanjeev Churiwala:** Yes.
- Aniket Mittal:** So, if I were to take the wind component in the hybrid as well, I just want to understand how many capacity of wind that you have under construction right now including the component in hybrid?
- Dr. Praveer Sinha:** We will give you that.
- Sanjeev Churiwala:** But I think it's better to look at when we're bidding for solar separately and for wind separately. But when we win bid for the hybrid and also for the RTC, it's a various combination that we need to do for solar, wind and battery, right. So, we will have to look at it in that sense as a combined sense because the installed capacity and the TPA capacity will also differ. So, my urge to all of you would be not to break-up that, otherwise it will become more and more complicated.
- Aniket Mittal:** Probably, look to get that offline.
- Moderator:** The next question is from the line of Anuj Upadhyay from Investec. Please go ahead.
- Anuj Upadhyay:** Sir, first question relates to your standalone business. So, the decline in profitability, is it purely because of lower dividend income or there's some other factor as well because our sense was Mundra under recovery would have gone significantly due to Sec .11. But in spite of that, the profit is down to nearly one-third.
- Sanjeev Churiwala:** Basically, the profits that we get from our coal mines have significantly come down and that is what is contributing to a lower standalone. But for us it is always looking at the consolidated picture.
- Anuj Upadhyay:** Your margins across the EPC continue to remain quite volatile. This quarter we are back to close to 5% kind of a margin. Last quarter probably you have given a guidance at a low margin order book the execution has been completed. So, now we would be executing projects where margins are relatively closer to double digit or somewhere in the range of 7% to 9%. So, any comment on that sir?
- Sanjeev Churiwala:** Are you talking about the EPC margin?
- Anuj Upadhyay:** Yes, EPC.
- Sanjeev Churiwala:** In the EPC, our targeted margin is close to 5%, but as you are right, the market has been very volatile, especially because of the commodity prices, FX, cells, modules, it is now stabilizing and we think with the current bidded pipeline, we can still target that 5% kind of EPC margins.



*The Tata Power Company Limited  
February 09, 2024*

- Anuj Upadhyay:** So, this applies even to our current order book. Over there as well we are targeting close to 5%, 6% kind of an EPC margin.
- Sanjeev Churiwala:** We're talking about PAT margin of 5% on the EPC business, that's correct. But of course, that is what we're targeting in. It could be a little higher or lower depending upon how things move. But when we do a particular bidding, we kind of target EPC margin of 5%.
- Anuj Upadhyay:** Any possibility where Mundra can participate in the open market? Currently, whatever selling has been happening, I believe is under Section-11. But is there any possibility where we can participate in the merchant market provided we are venturing into a scenario where the Company is going to participating?
- Dr. Praveer Sinha:** I think Mundra today is operating at full capacity and all the procurers are taking it because it's a very efficient plant. And if they don't buy it from Mundra, then they will have to buy from the market at a much higher price. So, none of the procurers need to leave the opportunity to schedule power from this plant. So, I don't think the procurers will have an opportunity to sell outside. But in case they don't take power, then of course, we have the freedom to sell in the open market.
- Anuj Upadhyay:** Lastly, can you just mention the offtake price from Mundra, like what is the generation cost and what price they're selling to consumer?
- Dr. Praveer Sinha:** It's there in the in the schedule. The Gujarat SLDC releases on a daily basis, the merit order. I can check and let you know.
- Sanjeev Churiwala:** Also, I think it's basically a cost-plus markup for us. So, to the extent what matters to us this is a pecking order, so that all the procurers can take our power. Beyond that I think the cost doesn't matter because it's still under Section-11 for us.
- Anuj Upadhyay:** Just wanted to get a sense, if at all we get an opportunity in the open market and that could be our cost and the spread on the machinery?
- Sanjeev Churiwala:** It's available. We can provide you separately, but it will not actually serve a purpose because it's all cost-plus markup. So, depending upon the coal prices and other things, it will just move up and down. So, it's kind of an arithmetical formula.
- Moderator:** The next question is from the line of Puneet Gulati from HSBC. Please go ahead.
- Puneet Gulati:** My question is on your EV charging business. Are you aware whether Tata Motors is also engaging into the EV charging business and how does that fit into the collaboration with Tata Motors?



*The Tata Power Company Limited  
February 09, 2024*

- Dr. Praveer Sinha:** I've not heard about that. We cater to full Tata Motors requirement whether it is for the four wheelers or it is for buses. I don't know of any other opportunity that Tata Motors is working on EV charging. All their present requirement whether it is for home charging, public charging, bus charging, free charging is being done.
- Puneet Gulati:** And secondly, if you can comment a bit on the profitability even on a YoY basis was a little weak for the renewables business despite adding significant capacity. How should we think of it, is it a function of part utilization, higher depreciation?
- Dr. Praveer Sinha:** So, what happens, as Sanjeev mentioned that it's very difficult to do on a quarter-to-quarter basis because there are certain periods in a year in a certain quarter when you have better radiation, and you have better solar generation. Similarly, there are certain periods during which you have better wind speeds and better wind generation. So, I think you need to do it on a 12-month basis rather than just trying to do it on a quarter-to-quarter basis.
- Puneet Gulati:** So, what was weaker this time on the wind part?
- Dr. Praveer Sinha:** Beg your pardon, sir.
- Puneet Gulati:** So, if you can comment on what was weaker this time in terms of solar or wind, where was the PLF lower?
- Dr. Praveer Sinha:** See, what happens is for us, what is important metrics is the availability of the plant and all the availability, whether it is solar or wind, are very, very high, it is benchmarked in the country. So, our abilities of the solar plant is virtually 100% and wind is also in (+98%). Secondly, we have shared what is the PLF for the solar and it's in slide 49 you can see.
- Puneet Gulati:** This other income part of 45 crores versus 106 crores, I thought that was generally operational income, but what exactly is that if you can throw some light there?
- Sanjeev Churiwala:** It will be a combination of some operating income, scrap, some interest income on investments, combination of that. But if you really see for the quarter, the number is quite small, 45-odd crores
- Puneet Gulati:** Correct, versus the 106 crores previous quarter.
- Sanjeev Churiwala:** Yes.
- Moderator:** The next question is from the line of Mithil Bhuvra from [unlistedindia.com](http://unlistedindia.com). Please go ahead.
- Mithil Bhuvra:** Coming to Slide #40, if I see Mundra Coal on shipping, the profits are down from Rs.924 crores to Rs.89 crores. Now, just to understand that because of the lower coal prices, the profits are down, right?



- Sanjeev Churiwala:** Yes, that's correct.
- Mithil Bhuva:** And so Mundra is just a cost pass-through, which means that we are not benefited by the lower coal prices?
- Sanjeev Churiwala:** In a way, whatever coal we are procuring that cost plus the markups, that is pass-through. Drop in coal prices to that extent doesn't benefit, it's kind of more on a rolling basis. On an annualized basis you're right. But then what matters to us is the contribution that comes from coal mines, which is a PAT contribution, that has significantly dropped. As a result, you see overall lower profits from generation in coal and hydro.
- Mithil Bhuva:** I was asking this because we have invested more than Rs.25,000 crores in the Mundra and coal business, and if the profits are to remain at this level, then we won't generate sufficient cash profits to repay our debt, right, that's the concern actually?
- Dr. Praveer Sinha:** See, you need to look at it from a loss-making today we're at. So, to that extent, I think we need to look at it in totality rather than just looking at it in terms of what sort of returns.
- Mithil Bhuva:** But in the future, can we expect good profits from standalone Mundra also or the cost pass-through will be very minimal only?
- Dr. Praveer Sinha:** Like in today's scenario, when we have Section-11, it's cost-neutral. So, whatever the actual cost of generation is getting paid to you. In future based on what sort of CEA we enter with them; we will have to see what sort of returns is able to do.
- Sanjeev Churiwala:** To your question, if I add, there are two approaches; a) when you look at the PAT contribution coming from the coal mines, that is perfect. But on top of that, you also get the dividends, right, which on a consol basis gets netted off. But when I look at the cash flow, a significant cash flow comes from the dividend perspective.
- Mithil Bhuva:** My second question is like the management has guided that the revenue will double in the next three years to around 1 lakh crores. Can you just give a brief on like where the revenue is going to rise actually, because in the last three years the revenue has risen only in the Odisha discoms mainly. So, can you just give a brief of where the revenue is going to rise in the next three years?
- Dr. Praveer Sinha:** I think the presentation that we have made in the analyst meet, if you see that, it will give you a very good idea that where we are putting the CAPEX and where both will come. So, I think it is a direct correlation to that.
- Sanjeev Churiwala:** I think part of the question we try to answer in our renewable pipeline itself. We're talking about 2 GW of commissioning happening in next year and 2 GW happening at '26. So, currently we are at 4 GW and then the 4 GW itself we are talking about 9 GW in the next three years' time, right? So, I think to that extent that will contribute a big profit. Plus, I think the new



*The Tata Power Company Limited  
February 09, 2024*

manufacturing also we spoke about, the commissioning of the cells and modules, that will also start contributing towards profit. The opportunity in rooftop solar is big for us. We will also look at that. So, I think it is a well thought-through strategy in terms of looking at where we want to reach in our aspiration three years down the line and we're tracking on that.

**Moderator:** Ladies and gentlemen, we will take that as the last question. I would now like to hand the conference over to Dr. Praveer Sinha for closing comments. Over to you, sir.

**Dr. Praveer Sinha:** Thank you to everyone for joining in the call. And in case you have any further queries, you can contact our Investor Relations team and we will be more than happy to share with you. The presentation has been made quite detailed, but if there is any further improvement that you would like in this presentation or any more details, please connect with us and I'm sure with your support we have been able to get a market cap of more than 1 lakh crores and we are now looking for next milestones, and I'm sure you will support us in this direction. Thank you, everyone and take care and good night.

**Moderator:** On behalf of the Tata Power Company Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.