

**“THE TATA POWER COMPANY LIMITED Q4 FY22 EARNINGS
CONFERENCE CALL”**

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Moderator: Ladies and gentlemen, good day and welcome to Tata Power Q4 FY 22 Earnings Conference Call. 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 the conference call, please signal an operator by pressing ‘*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded. We have with us today on the call, Dr. Praveer Sinha -- CEO and M.D., Tata Power, and Mr. Sanjeev Churiwala – CFO, Tata Power. I now hand the conference over to Dr. Praveer Sinha. Thank you and over to you, doctor.

Dr. Praveer Sinha: Thank you, Aman. Good evening to everyone and thanks for joining the call. I hope all of you are doing fine and taking care of yourself. I am joined today in the call with by my colleagues, Sanjeev Churiwala, CFO, Anand Agarwal, Financial Controller, Mr. Kasturi and Mr. Rahul Shah from the Investor Relations and some other colleagues from the finance department.

In the last quarter of FY 22, we have seen unprecedented volatility in the commodity prices which has put huge amount of pressure on the power situation in India because of the higher power demand as also the Indian economy has moved to the next level of utilizations leading to much higher power consumption. Tata Power, as a responsible stakeholder has strived to provide best services across its operation to help the country to meet its power demand.

This quarter has been very eventful in many ways for Tata Power, as we have progressed very well on many of the strategic initiatives. And I will share with you a brief summary of the result and cover some of the key strategic initiatives and thereafter take questions from you.

Tata Power has delivered a strong fourth quarter as both the underlying EBITDA and the profits have seen significant growth compared to last year. Operations across the board have been very strong with addition of Odisha Discoms and higher profit in the renewable business. And this is the 10th consecutive quarter in which we have been able to show a profit growth.

The Company has moved closer to strengthening the fundamentals of our Mundra and coal business as we completed the merger of CGPL into Tata Power and also secured the extension of the mining license in KPC for 10-years with a proviso to extend by another 10-years. We are also in very advanced stages of finalizing the supplementary PPA with Gujarat and the same will become the template for other Discoms too. And as per that, we have already started supplying power to Gujarat from 1st January22. And at present, we supply 1,805 MW to Gujarat, and 760 MW to Maharashtra. This approved compensatory framework would then become the basis, based on which we will finalize with the other three states also.

As we had announced last month, Tata Power has signed the binding agreement with a consortium of BlackRock and Mubadala to raise ₹4,000 crores for our renewable platform, which will create the most comprehensive renewable platform with the Utility Scale businesses like large solar capacities, EPC and manufacturing and customer-centric businesses like Rooftop Solar, Solar Pumps and EV Charging business. The funds raised will be used exclusively for the growth of green company and will allow us to scale up this platform.

All our assets have continued to operate at benchmark levels and the performance across our generation, distribution, transmission and renewable businesses has been very robust in the last quarter. The coal mine operations were however impacted in the last quarter due to certain local issues, which was relating to the supply of coal to the local plants in Indonesia, as also was impacted because of heavy rains in Indonesia during the period January to March. Our two EPC businesses, Tata Projects and Tata Power Solar, also saw a lot of pressure from high commodity prices. As a result, the profitability of existing projects were hit, and the appropriate provisions have been made in this quarter, especially for Tata Projects. Despite these commodity pressures and low profits in coal company, we delivered 16% year-on-year growth in revenue this quarter from ₹10,379 crores in Q4 FY21 to ₹12,085 crores. Similarly, the reported EBITDA rose by more than 35% to ₹2,253 crores and PAT before exceptional items saw us huge growth of 76% from ₹440 crores to ₹775 crores.

Our Renewable business delivered very strong execution during the last quarter as Tata Power Solar commissioned 555 MW of AC solar capacity for its customers, which includes 444 MW of AC solar capacity for our own utility scale projects. The EPC business continues its No.1 position, securing a single largest contract of 1 GW worth ₹5,500 crores pursuant to the LoA which has been issued by SJVN under the CPSU Scheme. This is one of the largest single project awarded to TPSSL, reinforcing TPSSL strong execution capabilities. With this win, the company has 1.5 GW of own project and 3 GW of total large scale EPC contracts to execute which will be targeted for completion in next 12 to 18 months

The Rooftop Solar business saw another successful quarter of project execution, reaching a revenue of ₹.687 crores which is almost 80% higher than Q3. We also saw 172 MW of new orders won in this quarter for rooftop projects helping the order book to grow to a level of ₹516 crores. Our marketing outreach and setting up of the centralized and dedicated loan processing branch through SBI'S Surya Shakti Cell is providing push to retail offtake of rooftop and we are excited with the opportunities for Tata Power in this field.

The Solar Pump business also has seen a good offtake as the orders pursuant to the EESL empanelment has now started converting with almost ₹250 crores of orders booked in Q4. With strong execution, revenue increased to ₹243 crores last quarter compared to only ₹86 crores in Q3. With the launch of Tata Power branded solar pumps and our existing strong presence in the states, we expect that our pump business is well geared to capitalize on the EESL tender. We have also started opening up for direct retail segment with more than 150 pump orders already received in this quarter.

Coming to our Integrated Mundra and Coal Portfolio, as I mentioned earlier, we saw two significant events getting completed. The first one was the merger of CGPL into Tata Power, and the second is the extension of KPCs mining lease. The merger of CGPL into Tata Power helps us to streamline the operations and have a more efficient utilization of capital across the various businesses in the standalone entity besides other financial synergies. As we had indicated earlier, the extension of the mining license has been now given for 10-years, which is further

extendable, as per the regulations. There has been some tweaks to the royalty and corporate tax rates and a profit sharing has been included. However, on a combined basis, we see profits from coal mines to remain at similar levels.

It is also worthwhile to touch upon the current quarter's coal mine results. As you are aware, Indonesia had imposed an export ban in January to replenish the depleting stock prior to the monsoon, as a result of which, coal mines sold their production in India at a capped price of \$70 per ton. However, this local sales will be counted towards the DMO obligations for the full year, and February and March operations were also hit by rains, which are common during this time of the year in Indonesia. As a result of these two events, we have seen reduced profits from coal mines, but we expect that this will be recovered in the subsequent quarters, as the coal prices continue to remain at very elevated levels.

With continued high coal prices, we operated only one unit for most of the last quarter in Mundra. However, subsequent to the discussions with GUVNL on the supplementary PPA to implement the compensatory tariff, the same has progressed very well, and Government of India has also come out with many regulations, which is supporting the operations of imported coal based plants on a cost plus basis. GUVNL has requested us to continue to supply of power under this arrangement since 1st January 2022. As a result, we have accounted for supply of power to GUVNL under this supplementary arrangement. We expect to conclude the negotiations shortly, post which similar framework will be used with other procurer states.

The focused operations across the four Odisha Discoms is leading to continuous improvements as various technical, commercial and customer-related initiatives have held the Discoms to reduce the technical losses. We had experienced receivables going up in early part of FY22 due to COVID second wave and then the third wave. However, in the last two quarters, we have been able to collect a significant portion of the past dues in all the four discoms. In addition, these discoms, through their efforts have been able to recover the past payment of nearly ₹470 crores of arrear before they take over in FY22. As a result of various such initiatives, which has given us the incentives also, we have registered a profit of ₹109 crores in Q4 from all these four Discoms put together.

On a full year basis, we have delivered 28% growth in our consolidated revenue from ₹.33,239 crores last year, to ₹42,576 crores in FY22 and PAT before exceptional items increased by 61% from ₹1,424 crores to ₹2,298 crores in FY22.

Moving to the balance sheet, we have been able to maintain the net debt similar to Q3 level at around ₹39,700 crores, while undertaking CAPEX of almost ₹2,700 crores during this quarter. Healthy growth in underlying EBITDA from businesses continues to help us to improve our debt to underlying EBITDA from 4.12 in Q3 FY22 to 3.92 this quarter. Our net debt-to-equity stands at a healthy 1.5 compared to 1.58 in the previous quarter. Improvements in domestic as well as international credit ratings will further assist us in optimizing our interest cost.

As mentioned earlier, we expect to receive the first tranche of ₹2,000 crores through our renewable business platform in June. Certain regulatory approvals and transfer of businesses are under process before conclusion of the first tranche in future. Thereafter, the second tranche of ₹2,000 crores will be infused in six months time through securities which will be converted into equity post the financial results of FY23. The funds raised through this transaction will help us to further our RE growth ambitions and scale up our green platform.

Our growth pursuit in transmission business is also starting to materialize, with the second stress project now won through the Resurgent platform. Resurgent has been awarded the LoI for acquisition of 100% stake in South East U.P. Power Transmission Limited under the IBC process. This project has approximately 1,500 km of transmission line and five numbers of 400 KV substation. We also completed the acquisition of 100% stake in our NRSS XXXVI Transmission Line on 4th April through the Resurgent platform. Both these projects taken together have a combined EV of about ₹6,500 crores and an annual revenue of around ₹900 crores.

Our EV Chargers business also continues to expand with more than 2,000 public charging and 200 bus charging points installed till March end. Our network is now spread across more than 350 cities, making us one of the most widely present EV Charging company. We have also recently entered into MoUs with Naredco and **Rustomjee** Group, which will help us to expand our charging infrastructure in commercial and residential properties across Mumbai and in other parts of the country too, along with opportunities to enhance it along the highways and also within the cities. We continue to work on expanding our partnership, which will help us with access to best of the real estate spaces and customers.

The company has already concluded many of these strategic initiatives over the last two years. With this, the focus now shifts to completely to execution and we expect your support in this journey towards Tata Power 2.0. As we have always stressed, our transformation will be founded on the pillars of strong balance sheets and healthy return metrics.

With this, I hand over the call back to Aman for the question-answer.

Moderator: Ladies and gentlemen, we will now begin the question-and-answer session. First question is from the line of Swarnim Maheshwari from Edelweiss. Please go ahead.

Swarnim Maheshwari: A couple of questions. First, you have been in discussions with GUVNL for Mundra tariff hike and everything. But like just today, the Sec.11 was invoked, where it has been ordered to restart the imported plants at full capacity. So, how do we understand this, what are the implications for this order for us?

Dr. Praveer Sinha: See, we are already operating four units and we are supplying to Gujarat 1,805 MW and to Maharashtra 760 MW. So, whether the Sec.11 order comes or not, we have been supplying to them. The order of government says that whatever is the coal cost pass-through, you have to be

given with certain return or you can mutually negotiate and finalize. We are at this present state mutually negotiating with them and finalizing an arrangement, which is acceptable to both the parties and we hope to conclude this in next maybe two weeks' time.

Swarnim Maheshwari: Because in the Q4 results, we were operating at 25% PLF at Mundra. So, just wanted to understand, have we actually increased the PLF in Q1 FY23?

Dr. Praveer Sinha: Absolutely. I mentioned to you, we were initially operating three units from 1st of April and sometime back we started the fourth unit. So, right now four units are there. So, we will definitely be having much higher PLF going forward.

Swarnim Maheshwari: Sir, my second question is on TPSSL. So, I think on the volatility side, like you've mentioned, but just looking at we have done one of the highest ever revenues in the quarter, but if you just look at from the margins perspective, it's like sub-3%-odd. I mean, when this is likely to stabilize, not even talking when do we expect, 7%, 8% margins, but some sort of semblance on the margin side will be really helpful?

Dr. Praveer Sinha: So, as we have shared earlier, that last year was an unprecedented year because of the COVID, and the war between Ukraine and Russia and that has a huge impact on the commodity prices. And this was not something which was anticipated. Similarly, the Chinese prices of cell and modules have gone up tremendously in last one year. To take care of that, we have now started getting contract manufacturing in India. So, we will bring the cell from China, which has a lower customs duty compared to the module, over here manufacture the modules that we will be using. So, to that extent, our margins will improve a lot because of this arrangement. So, today, we are very well positioned to take care of our future margins because whatever cost increases which have taken place, those have now been incorporated in our new bids. And all our new bids, which we have recently won or which we are executing, will have much better margins. Also whatever the anticipated losses in the existing projects also, we have considered it in the last quarter. So, going forward, I do expect that there will be much better margin in all our EPC projects that we do through Tata Power Solar.

Moderator: The next question is from the line of Atul Tiwari from Citigroup. Please go ahead.

Atul Tiwari: I am trying to understand the Mundra or supplementary PPA in a bit of detail. So, in fourth quarter, the fuel cost and recovery was about ₹1. So, should we assume that once all the supplementary PPAs are signed, etc., we should look at like ₹1 kind of under recovery or is it likely to reduce, if you can throw some light on this?

Dr. Praveer Sinha: As I mentioned to you, we are still finalizing. So, we had only done a provisional booking as far as the Mundra losses were there in terms of under-recovery in the last quarter. Once we are able to finalize it and get clarity on it, there will be much lower under recovery we expect. As you are aware that this has been under discussion and now Government of India also has come that

there should be a pass-through and there should not be too much of under-recovery. So, we hope that going forward, we'll be in a much better condition.

Atul Tiwari: What is the tenure of the supplementary PPAs, I mean, how long you are talking about -- is it for rest of the life of the plant or does it terminate somewhere in the middle?

Dr. Praveer Sinha: We already have PPA This is an interim arrangement that is being made because of the high cost of coal. So, we will have to wait and see till what time the cost of coal remains high and till such time the cost of coal remains high and does not come to the pre-COVID level, this arrangement will continue.

Moderator: The next question is from the line of Mohit from DAM Capital Advisors. Please go ahead.

Mohit K: A couple of clarifications. The coal profit has been muted in this quarter. Is the profit booked under new extension terms? Are the operations normalized in the month of April?

Dr. Praveer Sinha: Profit is muted, not because of the change in the taxes and duties because they are virtually taking care of each other. So, just to give you an idea, the corporate tax over there which was 45%, has reduced to 22% or 24%. But the royalty which was something like 13.5% has gone up to 27%. So, what you need to look at it and there is a slide No.28 on that we have shared which provides that. So, the net impact is not going to be very large. The very reason that it got impacted was during the period of January to March, we could not sell coal outside because of the restriction where exports were banned. Whatever was sold locally was sold at a local price of \$70, while the market was much higher at that time. Thirdly, during that period, in most of the months, we were mining around 3.4, 3.5 MT where normally we used to mine 5 MT because of very heavy rains and flooding of the coal mine. So, now that the monsoon is over, we expect that in future months, there will be a catch up.

Mohit K: What is the status of 4 GW solar module manufacturing capacity, is it on hold and till the new PLI manufacturing scheme is announced and the bidding happens, is that the right understanding?

Dr. Praveer Sinha: It is not at all on hold. Work is going on. We are in the process of now placing the orders for the main equipment. The engineering work has been carried out. Site related work will start sometime in June. And we expect that by next year, May, June, in 12 months, we will be able to complete the module line and by October we will complete the cell lines. So, it's very much on track. It will be completed as was planned and envisaged in our proposal.

Mohit K: Have you heard anything on the PLI scheme ?

Dr. Praveer Sinha: PLI scheme, parallel activity which is going on, but notwithstanding that, we are still going ahead with the project.

- Mohit K:** The last one is supplementary PPA to Mundra. Is there any chance that there could be a long term supplementary PPA which will get signed according to the high power committee report?
- Dr. Praveer Sinha:** That is one of the options. So, a lot of options are being discussed. And once it gets finalized, we'll get a much better clarity as to what sort of arrangement ultimately is decided.
- Moderator:** The next question is from the line of Puneet from HSBC. Please go ahead.
- Puneet:** My first question is actually on Indonesia. So, on a normalized basis, what kind of gap should we see from the HBA price to your FOB price?
- Dr. Praveer Sinha:** There's no gap. HBA price is HBA price. That is the price at which you buy coal. So, there is no gap between that.
- Puneet:** Indonesia, for example, you talk about 183.5 is HBA price but the revenue derived is 98, which is to some extent you said is impacted by domestic obligation as well. But if that were not to be the case, would it work kind of a FOB revenue on a per ton basis when you realize?
- Dr. Praveer Sinha:** What happens is all these coal companies have a requirement to supply 25% of their production to the local power company over there, PLM. And balance 75% they sell at HBA. In some cases they sell at HBA plus, especially very high CV coals, but nothing can be sold lower than HBA. This is linked to the GCV. So, HBA is linked to GCV of 6,322 depending upon the quality of the coal, HBA or the sale price gets indexed to that on pro rata basis.
- Puneet:** The Q4 numbers reflect the new royalty taxation norms, right?
- Dr. Praveer Sinha:** Yes.
- Puneet:** Post the equity infusion, you will have significant amount of equity capital which can be deployed for renewable projects. Would you look to take larger bets on the renewable side or will the typical bid or renewable development capacity that you intend to add every year would be similar to what you've done in the past?
- Dr. Praveer Sinha:** We'll do much bigger. This year we have plans to do nearly 3GWs and we have shared with you earlier that by 2027, we will become a 20 GW company from our present 5. As of yesterday only, we won a bid of 600 MW. We have never won a bid of such large capacity. So, we definitely are going big in renewable now that we have got the tie-up of funds.
- Puneet:** Lastly, on the Odisha Discom. There is a bit of disconnect between the technical losses, actual AT&C losses and the target AT&C losses. Is it fair to say that the reported accounts are not capturing the full AT&C losses, they're capturing only the technical part of it?
- Dr. Praveer Sinha:** So, they capture the AT&C losses only. And what we need to see is that our actual losses what we have got this year is much better than what we had internally as a company decided to do.

So, our performance has been very good compared to our own internal targets and it has of course been much better than what it was when we took over. And the last trajectory that we have given to the regulator, it is better than that also. I think we have done quite well in our Odisha Discoms in terms of reducing a loss.

Puneet: And you don't foresee any collection issues?

Dr. Praveer Sinha: There are collection issues, but we have been able to do very good collection during the last quarter.

Moderator: The next question is from the line Subhadip Mitra from JM Financial. Please go ahead.

Subhadip Mitra: So, two, three questions from my side. Firstly, on the Indonesian front, there have been a news flow about chances of DMO going up. So, is there any visibility on your part in terms of whether DMO is going to get further restricted?

Dr. Praveer Sinha: I'm not aware of any DMO going up. So, whatever is the official information is that 25% continues to be there. Of course, they will enforce that. Earlier they were not enforcing it and many of the coal companies were not supplying their obligation. But I don't think they have any plans to increase.

Subhadip Mitra: Secondly, on the UMPP numbers that are reported for the fourth quarter, while the losses have gone up, and I am trying to understand that these have been accounted without any pass-through of coal unlike what we have till 31st of December where there were some pass-through of coal?

Dr. Praveer Sinha: Yes, absolutely. So, we are still working out in arrangement. That arrangement has not been accounted for.

Subhadip Mitra: So, the entire loss has been booked in our fourth quarter?

Dr. Praveer Sinha: Yes.

Subhadip Mitra: So, with regard to the supplementary PPA that you are negotiating as of now, would this be on the contours of the high power committee recommendation, where we were looking at fixing the UMPP loss to a particular number after adjusting for the share of profits on coal?

Dr. Praveer Sinha: Yes, so that is one of the arrangements that is being discussed, but still not finalized. This is work-in progress and once it gets finalized, we'll share the details.

Subhadip Mitra: Lastly, with regard to the Odisha numbers that have been reported, I have seen your PPT, you've mentioned that I think close to ₹500 crores of arrears has been collected and booked in FY'22. So, do the profit numbers include the arrears which have been booked in as revenue, and if so, excluding these arrears, what would be the reported PAT numbers, if that's available?

- Dr. Praveer Sinha:** So, what happens is, it does not get added to the revenue, but it gets added to the PAT. So, whatever we collect before when we took over, we get 10% in the three Discoms, in the south, we get 20% of whatever we collect as the incentive payment. So, that has been accounted for.
- Subhadip Mitra:** So, then I would request the IR team to kind of help us with the breakup of these arrears so that we can understand what the adjusted PAT number would look like.
- Dr. Praveer Sinha:** It's there, it is on slide No.13, you can see there.
- Moderator:** The next question is in the line of Murtuza Arsiwala from Kotak Securities. Please go ahead.
- Murtuza Arsiwala:** Two questions from my end. Is it fair the coal profitability, the drop in gross margins sort of gets fully offset by the reduction in corporate tax? If you could give us some more contours of the supplementary power agreement which is being signed, what are the terms as well? And the third is on the Mundra merger, by when should we see the impact of it on the financials and the taxation given that it's effective from 1st April, so, what else needs to be done before we start seeing that in the numbers?
- Dr. Praveer Sinha:** The Mundra merger benefit has already been accounted from 1st of April 2020.
- Murtuza Arsiwala:** So, the current financials reported have the impact of the merger and resultant tax reduction?
- Dr. Praveer Sinha:** Absolutely right. Secondly, on the coal company, as I mentioned to you, the lower profit in last quarter is primarily because of the export ban, local DMO obligation, where you have to sell at \$70, and the third is because of heavy rain, lower production and lower sell-off. So, considering that now they will be able to produce at full capacity and is a catch up plan, and also the higher prices of coal in future quarters you will definitely see a much better result from them. As far as the Mundra thing is concerned, there are a lot of things which are being discussed in terms of how to adequately compensate the company now, whether it is the HPC formula or the new methodology where it will be on a cost plus basis, all those are being discussed. The objective is how to make this plant sustainable in the long run.
- Murtuza Arsiwala:** And for now, the PPA that is being signed, does it come open-ended in the sense of up to when it's effective saying that wherever till such time --?
- Dr. Praveer Sinha:** It will be effective from 1st January from the time that we have been supplying.
- Murtuza Arsiwala:** In terms of the end date, does it come with a finite life ?
- Dr. Praveer Sinha:** Those are being discussed and seen that how this can be done so that it becomes a long term. And also considering that there is a huge shortage of power in the country and this is not going to go away very quickly how this can be done so that it guarantees a certain amount of supply in Gujarat and the other beneficiary states.

- Moderator:** Next question is from the line of Anupam Goswami from B&K Securities. Please go ahead.
- Anupam Goswami:** You mentioned about the HPCA being valid till the coal cost remaining high. At what threshold price of coal cost are we thinking that level of high will justify? My second question is on the PLI benefit of the module and 4GW that we are extending. So, what is the PLI benefit in that?
- Dr. Praveer Sinha:** So, the PLI benefit will depend on what is the new policy of PLI comes. The earlier one we had applied and there was a waitlist, but I think ministry is now working on a new arrangement. So, we need to see that and then we'll be able to get an idea as to what sort of benefit will come. Secondly, the arrangement that will come with Mundra is that how it can be a long term arrangement and especially considering that the shortage of power will be there in subsequent years also, how to ensure that it ring fences the supply to the beneficiary states. Also, the prices which was pre-COVID was something like \$65 and all. They are definitely looking only if it comes to that level, they can go for the earlier arrangement but till such time that does not come the cost pass-through, pass-through arrangement has to be worked out.
- Anupam Goswami:** As far as I remember, even at \$65, we were making some losses in Mundra.
- Dr. Praveer Sinha:** So, the arrangement at that time has always been that all the stakeholders have to contribute. And if you remember at that time, there was an arrangement where the lenders were also there apart from the developer and procurer, and everyone was supposed to take some sort of contribution to come to an amicable arrangement. So, I think something similar to that has to be worked out.
- Anupam Goswami:** So, is there any other states also where talks are going on?
- Dr. Praveer Sinha:** No, we are trying to sort out first with Mundra before we go to the others.
- Moderator:** Next question is from the line of Deepika Mundra from JP Morgan. Please go ahead.
- Deepika Mundra:** Sir, I just wanted to understand a bit on the distribution privatization opportunity. Are you seeing after this union territory bids that happened, any significant progress with some of the states? And in that respect, your target of expanding that portfolio, where are you at in terms of your five year target?
- Dr. Praveer Sinha:** There are two aspects of this. One is the change in the Electricity Act, which was talking about delicensing. So, that has not happened and we are expecting that maybe in the monsoon session of parliament that might get passed. So, that will then give an opportunity for the state Discoms and the state governments to delicense it and get multiple players. The other is the typical CPP arrangement or the franchisee arrangement. I expect that some of the bigger states which have recently completed their elections, they may possibly go for something like this, as we have seen what happened in Odisha. So, we are very confident that there will be large opportunities which will be coming. Considering that many of the discounts are in financial stress and for them to sustain operation and supply quality power, they will require to bring private investment.

Deepika Mundra: The supplementary PPAs, etc., are under negotiation. What is your confidence level on being able to maintain the receivable from Discoms at fairly elevated cost of power being supplied?

Dr. Praveer Sinha: You know that there is huge shortage of power. And for them, it's very important that they pay for the power that we will supply so that we can continue to supply to them. So, our confidence level is 100% on this.

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

Rajesh Majumdar: I had a general question. I was just noticing on your PLF in renewables, come down a tad from Q4 last year from 27 to 24, whereas you are under the impression that PLF renewable actually is going up. So, what is the kind of PLF that we are foreseeing in renewables in the near future, solar part?

Dr. Praveer Sinha: Solar also, it's cyclic. So, starting from March till June, you have very good solar and then during some of the winter months, you don't have that good solar intensity. So, I think, one needs to look at it from the perspective of what sort of solar intensity are there. Also, what happens is that, there has been free creams during certain periods of the year, and we have seen that happening also in last quarter. So, these are the weather pattern changes which are happening, which we had not anticipated. And because of that they impact, but otherwise, if you see our solar projects, their availability has improved a lot from our 21 locations, I think, 17 locations are at 100% availability, and the balance of four are at 99.9 level availability. So, the availability of the plants are there. It's unfortunate that the solar intensity during those periods have been less. Virtually 100% almost.

Rajesh Majumdar: So, my second question is, basically, again, a general question. With the kind of peak load shortages we are already seeing, and with the kind of vagaries in solar power, as you correctly highlighted in terms of the seasonal patterns, etc., do we foresee a rethink on coal-based assets and we have already seen linkage of imported coal-based plants as an emergency measure, so do we see a rethink on the government part in terms of coal-based assets, and will the company do a rethink on this to some extent?

Dr. Praveer Sinha: We have no plans to go back to coal. And we strongly believe that going forward the renewable investment will only increase and there are very good solutions which are available which can supply renewable power not only during the periods they are producing, but also in the periods that they are not producing through a combination of storage solutions and doing a hybrid with hydro and other. So, we strongly believe that renewable is the way forward to meet the future power requirements.

Rajesh Majumdar: So, you foresee battery storage to basically take care of these kinds of discrepancies in the near future or is it going to be faster than what we anticipating because we don't see the kind of additions in renewables last year, to the extent that the government predicted around 30-35GW

per annum, but we only got about 15GW? So, if that is the rate going forward, we're going to have a serious situation five years down the line.

Dr. Praveer Sinha: Yes, so this speed and the pace of renewables which has to come has to increase so that we are able to meet the future requirements of power.

Rajesh Majumdar: You are expecting a jump in the additions basically?

Dr. Praveer Sinha: Yes, absolutely.

Moderator: The next question is from the line of Apoorva Bahadur from Investec. Please go ahead.

Apoorva Bahadur: Sir, wanted some clarity on these new mining regulations in Indonesia, especially pertaining to royalty. So, I'm seeing in this quarter we have almost a 28% rate of royalty despite having a larger share of DMO sale. So, is it that the rate of royalty has increased for DMO sale as well?

Dr. Praveer Sinha: Yes, so the rate of royalty has increased for all types. So, for DMO, it has I think become 20% and for export it is 24%. So, it's graded on the quality of coal and corporate tax, which was 45% has been now brought down to 22%. So, that's the difference that has come. You can see the slide No.7 that we have shared with you.

Apoorva Bahadur: And there is a profit-sharing element as well now?

Dr. Praveer Sinha: Yes. So, from 45% to 22% is 23% reduction and then they have increased royalty. So, it's virtually coming to equates.

Apoorva Bahadur: So, net-net, it's almost similar answer. On the Mundra supplemental PPA, will it entail some profit sharing from coal business as well?

Dr. Praveer Sinha: Those details are being worked out to see that how it becomes fair and equitable for all the stakeholders.

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

Gopal Nawandhar: Sir, can you just help us understand on what basis we have done accounting for Mundra? You have written ₹1 fuel cost under recovery and in the combined section, you have written fixed costs under recovery and some sharing of profit. So, can you just explain what exactly we have accounted in the Mundra?

Sanjeev Churiwala: What that we have accounted for is on a conservative basis given that we are actually discussing supplementary agreement with the government. While the understanding is that coal will be a company's pass-through but given that there are various elements which are still under discussion, the number that you see on under-recovery of ₹1, actually could be a much lower

amount when we progress on the discussions. But, we have done accounting on a very conservative basis.

Gopal Nawandhar: So, basically is it right to assume that in any given situation or the options which we are discussing, the losses or under-recovery will not be more than what we have accounted for?

Sanjeev Churiwala: Yes, that's the expectation, it should be lower.

Gopal Nawandhar: The second question is on this margins for solar EPC business and Tata Projects. So, there has been volatile and sometime 10%, sometime 4%, 5% So, what should be the steady state margin for the next year given the current order book and the kind of prices which we are building and the current commodity prices?

Sanjeev Churiwala: No, I think we have a very steady order book and very recently we also won 1 GW in Karnataka for the city, and it's almost ₹.5,500 crores with a good PAT margins. So, we are kind of very comfortable that next year, we should be able to start recovering on the PAT margins. As Dr. Sinha in his opening comment has mentioned, that we have seen a very volatile commodity prices, and of course, the cell and the module prices were very high. And to that extent for some of the projects we have done that work on the cost to reflect the true profitability. And that's why you see the Q4 the margins maybe lower. But we are very confident the next year with very healthy projects in the pipelines, plus the contract manufacturing that we're looking at, we are kind of only importing cells and doing the modules here locally, should be able to help us get back on track gradually.

Gopal Nawandhar: 7%-8% margin should be a reasonable estimate for next year? EPC and Tata Projects I was talking about because Tata Projects also ?

Sanjeev Churiwala: On Tata Projects, we do a one line accounting. Basically, Tata Projects also as an EPC, had gone through a similar route this year, and to the extent that they've also booked losses similar to what we have done in our EPC businesses. But hopefully, they're kind of recovering well, and they do also have a very healthy pipeline of projects going forward.

Gopal Nawandhar: So, is it fair to assume that whatever anticipated losses on the current order book would have already been accounted for and unless otherwise the prices go up further, there should not be any hiccup in the margins going ahead?

Sanjeev Churiwala: The market is very volatile, but we do plan with what we set in terms of being contract manufacturing, and in terms of our having a very healthy project pipeline with good margins, hopefully we should be able to sell through.

Gopal Nawandhar: Lastly, recently there was an order in AP about payment of receivables and all. So, can you share any update, what is the kind of receivables we have with AP government on the disputed PPAs, and what is the status, are we getting the payment on time now?

- Dr. Praveer Sinha:** As per the court orders, the payment was to be released in six weeks' time that AP Discoms have not given. So, we have filed a contempt petition against them and it will hit up in the high court to see that whatever is the order of the high court gets implemented and we get the money from them.
- Gopal Nawandhar:** What will be the disputed receivable as of 31st March?
- Dr. Praveer Sinha:** I think it's about ₹400-odd crores.
- Gopal Nawandhar:** And in terms of our debt, what is the breakup between NCDs and the term loan?
- Sanjeev Churiwala:** We can provide you separately, but we do have a proper mix of long term and short term in order to deliver a very optimal finance cost.
- Moderator:** We will take the last question from the line of Subhadip Mitra from JM Financial. Please go ahead.
- Subhadip Mitra:** Just wanted to understand that with ALM now being in place, do we see any restriction or threats to the existing EPC order book or to the IPP order book where the modules have now got to be procured locally instead of importing, and how do you see that panning out?
- Dr. Praveer Sinha:** We have tied up all our requirements based on the ALM requirements. So, we don't see any challenges. And whatever was required to be done before 31st March, we have received the material and those have been executed. So, this is all planned out and we will not have any issue going forward.
- Subhadip Mitra:** So, am I to then understand that any future order in flow will require domestic procurement of modules and then those you will have to look at new arrangement?
- Dr. Praveer Sinha:** Yes.
- Moderator:** Ladies and gentlemen, that would be a last question for today. I now hand the conference over to Dr. Sinha for closing comments. Thank you and over to you.
- Dr. Praveer Sinha:** Thank you very much to all of you for joining for this call. And if you have any other queries, our Investor Relations team will be happy to connect with you and take it forward. Thank you very much and take care.
- Sanjeev Churiwala:** Thank you. Bye-bye.
- Moderator:** Ladies and gentlemen on behalf of Tata Power, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.