



“Tata Power Limited
Q4 FY 2023 Earnings Conference Call”
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Moderator:

Ladies and gentlemen, good day, and welcome to the Tata Power Q4 FY '23 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Dr. Praveer Sinha, Managing Director, The Tata Power. Thank you and over to you sir.

Praveer Sinha:

Good evening, everyone, and thanks for joining the call. I'm joined today by my colleagues, Sanjeev Churiwala, CFO; Mr. JV Patil, Financial Controller, Kasturi and Rajesh from the Investor Relations and other members from my finance and corporate communication team. As all of you are aware, India's power demand continues to be very, very robust. In fact, the power demand grew by nearly 7% in the last quarter, but by nearly 9% in the full year. And this has seen growth right across all areas, summer generation grew by 8%. Renewables grew by 18% on a year-on-year basis. And this is expected to continue in future also. Normally, the ratio of power generation growth to our GDP growth used to be 0.94 in the last decade. But in the last 5 years, we have seen it to increase 1.11. And we expect that with more and more of the economic activity in the country, this will possibly get enhanced in the coming years.

We have seen that the international thermal coal prices have reduced considerably from a high of \$400 it has come down to less than \$200, and it will further stabilize as we move during the current year. And this also demonstrates that the price of power will, over a period of time, come down, especially those plants, which are operating on imported coal. We have seen the government is pushing for renewable capacity addition and they recently came out with an order, whereby they are targeting to auction nearly 50 gigawatt of renewable capacity, which includes solar, wind and hybrid solutions storage. And this will get added in, this will be bid out in this year as also in subsequent years. So a huge amount of push is being given by the government.

They have very clearly brought out, which will be the agencies which will carry out the bid and how they will do this bundle or power along with their existing generation capacities, especially NTPC, NHPC and some of the other public sector undertakings. On Mundra, we are pleased to inform you that our plant is operating four of the five units. The fifth one is under maintenance and under Section 11. And barring Haryana all these states are drawing full capacity of power from this. And as you are aware, under Section 11, we get a full pass-through of cost of power generation. That means the coal cost as well as the full fixed cost and all other related cost is a pass-through. And on similar lines, we will get it now and similar order was issued earlier in January by CERC for the last section 11 period.

Moving to the financials. The Tata Power has again reported a very good quarter, which has shown an excellent performance from all our businesses, our existing generation business, coal, gas and hydro have done very well. And so also our existing transmission, distribution and new areas of renewable EV charging. And this has shown that we have, again -- this is the 14th consecutive quarter in which we have shown an increase, our PAT for the quarter is INR939 crores, which is higher than the last year.

Similarly, the revenue has grown in this quarter as also our EBITDA, which has increased by 38% to INR3,101 crores. For the whole year, Tata Power reported a very strong revenue of INR56,000 crores, which is nearly 32% increase from the previous year. And the previous year itself was an increase of more than 30% from the year before.

And with the EBITDA of nearly INR10,000 crores for the first time we are crossing an EBITDA of INR10,000 crores and a PAT of INR3,810 crores. Our renewable capacity growth continues to be there. We have nearly 6,600 megawatts of renewable projects. out of which we have installed 3,927 -- and the balance, 2,669 is in the various stages of implementation. And hopefully, in the next 12 to 18 months, all of them will get completed.

During the quarter, TPREL, which is the renewable arm for the developing utility-scale projects, our own projects got orders of 200 megawatts from MSEDCL as also the green shoe option from TPDDL of 255 megawatt. We continue to get a large number of orders for our solar EPC business, and we have nearly an order backlog of INR17,000 crores, consisting of 4 gigawatt of projects to be implemented.

Our plans to set up 4 gigawatt cell and module manufacturing plant in Tamil Nādu is on track, and we expect the modules line to be ready by September, October and the cell line by the end of the year. So we are very much on track, and this has been one area of concern of how do we ensure that the uncertainty of supply as also of price is taken care. And hopefully, once the cell and module line comes, we will be much better and better to execute these projects within the cost that we have built.

Our rooftop business is seeing very good traction. We installed nearly 300 megawatt in Q4. And we also won new orders of 400 megawatts in the quarter.

We have a very good order backlog of nearly 468 megawatt of worth nearly INR1,900 crores. We have seen that during the year, our rooftop business has grown many times -- and we did a total installation during the year of 718 megawatts with a revenue of nearly INR2,770 crores. And as all of you are aware, we used to be a very small player in this market, but we have done very well in this market. Our Cumulatively, in fact, our solar rooftop portfolio has expanded more than 1,600 megawatts, and we are the largest and biggest in the market at present.

And this is right across in commercial buildings, industrial buildings and also residential business. We have also, in the last quarter, installed nearly 4,000 solar pumps, and we have nearly 97,000 solar pumps running right across the country in various states, which is the highest by any clients in the company.

In the green mobility space, we continue to grow and have a lot of partnerships. We recently signed up with the Coimbatore Municipal Corporation and also with GAIL. And we have more than 3,778 public and semi public EV chargers and nearly 39,000 home chargers, and we expect that this will grow in the coming years by adding public charges as well as fleet chargers and home chargers.

In our T&D business, we continue to perform very well and have been given a huge number of awards in different areas, whether it is in terms of transmission operations in Mumbai or the distribution business in Delhi, Mumbai and in Odisha.

And all our distribution companies have been doing exceedingly well. Specific mention is to the Odisha distribution business, where all the 4 discoms have reported very huge reduction in AT&C losses, and what we have seen is that during the quarter, the PAT from the Odisha DISCOMs has increased by nearly 30%, and for the whole year, the Odisha DISCOMs have reported a PAT of nearly INR253 crores. We have also been very conscious that our balance sheet should be very healthy, and our debt has been reduced by nearly INR2,800 crores in the March quarter, and our debt is now INR35,328 crores. This is because of very healthy operating performance, equity infusion by our strategic partner, and also working capital release.

So, a lot of our investment, and last year we did nearly INR6,600 crores of investment, has come from the internal accruals and the savings that we have done, and we expect that going forward, when we are targeting that in FY 2024, we will do an investment of nearly INR12,000 crores, which includes the investment in the new manufacturing plant, renewable projects, both group capital as well as utility scale our existing transmission and distribution businesses in Delhi, Mumbai, Odisha, will be able to get most of this money from our internal accruals and with operating profit that we make.

Acknowledging our efforts on debt reduction, S&P Global Ratings have upgraded Tata Power's consolidated credit rating from BB to BB+, and standalone credit rating from BB- to BB with a very stable outlook. Tata Power has also been awarded the India's Best Annual Report Award by Free Press General in Grant Thornton for 2021, for the quality of financial reporting and the disclosure.

Tata Power continues to be moving steadily in its long-term aspiration to build various businesses which give sustained performance, as has been seen in the last so many quarters, and this is also visible in the improvements that have been seen in various operational and financial metrics in each of the quarters and in each of these businesses.

I do look forward for your continued support in this direction, and I look forward to answering your questions, which between Sanjeev and me, we'll try to respond.

So, with that, I request Faizan to open the floor for Q&A.

Moderator: Thank you very much. The first question is from the line of Sumit Kishore from Axis Capital. Please go ahead.

Sumit Kishore: Good evening, Dr. Sinha. My first question is on the other income in the P&L for Q4. It seems to have gone up to INR8.7 billion versus INR2.59 billion in Q4 FY '22. What's driving the increase?

Sanjeev Churiwala: I'm Sanjeev Churiwala here. Let me take this question. When you look at Q4, I'll also draw your attention to the full year as well. Particularly, a big amount that you see is on account of dividend from Arutmin. And since so many people have been tracking Tata Power stock, as you're aware

that a few years back we had sold our stake in Arutmin mines and we were kind of waiting to get our full contribution back. I'm happy to report that a large chunk of the consideration, close to about INR900 crores have been received now. And we are in the process of winding up this complete transaction.

In the process, we also had about INR500 odd crores of shareholders' loan line that has been converted to dividend in our favor. And because this is a non-core asset sitting in the book, this is reflected in other income. So that is one. Second of course, this is the profit that you see. And there are two other transactions that are also written here. What you see, net of everything, is possibly a one-off item of INR183 crores positive. So that is because we also had, because of the situation that during January, February, March, we hardly ran our Mudra plant and there were some pay-or-take obligations for some of the logistics shipment providers, we have provided some penalty for them, about INR100 odd crores.

And Tata Projects was also in the process of cleaning up. And as such, Tata Projects posted higher losses. On account of that, we had to provide INR232 crores. But I guess when I look at the overall as a year, which is also important for you to consider because this will have a bearing as to how we look at it next year. While we have this INR512 crores dividend from our footprint, this is more of a one-off. But we also had a hit of almost INR478 crores, almost equivalent, because of Tata Projects' losses, which will not incur. And for the full year, we took almost close to INR200 crores of provisioning.

This is just provisioning for an onerous contract, assuming that the shipments that we had promised will not happen. And as a take-and-pay obligation, we have taken a provision. Now that the Section 11 notification is imposed and all our plants are running, hopefully we will be able to do many of the shipments as we go forward. And likely there could be a possibility of some reversal also happening.

Sumit Kishore: What is the provision related to shipments? I did not follow that.

Sanjeev Churiwala: We have a back-to-back tie-up for bringing our coal from Indonesia to our Mudra plant throughout the year, assuming that all the 4 and 5 units will be running. But given that during the year, as you are aware, that we had PPA, we had Section 11 notification till December and for January, February, March, we had hardly run the plant, we were not able to use those shipments. And as such, we had to contractually provide for that, assuming that this is an onerous contract. Now, from April onwards, we see all the 4 units running, hopefully we will be able to meet the contractual obligation.

Sumit Kishore: Just to clarify, both the Tata project's hit, as well as this hit on shipping costs, will not be part of other income, obviously. They will be appearing in their respective places as share of associate income and the share of above the EBITDA like.

Sanjeev Churiwala: Yes.

Sumit Kishore: My second question is related to the JV and associate profit in Q4. The share of profit has fallen sharply to INR179 crores in Q4, versus what we did in the first three quarters of FY23, which is close to about INR3,000 crores. The customary slide on breakup for JVs and associates has been

removed from the presentation deck. Can you provide color on performance of Indocoal and Tata projects in particular? Especially Indocoal, because it's such a significant portion of your business.

Sanjeev Churiwala: Let me give you some high-level color on this. Q4 has been a significant quarter in terms of what we see happening on overall coal prices globally, especially the Indonesian coal prices. We have seen a softening of the Indonesian coal prices happening. But where currently the regulations in Indonesia are, they're still supposed to pay a royalty basis a certain fixed slab. That the government has now changed. While the prices were falling down, the Indonesian coal mines had to pay still higher royalty. That is now, hopefully in the next two, three months, we'll start seeing some reversal and improvement happening over there. So that is one. Second is, as I said, on the part of Tata projects, for the full year, we have booked our share of JV losses of about INR480 crores and about INR200 odd crores in the last quarter. So as a result of that, you'll see a softening in our JV overall profits.

Sumit Kishore: What is the outlook there, given you own 47% stake in that company?

Sanjeev Churiwala: I think Tata projects kind of looks like have been able to clean up a lot of past losses, legacy losses. Tata's sons have now infused INR1,500 crores in that business. And to that extent, our stake, which is 48%, is now diluted to 31%. But given the current planning, we are looking forward to Tata projects making some profit in F '24. So against a loss that we have booked of INR480 crores in F '23 full year, we are expecting some profit to come in next year. So to that extent, yes, it will benefit us.

Sumit Kishore: When did your stake reduce to 31% and so Tata Power has not infused any equity in Tata projects?

Sanjeev Churiwala: No. So the stake reduced in the month of April.

Sumit Kishore: April '23?

Sanjeev Churiwala: April '23, yes.

Sumit Kishore: Tata's sons have infused INR1,500 crores?

Sanjeev Churiwala: Yes.

Sumit Kishore: Okay. I've just one more question on Mundra. If you could give us some sense on EBITDA for Mundra UMPP in Q4 and FY '23 and fuel cost under recovery per kilowatt hour over this period. Any color on receivables which are outstanding under Section 11, which have been booked but not yet realized?

Sanjeev Churiwala: So Section 11, actually means a full cost pass-through. And to that extent, we have started the four units already. But during the year, as you see, we were under various different regimes. We were earlier under PPA and then there was a special requirement to start the plant wherein the certain rate was agreed. Then we had Section 11 for a period. Then we, in the last three months, under PPA. So it's quite a complex working. To kind of just narrate everything on the call itself, I would request you to drop us a mail and Rajesh should kind of get back to you with some better clarification.

- Sumit Kishore:** Sure. Thank you.
- Sanjeev Churiwala:** But yes, I think what is also important to note that as of now, our four plants are operating under Section 11. And the Section 11 is as of now till June. And given the past range, we would expect that this to be extended to September, October.
- Sumit Kishore:** So just the total receivables that are due to you for Mundra UMPP, after imposition of Section 11 last year, the bulk of the fiscal was under Section 11. So are you getting those cash flows from the associated?
- Sanjeev Churiwala:** We are continuously getting our cash flows. And even in the latest appeal, CERC said to do all these DISCOM's to pay up 50%. So our net dues is not a very, very significant amount. So, to that extent, we have LCs with us. We also carry LCs with us.
- Praveer Sinha:** I think the total amount due is about INR300 crores.
- Sumit Kishore:** How much?
- Praveer Sinha:** Yes. Section 11, the amount is INR400 crores.
- Sumit Kishore:** Okay. Thank you so much. And wish you all the best.
- Sanjeev Churiwala:** But we have been receiving this amount even in the month of April itself. We have already received, close to INR150-odd crores. So we don't see any concerns with respect to our receivables.
- Sumit Kishore:** Sure. Those were my questions. Thank you.
- Sanjeev Churiwala:** Thank you, Sumit.
- Moderator:** Thank you. The next question is from the line of Puneet from HSBC. Please go ahead.
- Puneet:** Yes, thank you so much. And good to see performance improving with debt remaining under control. My first question is, is the understanding correct that in terms of pass-through, when you say pass-through, you are still assuming the 30% share in coal profits to be passed on to the customer and you'll retain the balance 70%?
- Praveer Sinha:** No. See, we have to go as per this section 11 order issued by CERC. So what it says is that whatever is the cost of coal, you will be given. On the mining profits, if you bring coal from KPC and use it in Mundra, to that extent, you will have to pay 30% of your share of the profit. So this is only for the quantity of coal that you bring from Mundra, bring from KPC. So if you do not bring, you will not. So last year when the section 11, we did very small quantity. I think about 15% was only brought from KPC. The rest was from outside. This year, there is no coal that has come from KPC. So there is virtually no impact of the profit sharing.
- Puneet:** Okay. That's very interesting. And any progress that you're seeing with your off-takers now, given that there is expectation of high power demand going into summers. Any progress on how the Mundra PPA will be redone?
- Praveer Sinha:** Right now, the section 11 is till 15th of June. So hopefully by that time, the procurers will find light. Because till that time, in any case, we will be operating the plant under Section 11.

- Puneet:** And would the understanding be correct that section 11 implementation is the best case scenario that you have?
- Praveer Sinha:** Yes, absolutely. Because Section 11 gives me a full pass-through of the cost without any issues.
- Puneet:** That's great. My second question is on the Odisha. The profitability is indeed quite good. Are you worried on account of any reserves, or is the collection also going on quite nicely?
- Praveer Sinha:** So Odisha, in the last quarter, we had a collection in each of the DISCOMS in the range of 140% to 150%. And for the whole year, the collection has been nearly more than 100%. So I think, Odisha has done exceedingly well in terms of the collection. And if you see the trend, it has been able to clear virtually a lot of the old outstanding. And of course, we had the ECL provision and based on that, we have already cleaned up a lot of receivables which are not expected. And that is primarily because there were issues on the way the billing was done. There were a lot of customers who were not there and were still billed. So I think the cleaning of operations has been done. And what you see as a profit, is a profit after considering all these things. So hopefully from next year, we will not have any such impact on our profitability. And we will see the real profit coming out of Odisha.
- Mind you, when we had bid, at that time we had considered that for the first three years, we will have no profit. We will have losses. In fact, the cumulative losses that we had considered was a very large number. Which right from year 1, we have been making profits. So it's actually a big turnaround story.
- Puneet:** Okay, that's very good to hear. Thank you so much. Lastly, in the renewable business, given that incrementally a lot of bids are going towards round the clock kind of model, are you prepared to bid for similar projects in terms of ability to capture storage, trading, etcetera?
- Praveer Sinha:** Yes, absolutely. We have very strong solutions on round the clock solutions. And we have now already offered a number of solutions, which is a combination of solar and wind. We are also now in the process of offering solar, wind, and storage. We are actually now implementing a project on a third-party EPC basis of solar and storage. So we are very much equipped. We are also working on our home storage projects. As you are aware, we already have hydro power plants, and we are working on that. So we will definitely be coming with very attractive solutions and very cost-effective solutions to consumers to provide them. 24x7, round the clock, peaking powers, as is the requirement of the customers.
- Sanjeev Churiwala:** If I look at what is in the pipeline, which is about 2.7 gigawatts, it's almost kind of more tilted towards hybrid at the moment. We already have 1.4 gigawatts in the pipeline, and this is happening for the first time because we have seen many hybrid bids coming up, and our wind ratio has been great. So to that point, as Dr. Sinha said, as and when we keep on bidding, we will be working towards it.
- Puneet:** I didn't see you participating in the round-the-clock project, which is why I asked, but it's great. Thank you so much for this clarity.
- Moderator:** Thank you. The next question is from the line of Rajesh Majumdar from B&K Securities. Please go ahead

Rajesh Majumdar: Yes, sir. Thanks for taking my call. Sir, I had a question on the Renewables hybrid project. What are the current discovered tariffs versus the fall in the module or the sale prices? Where are the ROEs now at the current discovered tariffs, or some color on that?

Praveer Sinha: No color can be given on this because it all depends on where you are setting up the project. If I set up in Rajasthan, it has a different context of tariff. If I set up in Gujarat, it has different. In Karnataka, it is different. So it is very difficult to have the same brush to say what sort of tariffs will come in which state. Also, it depends on what is the cost of land in those areas and what sort of wind speeds and what sort of solar intensity is there. There is no generalization that can be done.

As regards the cost is concerned, we had seen the cost of modules go up to \$0.32 to \$0.34. It has come down in the range of about \$0.22 to \$0.23. So, I think it has come down drastically. So, also the cost of cells and cost of wafer, polysilicon everything has come down because of more demand, more manufacturing capacity that has been set up, not only in China but in other parts of the world, including ASEAN countries and also capacity additions, which are expected in the country. So, I think we are moving in the right direction. The Slide 19, which has been shared with you will give you a much better perspective.

Rajesh Majumdar: And sir, what is the current PLF being realized in the hybrid projects versus the PLF we were getting earlier on standalone solar, for example, or even in the solar projects themselves, have the sale has gone up compared to what we were getting last year or something like that?

Praveer Sinha: The PLF for different locations, again, depends on what sort of weather conditions are there. So, if the weather conditions are good in some places it has gone up, some places, the weather has not been very good. Also extreme weather conditions we have been seeing in the month of April, last few days of the month, there was a lot of rain and the cloud cover, so the generation has not been good during that period but the balance of the month, it was very good. So, it all depends on how it is changing. Also, we have given the slide which gives you the operational highlights, which is Slide 27, you can see that the availability of all these plants.

Rajesh Majumdar: Sure, sure, sir. And sir, just one question on TPSSL. It seems that the profitability has gone up, but the sales is down. So, is that just because of some kind of completion of projects in Q4, the operating income is down from INR3,481 to INR2,958 but is the EBITDA is up from INR77 to INR85 and the PAT is also substantially up?

Praveer Sinha: Yes, you're absolutely right that we were a little selective in terms of executing the projects. And that's why our, we didn't execute some of the projects because the cost of the module was a little higher. And I think that was a good decision because by deferring those projects, we will be able to get the benefit of lower cost in the future. And also, some of the high profit margin projects were completed in the last quarter, which has given us better EBITDA margins.

Rajesh Majumdar: So, will the steady-state margins go up a little bit in TPSSL it safe to assume that compared to what you have been changing in the past?

Praveer Sinha: That's what is our game plan. So, we definitely expect now that the prices are coming up, our margins should go up in the future.

- Rajesh Majumdar:** Fine. That's quite helpful. Thank you.
- Moderator:** Thank you. The next question is from the line of Bharanidhar Vijayakumar from Avendus Spark Capital. Please go ahead.
- Bharanidhar Vijayakumar:** So you mentioned that for the fourth quarter, the Tata Projects loss was about INR200 crores. Am I right, sir?
- Sanjeev Churiwala:** Yes.
- Bharanidhar Vijayakumar:** So what would be the profit for the coal companies in the quarter?
- Sanjeev Churiwala:** So I think if you can send the mail we can share separately with you. So, I think what you see the JV profits, gives an indication on softening of the coal prices and the softening of the profits. But if you need specific details, we can share with you offline separately.
- Bharanidhar Vijayakumar:** Sure. My second question is on Mundra. Now since the Section 11 was operational from mid of March, but we were not operating for a reason that we were waiting for some deals to come in. So, what has changed now that we have started the operations?
- Praveer Sinha:** Because the money came consequent to the decision. So they paid the money and a very small amount of Section 11 payment is due now. So virtually, all the money has come and that is why we have started the plant. And so also the other states Punjab and Haryana, has been asked by Aptel to make payment in two weeks time. So, that's why we started from 16th of April...
- Bharanidhar Vijayakumar:** Okay. So, could you quantify the amount that came in? And was it in receivables, which was realized as cash in cash?
- Praveer Sinha:** It will get reflected in this quarter because this order was issued in, I think, around 16th April. So, it will get reflected in this month, of this quarter results.
- Bharanidhar Vijayakumar:** Okay. My final question is on the other income clarification, you gave. So, net profit booked on consideration got for Arutmin sale. You said it's INR512 crores. Am I right, sir? Which is booked in...
- Sanjeev Churiwala:** As I clarified to I think, Sumit, we have sold this Arutmin mine about a few years back, and we were supposed to get a total remaining consideration of close to about INR1,200 crores. We have been able to now receive a major consideration already in this year. So we are in the process of winding up this transaction. There was a shareholder loan of INR512 crores that's outstanding, which has been converted to dividend. And given that this is a noncore asset to that extent that INR512 is treated as part of the other income.
- Bharanidhar Vijayakumar:** Okay. So what is remaining to be incurred in a similar fashion in the future, sir?
- Sanjeev Churiwala:** No. So now what is remaining is to kind of get the remaining amount, which is close to about \$27 million, \$28 million. So we are hoping that money should also come very soon. And thereafter, we will close the transaction.

- Moderator:** Next question is from the line of Girish Achhipalia from Morgan Stanley. Please go ahead.
- Girish Achhipalia:** Sir, actually, a few things. So, why have we stopped disclosing the coal profitability from this quarter? We've been doing it for several quarters now.
- Sanjeev Churiwala:** The coal profitability is kind of reflected in the JV profits that we are sharing, but we're not exclusively giving exact numbers for the coal mines because that's not warranted. But if you need separate details, you can just drop in the mail, you can always share.
- Girish Achhipalia:** But sir, we've been giving it for several quarters now. How do we understand the results because there's been a big number on your profits for several quarters now...
- Sanjeev Churiwala:** The whole process there is that we 'on't look at our coal mines on a stand-alone basis.
- Girish Achhipalia:** Absolutely. T'at's why I want to look at it completely. T'at's why I want to look at Mundra because you stopped giving Mundra and now you stop giving coal' I'm wondering what next because TATA Power is always known for very strong disclosures.
- Sanjeev Churiwala:** Yes. So, disclosures...
- Girish Achhipalia:** Initial slides also going down, sir. Pardon me, but I mean, like for example, I mean, I 'an't reconcile your renewable business, TPREL and WREL. Why would revenues be down Y-o-Y in Q4?
- Sanjeev Churiwala:** I think there are a couple of questions that is there. A is our disclosure in terms of the presentation this time you see, we have made a dramatic change in terms of simplifying the overall presentation in the...
- Girish Achhipalia:** Coal is the part of the disclosure, right? Coal is an inherent part of our profitability.
- Sanjeev Churiwala:** Yes. So Mundra is now not a stand-alone company. Mundra is part of Tata Power Company itself. So, we are not segregating Mundra from there. And then...
- Girish Achhipalia:** Disclosing the operating parameters on Mundra as well, right? And coal also, you were till last quarter, you were disclosing everything.
- Sanjeev Churiwala:** No, I think what we have very clearly said also that...
- Girish Achhipalia:** In quarter three, there was slide 20 and slide 21. There were two slides.
- Sanjeev Churiwala:** Yes, 'ou're right, Girish, but we 'on't want the number to be misused by the competition on the...
- Girish Achhipalia:** W'at's the competition here, sir? In terms of competition pardon me, but 'ho's the competition here...
- Sanjeev Churiwala:** Well, I think we can always have these different views. But the fact is, if you need the details, we can provide to you.

- Girish Achhipalia:** Sir, tell me what is the renewable, why is the renewable revenue down Y-o-Y for TPREL and WREL?
- Sanjeev Churiwala:** Last year, we had a one-off revenue and profit that was both removing the one-off Y-o-Y is higher.
- Girish Achhipalia:** What is the one-off, sir, please? Can you help us? Because the slides 'on't have any details.
- Praveer Sinha:** Okay. And that we can give you, the one-off is basically because last year, we got some orders, which was order from the regulatory commission because of that, we have taken.
- Girish Achhipalia:** Yes. Do we know returns over here please?
- Praveer Sinha:** Yes, INR182 crores.
- Girish Achhipalia:** Across two entities, TPREL and WREL?
- Praveer Sinha:** Yes, yes. These are the two entities because the others are very small ones. And...
- Girish Achhipalia:** If this is a revenue impact, what is the PAT impact here on this level?
- Praveer Sinha:** This is not the revenue. This is the PAT impact, Revenue impact is about INR350 crores. But we can check and let you know. I don't have it off hand, but that's correct. I know the PAT number is INR182, but the revenue number I can share with you.
- Girish Achhipalia:** Okay, sure. And then capex we will have incurred capex of INR7,656 crores as per your cash flow. Can you help us like how much has the renewable gross block gone up by? And where the other broadly where the money has been spent out of that INR7,656 capex that you have incurred this year. And what's the outlook for FY...
- Praveer Sinha:** **It is not** It's some it is 6267. So out of that, we can give you a...
- Girish Achhipalia:** I'm referring to your consolidated cash flow statement on page number 12.
- Praveer Sinha:** Got it because we do the elimination in the assets because...
- Sanjeev Churiwala:** I can give you much broad number. Our total capex on the console all put together is about INR6,500-odd crores roughly give and take. And if you look at our renewables in spite of some of the deferrals that we have done, our total capex is close to about INR2,500-odd crores.
- Girish Achhipalia:** Okay. And what is the outlook for FY'24, please? For capex?
- Sanjeev Churiwala:** We already have in the pipe see, if you have already seen the disclosures, we have commissioned about close to 4GW. In the pipeline, we have close to about 2GW.
- Praveer Sinha:** 2.6
- Sanjeev Churiwala:** Yes, 2.6, 2.6GW, and our order book as of now is about close to INR17,000 crores, right? So, hopefully, we'll have a much higher capex in FY'24 next year or the current year.

- Girish Achhipalia:** How much should I assume, sir, for my modelling total?
- Praveer Sinha:** Our total capex, sir, for FY'24 is about INR12,000 crores, which consists of about INR3,000 crores for the manufacturing plants. And they would be about, I would say, INR4,500 crores in the renewables for group captive as well as for utilities scale. So, that's the type of numbers that we have. And then we have, of course, capex for our transmission and Odisha Discom and Mumbai and Delhi Discom. So, that's what. And then there is some capex which is there for our FGDs for the coal business.
- Girish Achhipalia:** So, is it fair to assume, given that your operating cash flow was this year INR7,100 crores, and if you were spending INR12,000 crores next year, next year also you will have a free cash flow negative year? Is that a fair comment to make?
- Praveer Sinha:** It's a wrong assessment. I told you that this year also we will whatever capex we did from our free cash flow. Similarly, next year also I will do my capex more or less to the free cash flow that I have.
- Sanjeev Churiwala:** If I could also add, while you were looking at the free cash flow that is available, for example in '23 full year, we had an operating cash flow close to about INR6,500-odd crores, but at the same time we also separately received equity infusion of INR4,000-odd crores, which is also kind of sitting with us, right? And this equity will be utilized next year for the purpose of our capex.
- Girish Achhipalia:** Okay, understood. So, INR12,000 crores of capex is what you are saying for FY'24? Understood sir. Thank you so much.
- Sanjeev Churiwala:** We want to deliver a higher operating cash flow and also use the existing equity to kind of draw down to deliver our capex aspirations.
- Girish Achhipalia:** Okay, thank you.
- Moderator:** Thank you. The next question is from the line of Abhishek Maheshwari from Sky Ridge Wealth Management. Please go ahead.
- Abhishek Maheshwari:** Yes, hi. Thank you for taking my question. So, one simple question. When we talk about Section 11 where it gives us a full cost pass-through, do we also get a margin for that or is it only just cost that we are recovering?
- Praveer Sinha:** So, we get the full fixed cost. So, whatever is our fixed cost, we get the full fixed cost. So, that is assumed to have a built-in margin.
- Abhishek Maheshwari:** Okay. And secondly, regarding the Section 11 only, right now it's applicable till June. Is there any possibility of this becoming permanent going ahead or, you know, too soon to make any assumption?
- Praveer Sinha:** It will not be permanent but it will again, if the summer condition continues and there is a shortage of power, then it may get extended. Like last year also, it started from 5th May onwards to 30th June got extended till 31st of October and then got extended up to 31st December. So, it

all depends as to what is the demand supply and what sort of weather conditions are there and very difficult to predict what will happen.

Abhishek Maheshwari: Okay. And one question regarding the capex plan that we were discussing previously. What capex are you planning to spend on transmission and distribution in FY'24? I'm sorry, I missed it. You have already mentioned.

Praveer Sinha: So, I mentioned to you that 3000 will do on the manufacturing. We will do about 4500 for our renewable projects and then we have some capex for our generation business GD and all that. And you can consider maybe about INR3000 crores-3500 crores but exact numbers we can give you separately.

Abhishek Maheshwari: Okay. Got it. Understood. And one last question. Regarding your...

Praveer Sinha: And we will be able to provide you with that but approximately it is in this range.

Abhishek Maheshwari: Okay understood. And just one last question regarding the module manufacturing project. You know, I think previous participant had already asked, you know, how will the economics be affected now that the solar module and wafer costs, everything is going down. Is your internal IRR also changing or is it more or less the same since the realization as well as the realization as well as the costs both are going down?

Praveer Sinha: So, when we had considered the manufacturing at that time, the cost of module was \$0.18 with 40% basic customs duty. With that also we were making very good returns. So, now the module prices are still \$0.21-\$0.22. So, we would still be doing very good.

Abhishek Maheshwari: Okay. Great. Thank you very much. All the best.

Moderator: Thank you. The next question is from the line of Harshil Solanki from Equitree Capital Advisors. Please go ahead.

Harshil Solanki: Hi, team. Good evening. My question is on the solar pump side. Sir, any update on the price revision that is expected in the KUSUM Scheme?

Praveer Sinha: I don't know that. If it happens, we will let you know. Can't predict these things.

Sanjeev Churiwala: It all depends on the bidding process and I think you should hear the financial year ending has just happened. And I think in the next one quarter we will get to know the new prices as well.

Harshil Solanki: Okay and what is the internal expectation on the price hike? What are we expecting? How much percentage?

Praveer Sinha: Price hike on?

Harshil Solanki: There is a revised price. How much percentage increase are we budgeting sir?

Praveer Sinha: See that is the business we do if we get prices to our requirement. If we will not get we will not go and do that.

- Harshil Solanki:** Okay. Got it. Thanks.
- Moderator:** Thank you. The next question is from the line of Rajesh Majumdar from B&K Securities. Please go ahead.
- Rajesh Majumdar:** Thanks for taking me again. I actually got confused with one figure. You mentioned that the RE capex is going to be only INR4500 crores. Am I reading something wrong here? That means you are going to be adding just about 1GW this year? Or is there something I am reading wrong? If you are going to be adding just 1GW and you are going to be expanding the module capacity, the total India additions will be just about 10GW this year? Or am I reading this wrong?
- Praveer Sinha:** I am not able to make out. Can you take this question offline with Rajesh tomorrow?
- Rajesh Majumdar:** Yes, sure. Okay. Thank you.
- Moderator:** Thank you. Ladies and gentlemen, we will take that as a last question. I now hand the conference over to the management for closing comments.
- Praveer Sinha:** Thank you, everyone. I know you still have a lot of questions. My suggestion is please connect with Rajesh and we'll try to respond to all the questions you have. Also, on some of the aspects on the details which have been shared, if you feel that you want more details, more micro information on that, we should be in a position to share that. It's just that there are certain requirements in terms of governance where we would like to share information in a way that is more acceptable to the market and also to the stakeholders. So that's why these changes have been made. But the purpose of changes is to bring more transparency and to make it simple to read.
- And many a times many of the analysts have got back that it is very confusing. So a lot of effort has been made by Rajesh and team to come up with the revised presentation. But we always keep on improving and your feedback will be useful for us to improve and provide more data and information which is relevant and useful for your requirement. So, we look forward for your comments on that and we look forward for your feedback which will help us to make it much more and much simpler and much more detailed as is required. But in any case whatever you would require we will furnish that. Offline you can connect and we will be more than happy to provide. Once again thank you everyone for joining and take care and hope to catch up soon in person.
- Moderator:** Thank you. Ladies and gentlemen, on behalf of the Tata Power, that concludes this conference. Thank you for joining us and you may now disconnect your lines.