



“The Tata Power Company Limited Q1 FY24 Earnings  
Conference Call”

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**MANAGEMENT: DR. PRAVEER SINHA – CEO & MANAGING DIRECTOR,  
TATA POWER LIMITED  
MR. SANJEEV CHURIWALA – CFO, TATA POWER  
LIMITED  
MR. J. V. PATIL – FINANCIAL CONTROLLER, TATA  
POWER LIMITED  
MR. SOUNDARARAJAN KASTURI – INVESTOR  
RELATIONS, TATA POWER  
MR. RAJESH LACHHANI – INVESTOR RELATIONS,  
TATA POWER LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to the Tata Power Q1 FY24 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.

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

**Dr. Praveer Sinha:** Thank you. Thank you very much and good afternoon to all the analysts who have joined for the call. I have with me my colleagues Sanjeev Churiwala – CFO, J V Patil – Financial Controller, Kasturi and Rajesh Lachhani from the Investor Relations and other members from the finance team.

Just to give you a little background on the power sector globally and in the country, during the first quarter that is during the period April, May, June this year, there were extreme weather conditions. We had heavy rains right through these months and we saw that we also had the cyclone in the Western part of India impacting Gujarat. We also had the extreme weather conditions in Odisha where large number of times the Kalbaisakhi, which is lower level of cyclone, came over there due to extreme heat conditions and due to all these reasons, the consumption of power during the last quarter only increased by 1.5%, which was not expected based on the earlier trends, in fact the month of February had seen very high temperature. We were expecting much higher growth in consumption. We also saw how globally the coal prices have come down and to that extent, today imported coal is available in large quantity and at a much lower price compared to last year. We also saw that the prices of solar material that is solar cells and modules and wafers have come down drastically and we expected that with more capacity addition that will take place in China and some of the other countries in Southeast Asia, there will be an oversupply and there will be much restrained prices of cells and modules going forward.

As far as Tata Power is concerned, this is the 15th consecutive quarter in which we have shown a growth in our PAT. For this quarter, the reported PAT is Rs. 1,141 crores compared to Rs. 884 crores. And if we see the PAT before exceptional items, which is in the core business, it is Rs. 906 crores compared to Rs. 884 crores. Our revenue has virtually remained flat, Rs. 15,003 crores compared to Rs. 14,776 crores. But there has been a huge improvement in the EBITDA, which has grown to Rs. 3,005 crores compared to Rs. 2,107 crores, 43% growth, showing the robustness of the core business of Tata Power. We have also seen that during this quarter, all our businesses have done exceedingly well. Whether it is our existing generation business, all of them have performed much better than the previous years and the benefit of efficiency and

improved cost control, the results are there for all to see. Similarly, our Mundra plant has operated during this quarter under section 11 and it continues to do that till 30<sup>th</sup> September. And if the heat conditions continues, it may get extended and to that extent, our operations at Mundra are cost reflective and our losses are very restricted over there. Our core business, of course, though it is doing very steady because of the prices coming down has reduced profit compared to last year, but the reduction in profit in coal business has been more than made up by our existing operations in our generation business, Mundra as also in our renewable and in our T&D business where all our businesses are virtually getting stabilized and the improvements that have happened over there because of fundamental business, which has become much more robust. We will see this continuing in future quarter and is the precursor of the improvements that we would see subsequently.

In our transmission and distribution business, our Odisha business has stabilized to a large extent, notwithstanding the fact that we had a very tough 3 months wherein we had to do huge amount of restoration activities and field activities to take care of the weather conditions, but I think again the Odisha business has stabilized and future quarter performance will be much better for us to see. Our EV business also has been doing consistently very well. Our operations right across the country, we have nearly 4,400 public charges, 50,000 home charges and large number of bus charges that we are putting. We are putting one of the largest number of bus charges, nearly 1200 in various cities in the country under ESL tenders that was won by our OEM partner, Tata Motors.

If we look at our other area, our balance sheet has improved. Our debt equity ratio continues to be at 1.1 and our working capital has improved over the period of time, which has helped us to ensure that we are within all the financial metrics that we have planned for ourselves, though the debt during the period increased because of the huge CAPEX that we have planned this year, Rs. 12,000 crores. We would still be within the ceiling of 3.5 for the net debt to underlying EBITDA. During the quarter, we have also seen that our ratings have improved. Both ICRA and CARE have upgraded their credit rating from AA stable to AA positive and this is a reflection of the performance of the company in better management of them financially.

We have also been awarded in a number of places, whether it is in terms of employer brand or also in areas such as corporate governance, and I think it all demonstrates and shows the good performance of the company in all **(Inaudible) 08:24**. I'm sure Tata Power, the way it has been steadily improving, its performance will continue to do that in future quarters also and we'll maintain a very healthy balance sheet going forward. All our existing operations and the growth areas will continue to perform well in the future also and I'm sure we will continue to get your support in meeting all the objectives of the company.

With this, I will ask Yashashri to open the floor for questions and answers.

**Moderator:** Thank you very much, sir. We will now begin the question-and-answer session. We have our first question from the line of Sumit Kishore from Axis Capital. Please go ahead.

**Sumit Kishore:** Good evening Dr. Sinha. My first question is on the solar EPC business. The solar rooftop revenue is down year-on-year. Solar pump is also down and the quarterly run rate for the utility scale solar EPC business revenue booking is significantly low as compared to the 170 billion order backlog that you have there. So, how would you cite this performance relative to the FY25 and FY27 targets that you had given us on scale up for solar EPC business?

**Dr. Praveer Sinha:** So, this is a timing issue. One is on solar pumps, by design, we are going slow because the orders under the KUSUM program have not come. Also, the margins in the KUSUM program in the earlier ones were very low and hence we have decided that we will wait for the revised KUSUM program to come before we go full out. As far as our rooftop is concerned, our business has done very well in this quarter, the margins have improved tremendously. And we expect that the order backlog that we have, we will be executing in the subsequent quarter with much better and higher margins because the emphasis is now that we should improve our margins in all these business, having established ourselves in more than 460 cities with our channel partners and that's what you would see in our PAT and EBITDA for the rooftop business. Similarly, on our EPC projects, you would see that our margins have improved, though we have not executed too many orders because the full benefit of lower prices of cells and modules which we are now going to get, will get reflected in Q2, but more in Q3 and Q4 because now we have ordered all of them and they will start coming from the month of September onwards. So, you will see that on an overall basis, we will be doing very well in all these businesses and the real improvement and the benefits you would start seeing in this subsequent quarter.

**Sumit Kishore:** Sure. My second question is on Mundra. We see that the plant availability despite Section 11 being in work was just about 54%. In fact, down on a year-on-year basis. So, why is that and is there any update on the Mundra PPA resolution?

**Dr. Praveer Sinha:** So, one of the units is down, there was a transformer failure in one of the units, so only four units are operating out of the five. And then we started operating under Section 11 from 15th of April because we were wanting to first resolve the SPPA issues, but since Section 11 was already imposed, there was a delay from the procurer side to finalize it, and then we said we'll operate it under Section 11. So, I think this quarter you will see our availability will improve drastically. Incidentally, the plant is operating, all the four units are operating. And being a low cost or one of the most efficient plants on merit order, it is being scheduled compared to all the other plants nearby plants in Gujarat. So, I think you will see much better performance in terms of both availability and PLF. But yes, in the first quarter we missed the first 15 days and that's why you see a lower availability and PLF.

- Sumit Kishore:** What is the implied equity value of Tata projects for the fund raise which has happened? In Tata projects, what is the implied equity value for 100% equity stake?
- Mr. Sanjeev Churiwala:** So, basically if you're talking about the number of shares that is held by TPCL that has come down from 47.78% to 30.81% and the book value per share is about Rs. 110 per share.
- Sumit Kishore:** I'm not talking about the book value. I'm talking about the total implied equity value for Tata projects?
- Mr. Sanjeev Churiwala:** I think we have a stake holding of about 30.81, so 31% which is at a book value of 110. So, you can simply multiply this by almost like 3.5x, that would be the total book value of the shares.
- Sumit Kishore:** I will take that separately. Finally, my question is on Rs. 100 odd crores of income that you have booked from Maithon. That is a non-recurring income, right? So, we should be adjusting it in the profits?
- Dr. Praveer Sinha:** No, it's not non-recurring, I would say this is the nature of the business it is because across our various procurers, we keep on having this discussion on the tariff adjustments and the relief that we sought. For example, in this particular case, during the COVID, of course, the plant utilization was low and we had to seek relief and they've given us the relief. It just takes time and normally every year you will have something or the other coming up, right? So, we don't classify this as a non-recurring. But Yes on one particular plant, it may be non-recurring, but it will have some other plants across the entire thermal generation capacity across procurers every year you will have something or the other coming up and that's the nature of the business.
- Sumit Kishore:** Fair enough. Over next 5 years, how do you foresee demand for group captive renewable capacities from Tata Group companies, especially Tata? That's my last question. Thank you.
- Dr. Praveer Sinha:** There is lot of opportunity now, especially there has been an amendment in the policy both on group captive as well as on open access where anything more than 100 kilowatts you can supply under open access and group captive, the definition has been widened. So, you would find that all the new plants of Tata Group which are coming, whether it is the electronics plant or the battery plant or any of the other new semiconductor initiatives, the growth of Tata Motors in their new plant, EV plant which is coming up in Sanand. So, everywhere you will find that we will have a huge opportunity and we will virtually be having 100% renewable supply to all these customers. But apart from that, we are also getting huge opportunities outside and we can share there's a very large list of group captive customers which we have tied up in last quarter and we continue to get it on a regular basis and you would see that our group captive business this year will be quite substantial.

**Moderator:** Thank you. We have our next question from the line of Mohit Kumar from ICICI Securities. Please go ahead.

**Mohit Kumar:** Sir, first question is on the solar pumps. I understand that there is a new SECI bid which is up for bidding. Can you just explain is there any change in tender terms compared to the last tender which afforded by ESL and what are the timelines for the bids?

**Dr. Praveer Sinha:** So, the solar pump, the last big bid happened was in 2020 and thereafter the bids have still not happened now. ESL is not doing the bids that mandate has been given to SECI. So, we still have to see now what sort of new bids are coming, but what has also happened is that there are number of states which are coming up with the different combinations of these, not just solar pumps but the rural electrification of grids like Maharashtra is coming up with a huge plan to set up nearly 7000 megawatts of solar generation in rural areas, which is very close to existing grids, so that the evacuation of power takes place and the purpose is that it will supply to the local areas in the rural area for pumping purpose as well as for local supply to the other types of consumers. So, I think different combinations of the KUSUM program will come, which I think will help a much better penetration of solar in rural areas.

**Mohit Kumar:** Is it that you are less optimistic about the solar pump in the near term? Is that right fair assessment?

**Dr. Praveer Sinha:** Not that. It will go certain modifications because the earlier programs were not so successful and hence each one of them, KUSUM had three components, KUSUM A, B, C. We are seeing that the KUSUM C initiative will possibly get more traction compared to the KUSUM A&B.

**Mohit Kumar:** So, my second question is, how much is the capacity you expect on the renewable side to install in FY24 and FY25?

**Dr. Praveer Sinha:** There are two parts. One is capacity bid out and capacity installation. Now, the installation of FY24 and 25 will be all those which will bid out in the previous years and you have seen MNRE has also given extension up to 31<sup>st</sup> March for the projects, which were ordered in '21-22 and also for DCR projects up to 30<sup>th</sup> September 2024. So, I think many of the projects, which could not come earlier because of abnormal increase in project cost, increase in cost of cells and modules, those will get executed in this year. The ones where the bidding is being taken place will take about 24 months to come up, so they will only come in more in FY26 and 27.

**Mohit Kumar:** I am asking sir our capacity, so how much you expect to install in FY24 and FY25, is it possible to give the number?

**Dr. Praveer Sinha:** I don't have that number. We can check from MNRE's website or some of the people who carry out these reports which to... Our number is I think this year we are targeting to set up nearly 2.5

GW, which partly is for us and partly is the third party. So, that's the type of number that we are looking that we will set up this year and as I mentioned to you, we have nearly 4 GW order, which is under execution which includes for us also and outside, some of that will get into FY25.

**Moderator:** Thank you. We have our next question from the line of Puneet Gulati from HSBC. Please go ahead.

**Puneet Gulati:** My first question is on the Odisha discoms. Can you help us understand how to read this? You know your performance versus AT&T losses, till last quarter, I think you were trending below the trajectory and now this this quarter it seems you are above the trajectory. How should one read that, if you can give some more color there?

**Dr. Praveer Sinha:** So, as I mentioned to you last quarter, because of the extreme weather conditions, the billing efficiency and collection efficiencies were impacted and that is why when you have to see the distribution business, AT&T losses, you have to see on a 12-month rolling basis and not on 3-month basis because some of the supplies that takes place in summer months, the collection happens in the subsequent months and some of the earlier collections, which were now there that gets adjusted. So, I think you have to see more from a 12-month cycle rather than just seeing on quarter-to-quarter because many of these things get you if there is a lesser collection in one month; in the next month, you end up doing 105% or 110% collection and that will get reflected in the subsequent quarter.

**Puneet Gulati:** Understood. And second question is on the Tata Power EPC business. This quarter also, margin seemed to be a bit lower. What would that be attributable to and where do you think will these margins ultimately....

**Dr. Praveer Sinha:** So, I think the worst is behind us as far as the EPC business is there. We were under tremendous stress because there were some legacy orders, which we had to execute. Now that the prices of cells and modules have come down, you will see most of it getting reflected in Q3 and Q4. Q2 also, you will start seeing early stages of improvement. So, you will actually see all the improvements coming in the subsequent quarter and we'll be able to do a much better margin going forward.

**Puneet Gulati:** But I thought that hump was crossed last quarter itself when you reported almost 10% EBITDA margin, so what..?

**Dr. Praveer Sinha:** So, I think there are some rollovers which were there, which could not get completed in the month of March. They rolled over to April, May and that's what it is and that is why you do not see too much of topline also compared to what we would have otherwise done. So, going forward, you will find that our topline will also improve and the bottomline will also.

- Puneet Gulati:** And lastly, you are one of the best capitalized firms in terms of available equity for renewable power. How are you positioning yourself in the SECI bidding as well? Do you think the current tariffs have become attractive enough for you to participate or you think the expected IRR is still low from those?
- Dr. Praveer Sinha:** We have our band within which we operate and we ensure that we bid within those bands. We have seen last year we won a large number of orders nearly 2.6 GW of order that we have won and most of them were hybrid orders. They were not pure solar or pure wind. In any case, we don't bid pure wind. We only bid either pure solar or hybrid solution. So, you will find that the returns in complex solutions of hybrid are much better compared to the returns in pure vanilla solar or pure vanilla wind.
- Puneet Gulati:** How is company prepared in terms of the more complex bids which are coming in from dispatchable power etc.?
- Dr. Praveer Sinha:** You see, other than solar and wind, we have not gone for storage. We will now go now that you would have heard that yesterday we went and signed the MoU for setting up pumped hydro. Now, we will be in a position to offer combined solution with storage also. So, I think those projects we will be able to get much better returns.
- Puneet Gulati:** And what is the timeline one should think about those pumped hydro projects? Still MoU, I presume?
- Dr. Praveer Sinha:** Yes, but then the benefit for us is that these will come up on our existing hydro plants. We've already done a lot of work. We actually have been working on that for more than last 6 to 9 months and I can tell you that we will possibly be one of the first ones who would come on line.
- Puneet Gulati:** And how much capacity can you build on your existing hydro plants?
- Dr. Praveer Sinha:** Right now, we have planned 2,800 and this is only at two of the reservoirs. We have 6 reservoirs. So, we've not actually gone for the full potential.
- Puneet Gulati:** So, 2.8 GW on just two reservoirs?
- Dr. Praveer Sinha:** Yes.
- Moderator:** Thank you. We have our next question from the line of Apoorva Bahadur from Goldman Sachs. Please go ahead.
- Apoorva Bahadur:** On this pump storage projects, just wanted to understand what would be your capital cost?

- Dr. Praveer Sinha:** So, see typical if you do a Greenfield pumped hydro, it would be about Rs. 7 crores to Rs. 8 crores. Since we already have the reservoir, we have the dam over there for storage, so our cost will be less than Rs. 5 crores.
- Apoorva Bahadur:** These are all closed loop or open loop?
- Dr. Praveer Sinha:** This is all closed loop.
- Apoorva Bahadur:** So, secondly on Mundra, just wanted to understand at what coal price will we operate Mundra even without Section 11?
- Dr. Praveer Sinha:** Well, let's see. Right now, we are under discussion. So, our objective is that something similar to Section 11, we should be in a position to negotiate and we will work out and let you know once it's decided.
- Apoorva Bahadur:** So, sir, just wanted to clarify in case Section 11 is not extended and the global coal prices declined, right? Will we operate the plant or will we put it, I mean we won't use it then?
- Dr. Praveer Sinha:** I'm optimistic that the Section 11 will get extended and during the extended period, we will be able to find out a mutually acceptable solution.
- Apoorva Bahadur:** Understood, sir. Sir, I think last question. Can you share the margin profile for group captive and rooftop projects that we're doing?
- Dr. Praveer Sinha:** They are very good margins, I can tell you that and that's why you see there is a lot of focus now on group captive projects and once these results start coming, we'll be able to show you more. Right now, these are very early stages of group captive projects, but I expect by end of this financial year, we'll have some of them operating and you will be able to see the EBITDA.
- Apoorva Bahadur:** And just for the projects that we're doing for Tata Group, I mean, if you can quantify the margins over there?
- Dr. Praveer Sinha:** We don't give the margin, but I can tell you those are good margin projects.
- Moderator:** Thank you. We have our next question from the line of Subhadip Mitra from Nuvama Institutional Equities. Please go ahead.
- Subhadip Mitra:** My first question is with regard to the coal profitability. If I look at the numbers based on the JV and the associate numbers, which I understand has the majority of the coal profits, clearly there is a decline on a Y-o-Y basis; however, on a Q-o-Q basis, the number seems to have improved. So, is it possible to get some color as to did we see better volumes on a Q-o-Q basis on the realizations or on the margins?

- Dr. Praveer Sinha:** We'll share that with you because the coal company has its own working in terms of how much of mix of coal that they are supplying. So, happens that in some quarter it is more of high CV coal and less of less CV coal that they dispatch. In some quarters, they supply more of low CV coal and less of high CV. So, it depends on what sort of mining mix they have and the profit comes based on that.
- Subhadip Mitra:** Understood. Secondly, in terms of the upcoming renewable bids, right, so there is a plan to auction out maybe 50 GW of renewables every year by the government. Along with that, you also have your own plans on the captive power side, on the C&I side or on rooftop. So, as a strategy, how would you look at your annual renewable capacity addition, would you have an internal target of any number to that one?
- Dr. Praveer Sinha:** Yes, there is a number, but we play between the utility scale and in terms of group captive and wherever we find we have a better margin, we do that. We are typically looking at something like 2 GW to 2.5 GW of capacity addition every year.
- Subhadip Mitra:** 2 GW to 2.5 GW of capacity addition every year?
- Dr. Praveer Sinha:** Yes. But it's a mix of group captive and utilities.
- Subhadip Mitra:** Of course and the pumped hydro related opportunity, now that we have a ready 2.5 GW of opportunity there, that would be over and above this run rate of 2.5?
- Dr. Praveer Sinha:** Yes, that is to support the renewable power. So, typically it's in the 3:1 ratio. So, if I put a 2 GW of pumped hydro, it can support 6 GW, 3-3.5x, so 6 GW to 7 GW of renewable capacity for giving firm 24/7 power.
- Subhadip Mitra:** Understood. It is going to be a combination of hydro plus solar plus wind or more of solar plus hydro. How does the configuration work?
- Dr. Praveer Sinha:** Depending upon what sort of requirement is there from customers. In some cases, it may be just solar and wind, but in some cases we will give a good combination whereby we can give them 24/7 100% power.
- Subhadip Mitra:** Last two questions from my side. Firstly, on the EPC side of things, again with such a large quantum of tendering activity expected over the next few years and so you would be sensing a large opportunity again opening up on the EPC side. So, any thoughts on how large this opportunity can be or what kind of market share you would like to take here? And also, what do you feel are the sustainable margins?

**Dr. Praveer Sinha:** So, again for us, the first priority is to meet our own internal requirement. So, whether it is the group captive or it is the utility scale, we will meet that requirement and I mentioned to you that we are looking at 2 GW - 2.5 GW. Thereafter, we will look at opportunities, which are third-party opportunity and again it will be all dependent on what sort of margins we are getting and what sort of returns we will have in there. Also, now earlier we used to do EPC projects with land. Now we don't do with land, so we do more projects where the owner provides us the land and we develop the project for them. So, it's again a place where we are very careful and there's a very calibrated growth that we will have.

**Subhadip Mitra:** Understood. Lastly, on the Tata Projects stake sale. I think this question came up earlier as well. So, while you did mention that I think the book's value was around 110 per share, what was the price at which the transaction was done, is it possible to know?

**Mr. Sanjeev Churiwala:** So, I think the way to look at it is we have not sold any stake, right? Because we did not participate in the rights issue. Our overall shareholding dropped from 48% to 31% and because Rs. 1,500 crore of additional equity was infused by the Tata Group, to that extent the book value per share increased. As a result, we had to book the profit that you see as an exceptional item, which normally should be in the OCI balance sheet, but because this is not in subsidiary but more of an associate, we had to book it in the P&L. But this is a non-cash item as such has no implication on the cash of the company.

**Subhadip Mitra:** Understood. So, this infusion of capital by Tata Group was again done at book value or at a higher number?

**Dr. Praveer Sinha:** But at a certain valuation.

**Subhadip Mitra:** Would it be possible to know that number or that's not available?

**Dr. Praveer Sinha:** Yes, I think it's already there as part of the release by Tata Project itself, so we can forward that release to you separately.

**Moderator:** Thank you. We have our next question from the line of Bharanidhar Vijayakumar from Spark Capital. Please go ahead.

**Bharanidhar Vijayakumar:** Just trying to understand if the investment into pump storage opportunity would attract the regulated return of 16.5%. Is it the case?

**Dr. Praveer Sinha:** No, this we will combine with our renewable business. So, it has nothing to do with this. It's not on a regulated basis that we are going to supply.

**Bharanidhar Vijayakumar:** So, then it will not be also for just peaking purpose, it will be round-the-clock kind of a...

**Dr. Praveer Sinha:** It can be anything. It can be for peaking, it can be round-the-clock, depends on what sort of combination we will do.

**Bharanidhar Vijayakumar:** And what is the update on the supplementary PPA for Mundra?

**Dr. Praveer Sinha:** Right now, we are under Section 11, so let's see till what time it goes. Once it gets over, then we will look at the supplementary PPA.

**Bharanidhar Vijayakumar:** And on the Mundra side, you mentioned that given variable cost has fallen and it's attractive for the discom to schedule on merit order dispatch. This is for the power of the plant. What would like the variable cost per unit right now that is in your **1<sup>st</sup> FY24** from Mundra?

**Dr. Praveer Sinha:** I think it's around Rs. 5, but I don't have exact numbers, but it's around that number.

**Moderator:** Thank you. We have our next question from the line of Gaurav Kumar from TRG Corporate Ventures. Please go ahead.

**Gaurav Kumar:** My question is Tata Power is spending in the EV space, so can I know that how much does the EV station contribute in your revenue?

**Dr. Praveer Sinha:** So, there are three businesses. One is the home charger, which we provide against the return. The 2nd is the bus charger where again it is on a return basis that we do. And the third is the public charger where it is on a revenue basis in the sense if the utilization is more, we get higher revenue. If it is less, we get it. So, there are two which has a guaranteed return, including the fleet charges, while the one is a public charger which is based on the demand supply.

**Gaurav Kumar:** And you also installed EV charging setup in restaurants and resorts as well. So, what is the revenue sharing structure? I just wanted to know that you have installed more than 4,000 EV charging points. So, I just wanted to know what the revenue share is expected and how much revenue do you intend to generate in coming future?

**Dr. Praveer Sinha:** The typical arrangement with most of the people, whether they are in restaurants or shopping malls or any public parking place or it is in petrol stations depends on the owner of that place. In some places, it is a revenue sharing. In some places, it's a fee that you have to give on a monthly basis or yearly basis. So, different places have different models and we work on those lines. And of course there is a presentation that that has been put. You can see the details of each of these chargers.

**Moderator:** Thank you. We have our next question from the line of Sumit Kishore from Axis Capital. Please go ahead.

- Sumit Kishore:** The question is what is the price of RE, RTC, wind, solar, hybrid with storage along with it. So, at what tariff do you think is viable right now?
- Dr. Praveer Sinha:** See, it all depends where you are putting up. If you are putting up in Maharashtra, it has a different; if you are putting up in Rajasthan.
- Sumit Kishore:** Rajasthan, which is very sunny or take a site which is windy and sunny.
- Dr. Praveer Sinha:** Every place in the country is sunny, right? You tell me where it is not sunny.
- Sumit Kishore:** So, the idea is more generically to see how low that tariff has come?
- Dr. Praveer Sinha:** So, I would say a Rs. 3 range is a good range. People who have gone and done crazy numbers, they are struggling to execute those projects and the margins are impacted. So, in a better sunny place, better wind speed, it can be 2.80 or 2.70. So, a Rs. 3 plus minus 10% is a good reference if you want to, but it's a very thumb rule sort of it.
- Sumit Kishore:** But if you want to include storage along with it, say battery energy storage systems or pump storage hydro, for round-the-clock power, so then where would you see the RE, RTC tariffs?
- Dr. Praveer Sinha:** Sumit, this is more an academic question, so let me give you a very generic answer or maybe a Rs. 5 tariff will be something that is there. But it all depends what sort of, see you want 4 hours of battery backup or you want 2 hours of battery backup, it all depends on that. So, very difficult to say number and say that this is the correct number and we cannot deviate, it is a different arrangement.
- Sumit Kishore:** And just one question on the EPC business. We find that most of your utility scale EPC order book which is third party is PSU focused. So, how is the risk sharing on price of procurement of modules between Tata Power and your PSU customer?
- Dr. Praveer Sinha:** No one shares the risk, excepting that if there is any change in law that happens, the good thing with PSU is that you get paid on time. Many of the other developers don't pay on time and that's why we have been very averse to bidding for non PSUs.
- Sumit Kishore:** So, you basically take the risk of procuring modules and the volatility of prices in modules?
- Dr. Praveer Sinha:** Absolutely, excepting for change in law. If there's any change in law, that takes place that we get protected.
- Moderator:** Thank you. We have our next question from the line of Gopal Nawandhar from SBI Life Insurance. Please go ahead.

- Gopal Nawandhar:** So, receivables actually has gone up quarter-on-quarter. So, can you just ascribe which business this relates to?
- Dr. Praveer Sinha:** So, receivables is a function of business growth. Also, many of them are little cyclical in terms of like I mentioned to you that in summer months, the consumption in the distribution areas increases, but the receivable comes in July month. So, May or June will be very high consumption and payments will start coming in July and August. So, that's the cycle that you have. Also, some of the cycles of some of the supplies that comes to us. We need to make payment depending upon what is the market condition. Sometimes we buy some of the material and stock it with us. So, there what happens is the receivables that we get change, but I think over a period of time our receivable number of days has reduced drastically.
- Gopal Nawandhar:** And the second question is that we have seen correction in the cell and module prices. Obviously, it should help our existing order book in terms of execution. My question is on our plant, which we are putting for cell and module, how should one look at that project IRR and whether the final product which comes out of these plants will be competitive enough to comparable with the import or you will need some more support from the government to replace the import?
- Dr. Praveer Sinha:** So, the cell and module, you know that there is a basic customs duty. On module, it is 40% and on cell, it is 25%. So, that gives the protection to the domestic manufacturer to the extent of the difference at which you would procure and pay the duty vis-à-vis what you manufacture over here. And in the Indian context, many of the plants, including our plant, we've got the PLI benefit and some of the other state incentives. So, I think we are going to be very competitive. We are going to be very efficient and we will be much better place compared to the imported modules that others would.
- Gopal Nawandhar:** I'll just try to rephrase and understand the point is maybe say 6 months, 9 months back when we started these projects, the prices were different. And now prices have come off. So, what will help you in terms of reducing the cost or versus what maybe?
- Dr. Praveer Sinha:** The prices of the raw material also have reduced. See 6 months back, the wafer prices were Rs. 90 a Kg. Now it is Rs. 40 a Kg. So, everything has gone down. So, production cost will come down to that extent and you will be much more competitive.
- Gopal Nawandhar:** And the last bit on the wind side, we have seen significant reduction in the PLF year-on-year. Generally this is a high season month. So, 3% reduction year-on-year, we have seen on the wind PLF. How should one look at it this in terms because there is?
- Dr. Praveer Sinha:** Again, you should look at it all on a 12-month cycle. This year, the wind speeds in the month of June were very bad, but in July, it has got up. Last year, the June month was very good, but May was bad. So, these are things which are because of extreme weather conditions, things are

changing, but on an overall basis, it is not happening. You have seen that Mumbai has got rain, what it was expected to get in the month of July itself, but August there is no rain. In June, there was very little of rain, so I think on an overall basis, whatever rain it has to get, the precipitation is more or less the same, but yes, it changes what used to take three months to fill up, today it takes maybe 2 months or 1.5 months to fill up. So, that is what it is.

- Gopal Nawandhar:** So, there is no overall change in the assumption or there is no structural change in the pattern?
- Dr. Praveer Sinha:** No. If you see on a 12-month rolling basis, if you see it on a 1 month or 3-month basis, you will find a change.
- Moderator:** Thank you. We have our next question from the line of Apoorva Bahadur from Goldman Sachs. Please go ahead.
- Apoorva Bahadur:** Sir, regarding the adverse weather events in Odisha, so is it sort of allowed as a force majeure in terms of the impact on performance? Also, the incremental CAPEX that you would have to incur or is it something that the company has to take a hit?
- Dr. Praveer Sinha:** So, it is not a force majeure condition unlike full-fledged cyclone that takes place. So, what happens is the regulatory, the system allows any of these type of CAPEX that you need to incur and you incur those CAPEX as a part of your annual plan.
- Apoorva Bahadur:** And sir, the impact on performance that it has, is that allowed under the handover agreement or?
- Dr. Praveer Sinha:** No, the impact on performance, you need to catch up on that.
- Apoorva Bahadur:** And how will the commission look at this performance? Will it look at it on a rolling basis or a cumulative basis or what?
- Dr. Praveer Sinha:** Everything is on a yearly basis, nothing is on quarterly basis.
- Apoorva Bahadur:** So, in case there's a bad weather event at the end of the year and because of that the performance is hampered, will be penalized?
- Dr. Praveer Sinha:** So, you have to within the 12-month period until and unless I told you that if it is a declared cyclone or a declared extreme weather condition, so if it is declared, then they would consider it suitably, but if it is not a declared weather condition, then they don't consider.
- Moderator:** Thank you. We'll take our last question from the line of Rajesh Majumdar from B&K Securities. Please go ahead.

- Rajesh Majumdar:** I have only one question. How should we read the profits of the share of associates in JV for this quarter? It has gone up on a sequential basis. So, what is the coal price approximately for the quarter? And should we take this as a sustainable run rate going forward, is there any change in the royalty tax which is incorporated in this also? Yes, that's it.
- Mr. J.V. Patil:** So, mainly actually, there is a change in quantity. Actually, there is a slight increase in quantity of sales this quarter and in addition to this, because the prices have come down, so the cost of production also has been minimized. That effort has been put in by our coal JV partner. Those are the major things which have resulted in an increase in profit from our coal companies as compared to the Q4. And in addition to that, definitely the last year previous year, there was Tata projects losses that is not there in this year. The losses have reduced substantially. If you remember last year, it was actually Rs. 240 odd crores. So, this year it is hardly anything. So, those are the two major things.
- Mr. Sanjeev Churiwala:** I think I'll request you to have a look at Page number 32 of the uploaded investors deck. It has the complete breakdown.
- Moderator:** Thank you. I now hand over the conference to Dr. Praveer Sinha for closing comments. Over to you, sir.
- Dr. Praveer Sinha:** Thank you. Thank you very much to all of you for joining on this call. If you have any more questions, please get in touch with my colleagues, Kasturi and Rajesh, and we'll be more than happy to share the details. And I do look forward to having interaction with you during the next few months and we will also have interaction with all the analysts like last year. Once we fix up the date, we'll inform you about this. Thank you. Thank you for joining us.
- Moderator:** Thank you, sir. On behalf of the Tata Power, that concludes this conference. Thank you for joining us and you may now disconnect your lines.