"The Tata Power Company Limited Q1 FY27 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day, and welcome to the Tata Power Q1 FY27 Earnings Conference Call. As a reminder, all participant lines will be in the listener mode and there will be an opportunity to ask questions after the presentation concludes. Should you need assistance in the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note, this conference is being recorded.

I now hand the conference over to Dr. Praveer Sinha, CEO and Managing Director of Tata Power for his opening remarks. Thank you, and over to you, sir.

Praveer Sinha: Thank you very much. Good morning, everyone, and thanks for joining us over the call. We normally do call after the quarter results around 6:00. But this time, I was told that all of you are tied up in another event, and that's why we thought we'll do it on the next day in the morning. So thank you all for joining.

I'm joined by my colleagues, CFO Sanjeev Churiwala ; Rajesh Daga- Group Financial Controller; Kasturi Soundararajan- Chief Treasury; Anshul Verdia; and all my other colleagues who are here from the finance department.

Before I delve into the quarter performance, let me share with you some information on the power sector. The power demand growth has been very strong in the first quarter. It was nearly 8.5% increase. In fact, in the month of May, it was nearly 11% and June was 9.8%. We continue to see similar demand in this month also, July has been consistently in the range of 260 to 270 gigawatts. Rains have been delayed and wherever it has happened, it has been very inadequate.

So, I think we can expect a longish summer this year and with very little of rain in the most of the parts of the country, which is leading to cooling requirement, and that's why you see a large increase in consumption of power.

We also see that going forward, there will be a large increase in demand because it's not only the cooling, but also industrial growth has picked up, and there is good demand in the industrial sector. So I think it's good for the power sector, especially with the type of investment and capacity addition that is taking place all over the country.

Moving to the financial performance of the company. Tata Power has done exceedingly well, INR 1,401 crores of PAT in the quarter, which is an 11% increase. And so also the EBITDA increase has been 8% to INR 4,249 crores. And also we have shown increase in revenue.

But what is important is, and I thought that this time, I will take the opportunity to share with you that this is not a one-off sort of thing. This is the 27th consecutive quarter where we have seen increase in our PAT and EBITDA. And that is because there is a very strong foundation of our existing operations and the new businesses that are getting added.

In fact, I was looking at some of the numbers, and we have shared with you in Slide 19 to 21 that how over a period of time, if we compare whether it was the Q1 of FY 2024 or 2025 or 2026, we have consistently every year shown an increase in revenue, increase in EBITDA and an increase in PAT. In fact, the CAGR revenue is 8%, EBITDA is 12% and PAT is 7%. And this, again, if we break into different components, you will see that we have done exceedingly well.

Let's look at the transmission business, how it has performed again in last 4 years, each quarter, it has done -- again, you will see that the transmission business has shown a revenue increase of 45% CAGR, 19% in EBITDA, and 27% in PAT. Mumbai Transmission itself has shown 7% CAGR in revenue, 11% in EBITDA and 21% in PAT.

And this will continue because we have a huge pipeline of investment, which is there in Mumbai transmission, nearly INR 10,000 crores of investment will happen in the next 5 years. And this is on a regulated basis. So we not only get the regulated, but also certain upsides because of better performance on the efficiency and availability of this transmission system.

Similarly, on TBCB projects, which are getting implemented, some are now in the final stages of completion. One will get completed, the Jalpura-Khurja line in the next few days. The other one, the Bikaner-Neemrana line will also get commissioned by October. So again, huge pipeline of projects, and you will see the benefits of that accruing in the subsequent quarters.

Let's look at our distribution business. Again, consistently, we have done very good. If we look at the total distribution business, the revenue has gone up, the EBITDA has gone up and so also the PAT has gone up. And this, we are seeing consistent performance.

And typically, in distribution business, Q1 is not the best of the quarter because of the huge challenges which one has, especially in summer months in terms of billing and collection. But I think what is important is that how consistently, even in quarter 1, we have been showing an improvement in all these parameters.

Similarly, if we see our renewable cluster, it has done exceedingly well on an overall basis. The revenue has gone up by 22%, the EBITDA by 23% and the PAT by 37%. But it's important that when we talk of revenue of renewable cluster, we also go and see where exactly this benefit is coming from.

The generation business, we have seen revenue grow by 11% on a CAGR basis, EBITDA by 10% and PAT by 2%. And mind you, we have not been setting up a large number of our own projects because we were tied up in doing third party projects.

Now this year, we will set up 2,500 megawatt to 2,700 megawatt. Already 200 was commissioned and another 500 will get commissioned in the next few weeks. The delay was not from our side. We were ready on 30th June, we had done all the testing. The transmission system got delayed and now that has been commissioned one of them and the testing is going for commissioning our plant and the balance will happen by next 2 weeks' time.

So I think you will see huge capacity addition in the renewables and its impact. Right now, we are at 6.7 gigawatts. We add 2.5 gigawatts. We'll cross 9 gigawatts by the end of this financial year. And the impact of it will start being seen in the subsequent quarter and also in FY28.

Rooftop business has done exceedingly well. Our revenue has grown from last year to this year by nearly 100%. If you see CAGR of 4 years quarter one, it's nearly 58% for Revenue. Our EBITDA has grown by 68% and our profit has also grown by more than 67% in the last 1 year. On a CAGR basis, PAT is 84% for last 4 years.

So again, and rooftop business will continue. In fact, every year, we have seen, in fact, the rooftop business doing exceedingly well. In fact, last year, we grew by 100%, and this year also, we have plans to grow by about 60% to 70%. And that's the type of demand which is there for us will be marketed and the channel partner and the supply chain that we have tied up and the IT systems which support them after sales as well.

So I think the rooftop business, again, you will see huge improvement in this year and now that we have added to rooftop battery storage, especially for residential and industrial purpose, you will see the impact of that also coming in the combined solution.

On manufacturing, we started 2 years back, our cell and module plants are now operating at full capacity. For the first time, our module plant we crossed 1,000 megawatt in the first quarter, and we expect that we have virtually peaked over there or peaking over there in terms of our module production, our cell production is still catching up.

And we have seen that how in the last few years our revenue, EBITDA and PAT has grown, this year has been a record PAT. And that has been on back of many steps that we have been taking to improve the yield efficiency and also the manufacturing cost of the cell and modules and a lot of engineering goes in all these things.

So what I wanted to share with you is that we are in a very good position of doing consistently good performance quarter-on-quarter. And this is not a one-off. This is not something that has happened just for 1 quarter, but has been happening right across last many years. And this trend will only keep on improving.

So typically, we see that the first quarter by the end of the year, it is not just multiplied by 4, but sometimes it is more like 4.5x to 5x that you will see at the end of the year. And that's what we are expecting this year also.

Now coming to some of the other areas, Mundra, we have concluded SPPA with Gujarat. The plant is operating, though it is operating under Section 11 for the purpose of scheduling. The tariff we are charging the procurers as per the SPPA. We are in very advanced stage of getting approval from 3 states, expecting that in the month of August.

So we should have the cabinet approval for 3 states and the fourth state will happen in September. All of the procurers are taking full capacity from the plant, and they are 100% convinced that this is the most sustainable plant in the long run in terms of its tariffs and in terms of merit order. And we are very confident that we will run this plant continuously now up to 2038.

Some of the newer businesses, especially on the pumped hydro and Bhutan hydro, very good progress in the pumped hydro project. We are doing very good construction work over there. And we expect that beginning of calendar year 2029, we will be in a position to commission the plant. And since there are 3 units, they will get commissioned with a gap of 2 months for each unit.

We have been fortunate to win a bid through SECI with a very attractive tariff and for 1 unit of 330 megawatt. And for the balance 2, we are in discussions with Tata Steel and other procurers to supply to them.

As also, we are expecting now new bids to come from NTPC and others, NHPC, NTPC for pumped hydro. We will start work on the 1,800 megawatt Shirwata PSP in the later part of this year, we are in the process of getting all the approvals. And once we have the approvals in place, we will take the approval of the Board and go ahead and start the construction activity on that.

We have also tied up the PPA for 600 megawatt of Bhutan project, the Khorlochhu project with UPPCL. And the PPA has been signed with them, and it has got the regulatory approval. Again, it meets the returns that we had planned, in fact, better than that. And we do expect that this plant will also become operational in the calendar year 2030.

We expect to start work on the 1,125 megawatt Dorjilung project where World Bank is financing, and we are in the process of completing the financial closure in the next 2 months' time with PFC, IFC and some of the other lenders. So I think we have a very good pipeline of projects, a very stable portfolio of projects.

And all these projects are under implementation, and we do expect we'll be in a position to implement all of them within the cost and within the time lines that we have set for ourselves. And these are long-term projects, the pumped hydro and hydro projects, we are talking of 40 years of PPA.

And what is good is that these are being done in areas that is known to us. So I'm very confident that these will become very big and good assets for Tata Power going forward, like many of the existing assets which have been there for many years, like the hydro plants, which are there for more than 110 years.

On the capital expenditure, for the first time, we spent INR 5,300 crores in the first quarter. And we expect that the INR 25,000 crores that we have lined up for this year, we'll be able to implement. 50% of that INR 25,000 crores will be for renewable projects where we have clear line of sight, the balance is divided between our FGD projects as well as the transmission and distribution projects, which are also in pipeline.

So all are known. It is not that we have to go to unknown areas and do the investment and our confidence is very high that we will implement this and the returns will start coming to us thereafter.

So we understand that when you do such large investment, the leverage ratios have to be good. Our net debt to underlying EBITDA is 3.41 and our net debt to equity is 1.25. This is within the guardrails that we have set for ourselves for the investment. And I think we will work within those guardrails.

Great opportunity for us for doing many more projects -- but as informed to you, we do it on a calibrated basis. We are looking at new opportunities, including nuclear where a lot of preliminary work has happened. But I think once these rules are notified by the government, we'll be in a position to come up with a firm plan.

But from our side, we are working on land and the geotechnical studies and water availability and things like that. So I think when you look at Tata Power, you need to look at it from the various businesses and how each one of them is contributing to the overall profitability and sustained performance over a period of time.

So with that, I will take a pause and look forward to hear your questions.

Moderator: Thank you, sir. We will now begin the question-and-answer session. First question comes from the line of Mohit Kumar with ICICI Securities.

Mohit Kumar: Good to see progress on various businesses. Sir, my first question is on the -- what explains the muted growth in Odisha in this quarter? And can you please also touch upon the fact that the Tata Projects continues to make losses and the losses got only widened in this quarter?

Praveer Sinha: Yes. So Odisha, we had 3 issues in Odisha. One was that there were some government payments which got delayed, especially from Panchayati Raj departments for drinking water and street light and others. And that was because the allocation from the state government and the central government got delayed. We expect to collect all of them in this quarter.

The second is because of acute heat wave, the government asked that don't disconnect supply up to 15th of June and these payments are not made. That period is over and now we are collecting all the payments. So the collection efficiency will be improving in this quarter.

Thirdly, typically in the summer months, there's huge demand of power. And when you do the billing, there's a 1-month cycle, which is there. So that will get billed in the subsequent month. And we expect that in this quarter, many of that issues will get covered. So in distribution, we should always look at 12 months rollover rather than seeing on a quarter-to-quarter basis because it's all dependent on the consumption based on the temperature and the weather pattern.

So you will see a huge amount of improvement in Odisha DISCOM. These are only timing issues, which has nothing to do primarily with the business arrangement. On the Tata Projects, we are in the final stages of closing some of the legacy projects. We earlier used to have a large number of legacy projects, which were losing money and very few which were profitable projects. Now most of the legacy projects, which we are losing money have got over.

We are at something like just 10% of the legacy projects in last stage there and cost to correction takes place because of that reason. And you will find that possibly maybe one more quarter will have an impact on Tata Projects. And thereafter, we will see the performance of Tata Power -- Tata Projects improving in terms of their financial performance.

And they have a very good pipeline of excellent projects, marquee names globally who have given them orders. And you will see a huge turnaround in the performance of Tata Projects going forward.

Sanjeev Churiwala: I could also add to what Dr. Sinha spoke about Odisha so that we get the complete perspective. Because of the couple of reasons that Dr. Sinha mentioned, yes, the collection got deferred by a few months here and there. But on an operating perspective, I think the Odisha DISCOM still did excellently well. You'll find it in the deck as well.

Purely from a reported PAT perspective, we grew by about 6%, more or less what we are also planning in quarter 1. And in quarter 1, our total million units sold in Odisha increased 10.4% because of possibly the hot summer. So I think in together, the financial performance has been great. It is just from an operations side, some of the payments got delayed, but that is something that will recover in quarter 2.

Mohit Kumar: Understood. My second question, is it possible to quantify your losses due to curtailment in this quarter? And what do you make of the transmission bottlenecks for your projects? Are you seeing progress on the transmission project, which can be in the curtailment and also ensure that our RE projects get commissioned on time?

Sanjeev Churiwala: So I think on the first question, I think when we generally look around, including our project, there's been a general curtailment of roughly about 5%. And that we think is also the industry trend. But given that a lot of transmission lines and evacuation lines are in fast progression, we think that this curtailment will settle in, in the next few quarters. But yes, I think for the first quarter, generally, this has been an overall pain for the industry.

On the RE perspective, I think we have made a good progress when it comes to land and connectivity that's there. As we speak, while in the first quarter, we have commissioned 226 megawatts, but we already have a line of sight for 500 megawatts where the project is almost ready. We are just in the final phase that will happen in a week or 2 weeks. So I think quarter 2 will see a huge and big ramp-up in our commissioning.

Moderator: The next question comes from the line of Sumit Kishore with Axis Capital.

Sumit Kishore: It was good to see the pickup in capex in Q1 and very useful slides in the financial highlights section this time to decipher the results. My first question is in relation to the renewable energy auction volume, which after peaking in FY25 came off in FY26. I mean, in your presentation on Slide 12, the towers for Q1 FY27 is also implying a relative slowdown. So what is your outlook in terms of how renewable energy auction volumes and their complexion is likely to pan out in FY27 and maybe the medium term?

Praveer Sinha: So the renewable auctions have been muted because, as you know, there were a large number of PPAs, which were auctioned by with the central agencies like SECI, NHPC and NTPC. Those have not been tied up with the state governments. And now there is a growing awareness amongst state DISCOMs that they should do bidding themselves rather than having a central agency.

Secondly, they now want the FDRE or RTC bids to happen and not just solar or even the hybrid that have been taking place. So they are now coming out with much customized bids for the state's requirement rather than standard bids that used to take place at the central level. So you will see that sort of -- secondly, there are a large number of projects which are coming up like we are coming up with pump storage.

So I need a huge capacity first for pumping up water and second, for bundling that power because I need to bundle that with the pumped hydro project. So there will be a lot of similar type of investments that will come up rather than the pure vanilla solar or wind or even hybrid projects, which were coming up by the states -- by the central government agencies.

Sumit Kishore: Sure. In relation to your pump storage hydro projects, would you look to tie them up into long-term contracts in terms of rupees million per megawatt per month or would you try to fashion something around feeding it renewable power and structuring it to sell on some bilateral arrangement?

Praveer Sinha: So it will be a mix of that. Right now, like for 1,000 megawatts, there are 3 units of 334 megawatts. The first one we have tied up through a bid process on an annuity base. And there are another 2 which we are in discussions with industries. So one is with Tata Steel, the others are a number of other steel and cement industries who are in discussions.

So I think we will see that it will be a mix and match. It will not be one single solution, partly on direct basis, either to DISCOMs or to central agencies and partly we will be on bilateral basis with some of these C&I customers, the large C&I customers.

Sumit Kishore: Got it. Just one last clarification. In your cluster-wise results, when I look at TBCB projects line item, the EBITDA margin, which is implied is just 13% for Q1 FY27. Typically, TBCB projects should have much higher EBITDA margin given the asset profile and the depreciation that comes below the EBITDA line. What am I missing here?

Sanjeev Churiwala: So yes. It's a good observation, but I think the context is slightly different. For us, when we look at TBCB, right now, all our TBCB are under construction, right? So the revenues in the PAT are more from a lease accounting perspective rather than the actual sharing of EBITDA. The actual EBITDA that comes to us is from a regulatory business, which is MO transmission, which is again a regulated business.

So over there, we look at from a return perspective. And then we have a share of profit from some of the transmission assets that we have in the resurgent platform. So I think we'll have to look at from that different perspective. Each of the 3 cannot be put together in the same bucket. We can, if required, share separately with you to get the context.

Sumit Kishore: Okay. So none of the TBCB projects is commissioned now and is contributing on a line-by-line basis as it would normally do?

Sanjeev Churiwala: Yes. So you will start seeing that commissioning happening from quarter 2 onwards. So the revenues -- 2 projects will get commissioned in H2 -- in quarter 2 and then next is quarter 3, quarter 4. So those revenues and the EBITDA and the PAT will start flowing in. As of now, we don't have the pure-play EBITDA and PAT from TBCB is more about construction revenue booking.

Moderator: The next question comes from the line of Apoorva Bahadur with IIFL Capital.

Apoorva Bahadur: Sir, it's heartening to see the progress on pump storage. Would be great if you can share our plans for further capacity addition beyond this 2,800 megawatts. I believe we had quite a few sites available?

Praveer Sinha: Yes. We have quite a few sites where we have the water reservoir. We are carrying out the DPR of some of those projects. I think in next 12 months, we will come out with the next set of projects because we have these 2,800 megawatts, which is coming up in 2029 and 2031. We want to have gaps for their implementation so that the implementation focus is there, and we are able to execute these projects on time and cost.

Apoorva Bahadur: Understood. We'll look forward to that. Secondly, sir, there was also this ALMM-II implementation and then rollback, which happened during the quarter. towards the end of it. Sir, how do you see this? I mean, does this have any impact on the realizations which DCR manufacturers were charging given that there's a 6-month delay now?

And secondly, how does this policy sort of flip flop impact maybe industry's commitment towards investing in the in building out ingot and wafer capacity for ALMM-III?

Praveer Sinha: So it is not that there is a rollback. The ALMM-II continues to be there for rooftop and utility scale projects. This is only a special proviso which has been made for projects which have very limited open access arrangements or are behind the meter. So I would say that this whole thing is a very small component of the overall utilization, which has to be done under DCR.

So it would be maybe 10% of the total requirement. So I think majority continues to be under the ALMM-II arrangement. And that is not actually moving the needle or having any impact as far as we are concerned.

Apoorva Bahadur: Okay, sir. So the commitment towards ingot and wafer for us remains on track?

Praveer Sinha: Yes.

Apoorva Bahadur: Okay. Sir, also, when I see your rooftop business, and you had shared a lot of granular data over there. So for example, in this quarter, the revenue billed and the total watt-peak installed, right, if I calculate, I believe the realization is about INR 36, INR 37 per watt-peak.

Now when I compare that with the order inflow, on the same metric, it comes to around INR 28 per watt-peak. So how should we decipher this? Is this a decline in realization or there's some other nuance in accounting and billing that we are missing?

Praveer Sinha: He's saying that, we are implying a reduction in realization for rooftop.

Sanjeev Churiwala: Could you just repeat your question? Maybe I think we are interpreting it differently…

Apoorva Bahadur: Yes, yes. So the revenue we billed for rooftop business this quarter was about INR 1,350 crores and the megawatt installed was around 371. The order inflow, so that is about INR 36 per watt-peak of realization. The order inflow, which we have depicted in the slide is about INR 1,091 crores and 387 megawatts.

So that's about INR 28 per watt-peak. So is it just the change in realization or is it when we actually build there is an additional margin, which is available, which we're not capturing in the order inflow?

Praveer Sinha: No, there are 2 parts of this. One is different places. So 1 kilowatt, we supply a large quantity under the ULA scheme of the government. So that's a different type of modules. Then you have other places where you supply a higher capacity, different modules. So we need to look at it whether they are 450 square mm modules of 580 or 630 and all that. So that's why the pricing difference you are seeing. So average will be very, very wrong interpretation of what sort of realization.

Apoorva Bahadur: Okay. So there's a mix impact basically?

Praveer Sinha: Yes, absolutely.

Apoorva Bahadur: Understood, sir. Understood. Sir, also, if I may ask about the coal business profitability, we are seeing it has started improving due to the increase in international coal prices. Can you give us some sort of guidance on the trend that you're seeing in terms of

Indonesian coal prices going ahead given the on-off situation in Hormuz? And also about this change in export -- coal export regime in Indonesia, if that has any impact on our ability to export or the prices?

Praveer Sinha: So one is that coal prices have gone up, but not very much. I would say about 5% to 7%. So in that range, the coal price increase. And we don't expect too much of changes happening. But yes, up to 5% over the next 9 months, you can expect.

Secondly, we do not expect or have seen any impacts per se. Of course, there are certain conditions that you need to first supply for domestic market. And after meeting the domestic obligation only you can export it. So those are the type of requirements. Fortunately, the KPC is the first one to have complied with that requirement. So we are not expecting any major changes to happen in the Indonesian coal market because of the new regulations.

Apoorva Bahadur: Okay. Sir, lastly, if I can ask about the breakdown for capex in this quarter between, say, renewables, distribution business and pump storage?

Sanjeev Churiwala: Almost 40% to 45% will be going in renewables and the remaining in other businesses. Of course, the PSP, the work has started. It will only accelerate in the coming quarters. But yes, you can assume in our quarter 2 also, we're kind of looking at a capex plan of probably higher than INR 6,000 crores. Maybe if everything goes well, it will be closer to INR 6,500 crores.

Almost half of that will go in the renewable business because as we mentioned, we're trying to commission almost 800 megawatts to 900 megawatts in quarter 2. So that will consume a lot of capex. PSP work is also accelerating, we'll be putting there. Plus, we already have in the pipeline that 2,000 kilometre plus of transmission. So a good amount of capex will also go over there.

Apoorva Bahadur: Sure, sir. Very helpful. And sir, our Mumbai transmission plan has been approved by the regulator?

Praveer Sinha: Yes. So the whole lot of projects are under implementation. So what happens is every year, we get large number of approvals, and they keep on getting accrued and getting implemented based on the timeline of the network.

Moderator: The next question comes from the line of Satyadeep Jain with Ambit Capital.

Satyadeep Jain: Mr. Sinha, I wanted to ask on rooftop. You've taken some strategic calls, including leaving the PSP untied is now paying dividends from higher realization. But on rooftop specifically, you've been bullish. Just trying to understand this market has been growing at a very strong pace consistently quarter-on-quarter for past few quarters.

Whereas initially, it seemed like it was less than 3-kilowatt segment. Where are you seeing this growth? And I believe you in annual reports have been talking about INR 30,000 crores of rooftop revenue for you by 2030. I'm not sure if we read it correctly. But where do you see this rooftop going for you for the industry?

Because it has negative implication for some of the other businesses which cannibalizes some of the other business you are in. So how do you see strategically this segment? And how do you prepare for that future if you're very bullish on rooftop?

Praveer Sinha: Rooftop, what we have done in the country as such is just 40 lakh consumers. India has 250 million consumers, 25 crore consumer. So the market potential is humongous. And this is a product which is going to the poorest of the poor to take 1 kilowatt unit. And then it goes to others who take 2, 3, 5, 10, 20, and this is a phenomenal product in terms of giving independence to people to generate their power.

And now that we are giving them battery also, so it makes them self-sufficient in terms of their power requirement. The cost has come down. So it is also making economic sense. It is good for the environment.

So, my feeling is that what we have given cumulative INR 30,000 crores is possibly a little less. We have been growing at a very, very high pace. Last to last year, we were INR 2,300 crores. Last year, we did INR 4,800 crores. This year, you can imagine what sort of -- so I think we will cross cumulative INR 30,000 crores maybe in 2029 itself, not in 2030.

So that's where -- and you see the type of growth. Every month, I'm seeing that it is becoming better than the previous month. So I think there is a huge potential. We are the biggest in the market. We have -- we command premium in the market. And we have developed the whole supply chain, channel partners, after-sales service, the digital solutions that we provide. So no one can match us in this rooftop.

Satyadeep Jain: Mr. Sinha, if you look at quadrupling compared to more than quadrupling, so basically, what you're suggesting is by 2029, 2030, keeping battery aside, I know battery is also going to be some component, but we're looking at 40 gigawatt -- 30 gigawatt, 40 gigawatt of annual rooftop installation. Is that what -- because that's how you get to with your market share of 20%. Is that kind of market is what you're foreseeing by 2029, 2030 for the industry as a whole?

Praveer Sinha: I will also increase my market share from 12%, 13%, I will become 25%. So I will be one of the biggest in the market and by a huge margin. In fact, the number 2 in the market is just 2%. So -- and this is a cash and carry business. So I think we'll be one of the biggest -- 2 years back, I used to do 1,000 units a month.

Now I do 30,000 units a month. So there is a huge change that has happened. And for doing that, the whole back-end process systems have been implemented and in place. So I think this will be a game changer going forward, not only for us, but also in the country in terms of how power will be produced etc.

Satyadeep Jain: And does it not bother you for -- if, let's say, rooftop grows so phenomenally for the next 3 years...

Praveer Sinha: Please restrict yourself for 2 questions because we have a few more people and have to -- there's a hard stop at 12.

Satyadeep Jain: Just a follow-up and just one on transmission that 2.5 gigawatt, what kind of visibility do you have for transmission connectivity this year. But rooftop, does it bother you about your distribution and IPP business if we see such phenomenal growth? Those are the questions?

Praveer Sinha: So those are -- in 10 years, those are certain changes which will happen in the market. So one has to be ready for those. But you will still require the distribution network, you will still require devices, you will still require technology for managing multiple supplies and multiple usage of that power. So the nature of business will definitely undergo. You come and spend some time with me. I'll tell you what will happen in detail.

Moderator: Mr. Satyadeep, I would request you to please come back in the queue for further questions. The next question comes from the line of Anuj Upadhyay with Investec.

Anuj Upadhyay: Congrats on a good set of numbers. Sir, first one on the solar EPC side. So I believe that the third-party EPC is no more a focus area, but it's the second quarter where we have posted a loss on an EBITDA level. Could you just explain, sir, why exactly at a loss at the EBITDA level itself?

Sanjeev Churiwala: On the solar EPC, I think we have also mentioned last time that we would want to focus on our in-house execution plan. We already have 5.5 gigawatts in pipeline plus some of the solutioning along with PSP that is required. We'll put in a lot of amount of effort on that. So as a result, we have decided to repurpose our EPC workforce and EPC resources to in-house development. So we have discontinued doing the EPC third party.

So per se, last -- previous year, we were doing some EPC work. We had about INR 100-odd crores of PAT coming through that. But this year, we are kind of wrapping up some of the remaining work. And as a result, we have booked some losses. So the slide that you see, 48 is a combination of solar rooftop plus solar EPC. If you take out the EPC separately. EPC we have stopped. So on a like-for-like basis, yes, from a previous base, usually remove INR 100-odd crores of PAT.

Anuj Upadhyay: Okay. So there -- sir, or do we still have some kind of a portion in the order book left as on date?

Sanjeev Churiwala: No, we don't have new order book. We're just completing whatever the remaining work is there. And of course, most of them are almost in the completion stage. This is the performance reviews, some large spending work in terms of punch points, final bidding, final collections. So yes, towards the no major groundwork and no major capex now executed over there. It's just completing the remaining work.

Anuj Upadhyay: Sir secondly is on the TP solar, our manufacturing business, where because of the change in the clientele mix, I believe this quarter, we did a lot of third-party sale. Our margin escalated significantly. So how should we look at this? I mean like that was a quarterly event or going ahead as well, we will be having a similar kind of sales mix for the segment?

Praveer Sinha: It was a very small quantity, not that we take a very large quantity of sale of cell. So typically, what happens is you have orders for module and some of them are DCR, some of them you can do with imported cell. So in those cases, we have some of our own manufactured cell, which is available, and we take that market benefit. But -- it's not that there is a large quantity.

And going forward, it may be there for a few more quarters where we may have some additional quantity of sale because there is still certain ALMM, certain imported cells you can use in some of the projects like open access consumers and group captive. But other than that, we will not be doing too much sale in subsequent quarters.

Anuj Upadhyay: Okay. Okay. And if may I just ask another question. Sir, this is a follow-up to the previous participant where you mentioned that the discussions are around probably that to do away with the intermediaries like SECI and all in signing a PPA. So how exactly should we look at it? Would the concentration be more towards the C&I and data center signing PPA or even on the DISCOMs side, there would be more on a bilateral arrangements?

Sanjeev Churiwala: Sorry, your voice was breaking. Could you just repeat it once again?

Anuj Upadhyay: Okay. Sir, this was a follow-up question, sir, on previous participants where you mentioned that the discussion to do away with the intermediaries like SECI in signing new PPAs. So as a strategy going ahead, are we focusing more on signing PPAs towards C&I and data centers or even on a DISCOM side, probably we can have a more bilateral discussions in signing a PPA? How exactly we are looking at it?

Praveer Sinha: Right now, what we are seeing is solar and wind or even for that matter, hybrid projects, the demand through the central agencies is much less. So we are also avoiding that sort of arrangement, and we are directly bidding to the states, except for pumped hydro, where this is a new storage solution that is being provided. But other than that, we are not looking at doing too much with the central agency.

Moderator: We'll go to the next question. It's from the line of Bharani with Avendus Spark.

Bharani: So the question I have is regarding Mundra's supplementary PPA. So though the power is being scheduled under Section 11, we are billing based on the supplementary PPA. Could you give me the details of how this tariff and how much of profits from the coal sales in Indonesia is getting knocked off when we are completing the tariff. Some color on the supplementary PPA tariff would be helpful?

Praveer Sinha: So presently, the supplementary PPA is on actual cost of coal, and all parameters, including heat rate, also will be on actual. So it's more towards cost reimbursement and cost reflective without any margin to be made from the plant. So that's the type of arrangement, overall arrangement that we have.

Bharani: So how is this different or how was this different earlier under the supplement -- sorry, Section 11 mechanism, say, 1 or 2 years back?

Praveer Sinha: So Section 11 also gave you cost reflective, but it also protected your fixed cost to the extent. Here, the fixed cost is also on a normative basis so that you do not lose money, but also that there is no return on equity that you will get.

Bharani: So how much would be the fixed cost per unit right now in this plant?

Praveer Sinha: That keeps on again changing. So it's very difficult at this stage to say, but we are still working out the modality there.

Bharani: So as I understand, the fixed cost is not being covered under this supplementary PPA?

Praveer Sinha: I didn't say that. I said fixed cost is covered, but it is cost reflective. That means whatever is your fixed cost for operating the plant, you will get that paid, but you will not get a return on equity.

Bharani: Sorry, yes, that's what I meant. Okay. That clarifies.

Moderator: The next question comes from the line of Uma Menon with Bernstein.

Uma Menon: My first question was on the Delhi DISCOM. I understand that on Odisha DISCOM, it was due to the collection -- reduction in collection. Is that the same for Delhi DISCOM as well?

Praveer Sinha: Yes. As I mentioned to you, typically, in summer months, you have very large consumption and you do the billing after the end of the month and it comes after a month. So that's why your collection during that month is a little less. So just for example, June, I will collect what I billed in May. But June, there's a huge billing that takes place and that only I will get in July.

So if you look on a 12-month basis, you will find that we are on track. But if you look at on just a quarterly basis, and this is true for all these throughout the year, winter months, you will have very less. So you will -- it will not be again reflective. So I think you need to look at it on a 12-month cycle, and you will see that we are very much on track.

Uma Menon: Understood, sir. My second question is on the Rithala Plant. I see that it's not listed in the capacity this quarter. Any particular reason why, sir?

Praveer Sinha: Rithala Plant was closed a long time back in 2016. So that's why it's not an operating plant. It had issues on tariff and its depreciation issues and all that. And that has now been finalized and we have made provision for that.

Moderator: The next question comes from the line of Sagar Parekh with Renaissance Asset Managers.

Sagar Parekh: Firstly, on this -- if I look at the cluster-wise numbers that you have shared on the coal Mundra -- I mean, Mundra Coal and Shipping, so we see your EBITDA has declined, but your PAT has actually grown. So if you can give us a breakup of that number of INR 2,732 crores of top line and INR 225 crores of PAT, how much came from the coal and how much the losses from Mundra?

Sanjeev Churiwala: We don't give a separate split here, but we can get in touch with you through Anshul separately and give you some breakups. But suffice to say that the increase in the PAT that you see is because of a higher share of coal profits.

Sagar Parekh: But Mundra would be under losses, right? You have to say that?

Sanjeev Churiwala: Mundra, yes, depending upon the quarter, as Dr. Sinha already said, the way the SPPA is devised that you kind of get your coal pass-through plus you get your fixed cost. And of course, to that extent, there will be some under recovery. But the effort is to kind of ensure that we don't lose anything on the ROE perspective.

Sagar Parekh: Right. And secondly, sir, on the TP solar business, your volumes are already running at full capacity, right? So you will be around 3,800, 3,900 broadly in that range for the full year…

Moderator: Mr. Sagar, we are unable to hear you. Could you please repeat your question again?

Sagar Parekh: Can you hear me now?

Moderator: Yes.

Sagar Parekh: So my question was your overall volumes in modules and cells have been declining Y-o-Y. How should we read into this for the full year? And secondly, in terms of margins in TP solar, you are at about 25%, 26% margins. Now I understand that in the next 6, 8 months, a lot of capacities are coming up across the industry. So how do you read the margin scenario going forward? Will the supply -- demand supply...

Praveer Sinha: There are 2 parts of it. One is that the modules production has increased. For the first time, we have crossed 1,000 megawatt in the quarter. Secondly, the cell has reduced because there was a line change that happened. But you have to look at it from -- one is cost of production and the efficiency that has come. The second is also the products that we are making is having higher efficiency.

So because of that, there was a little bit of a sacrifice on the yield, and that is why -- and when you have higher efficiency of the cell, then you can command a premium on that. So that's how the margin is there. We are trying to ensure that our -- both yield as well as efficiency now peaks and possibly in quarter 2, you will see that sort of result.

Sagar Parekh: And in terms of margins overall for the industry and for you also, we are at about 25% broadly for TP Solar, and it has been consistently doing well since last 2, 3 quarters. How do you read this as new capacities come in?

Praveer Sinha: You will see that we are one of the highest in terms of margin, and you will see consistency in this quarter. Now that the plant has stabilized, you will see that. I know that we are rushing through it because we have another meeting at 12. But all those, if you have any further queries, please get in touch with Anshul and Kasturi, and we'll respond to you with all details. We've made this time the presentation, more details have been provided, but we do look for your feedback. If anything extra is required, we can provide. So thank you, everyone.

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