

# Management Discussion & Analysis

## 1. Industry Developments Global Power Sector

The global power sector is on the cusp of a major transformation with new energy sources and new players entering the arena of energy supply. Nations, corporates, individuals across the globe are rising to the cause of climate change, and are consciously opting for greener sources of energy, resulting in the rising share of renewables in the debate on power sector's transition portfolio mix. The COVID-19 pandemic has further stimulated the debate on power sector's transition from fossil fuels to cleaner energy sources. Additionally, electric vehicles, digitalisation, battery storage, cyber security, big data analytics, hydrogen fuel are some of the key emerging trends that could profoundly define the way the global power and renewable markets operate in the coming years.

The COVID-19 pandemic brought about unprecedented changes in 2020 to the power sector worldwide, with significant demand disruptions, supply chain bottlenecks, decline in fuel prices, changes in energy consumption profiles, asset sales and acquisitions. It imparted the worst ever impact delivered by any crisis on the global economy and the power sector. Global Gross Domestic Product (GDP) posted the biggest decline of -3.3% as per IMF April 2021 report in the past 20 years and the power demand contraction of 1% was the sharpest registered in more than 50 years. Power demand is likely to recover slowly from the COVID-19 disruptions, driven by developing economies such as China and India, which have shown growth resilience and a steady increase in power demand, following the easing of lockdown measures. While the extent of demand revival in 2021 remains to be seen, the roll out of vaccines and policy support-led revival in economic activities (6% world GDP growth projected for 2021 by IMF) create grounds for the recovery of power demand in most countries.

With an increasing number of nations responding to the challenge of climate change, the energy landscape is undergoing change, with greater focus being lent to cleaner sources of energy. More than 100 countries have pledged carbon neutrality by 2050 and many more such commitments are on the horizon. Similar announcements on the corporate front have gathered pace worldwide. Be it energy companies or those in the IT/technology space, both utility and non-utility companies are undertaking 100% carbon free initiatives.

Falling costs of wind and solar power are making way for increased investments in renewables that are now the preferred mode for energy generation and sourcing. Renewable capacity addition has beaten all previous records, with more than 260 GW being added in 2020, exceeding 2019 growth by 50% as per the report released

by International Renewable Energy Agency (IRENA). Share of renewables in new capacity additions rose considerably for the second year in a row, accounting for more than 80% of the capacity additions, with solar and wind accounting for 91% of the renewables. As per International Energy Agency (IEA) World Energy Outlook 2020, renewables are expected to overtake coal as the primary means of producing global electricity in 2025.

While the general sentiment is against coal globally, coal projects are unlikely to be halted overnight. The global coal plant pipeline remains concentrated in the Asian economies, mostly in China. Coal capacity expansion is expected to face an overall squeeze, with global financiers increasingly withdrawing from coal projects and global capital focusing on Environmental, Social and Governance (ESG) norms as an investment criterion. Even non-power companies are not unscathed by this transformation.

The lucrative renewables market has garnered interest among oil and gas majors as well, with many increasingly investing in green energy, prompted by revenue diversification, future-readiness and government regulation on carbon emissions. Declining oil prices and rising share of renewables in the global primary energy mix is promoting the increased energy transition of oil and gas companies into renewables. Many have announced huge renewable plans while foraying into other segments such as retail power and gas distribution and Electric Vehicle (EV) charging.

Reduction in costs of newer technologies is helping greater penetration of such technologies and shifting the power profile towards more variable capacities. The same is leading to rising flexibility needs for power systems. Coal and gas fired power plants are currently the main source of flexibility in many systems, with additional contributions from hydro and nuclear. Energy storage systems are gaining strength, as evidenced from the rising number of new solar projects that come with battery storage, lower costs, improved performance indices and policy support are creating opportunities for battery storage market. The global energy storage market grew significantly even in the pandemic year, achieving record installations of 5.3 GW in 2020 from 3.4 GW in 2019, led by China, and followed by the US and Europe. It is expected to grow substantially in the next couple of years, with the Asia-Pacific region accounting for more than 50% of the global market share.

EV have been in the spotlight for a while now and are witnessing significant growth owing to growing environmental concerns and the rising demand for sustainable and energy-efficient transportation. Governments across the world have introduced various schemes to incentivize EV purchase over conventional vehicles. Strong demand for EVs in a tough year was a

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bright spot in the automotive industry. Sales grew by 39% to 3.1 million units in 2020, compared to a 14% sales decline in the total passenger car market in the year. Several car manufacturers are announcing new EV targets and this is encouraging industry participants to invest in the EV supply chain, including large power utilities and oil majors who are investing in EV charging infrastructure through acquisitions. This market segment is also attracting a lot of start-ups with new innovative charging solutions.

Green hydrogen is the next level of technological advancement that is gaining traction. This has captured the attention of political and market players, given the immense role it can play in energy transition. Recognising its potential to disrupt the energy sector, some countries have already set ambitious targets to advance their green hydrogen strategies. The global race to develop this nascent and costly technology gathered momentum with 2021 witnessing over 30 countries release their hydrogen roadmaps. As per a Hydrogen Council report, there are more than 200 large-scale projects for a combined \$ 300 billion of proposed investment through 2030. Around \$ 80 billion of this amount has gone into advanced planning or has passed a final investment decision or has gone to projects that are under construction or have been commissioned. Scaling up of projects with the right policy framework in place, could help in faster decline of costs, making green hydrogen a strong contender among green technologies.

Decarbonisation of power systems is resulting in decentralised power generation, which is making digitalisation essential to serve varied needs. The three Ds – Decentralisation, Decarbonisation and Digitalisation – are driving transformation of the energy sector, creating opportunities for new business models like Energy-as-a-Service (EaaS), which is likely to further disrupt the utility sector. The future of power utilities is not about just selling energy, but also technology, analytics, personalised services and even access to the grid. The focus is shifting from asset-focused, centralised power generation and its sale to consumers, to offering end-to-end management of a customer's energy assets and services. Digitalisation forms the most important element in offering such customised services, thus giving IT and technology firms the extra edge. Given the requirements of physical, communication and digital infrastructure, a wide range of players can be a part of the future power market, capitalising on their strengths and leading to a lot of collaboration and Merger & Acquisition (M&A) activities. Though still relatively nascent, this market is poised to grow and diversify, especially with the advent of EVs, smart cities and energy storage.

### Indian Power Sector

India's power sector witnessed many successes in the recent years, including energy access being extended to millions of households, the adoption of energy-efficient LED lighting by most households and expansion of renewable power sources, led by solar. However, the COVID-19 crisis has complicated the efforts to resolve other pressing issues that loom large across the power value chain. Among these are reliable power supply, the ailing financial health of Distribution Companies (Discoms) and rising pollution levels.

The year 2020 was marked by one of the biggest health challenges faced by the world. It impacted all segments of the economy, and the power sector was no exception. India's demand for power fell significantly by 8.5% in the first half of FY21 but picked up pace in the second half of the fiscal, with the easing of lockdown measures. In fact, the country recorded the highest ever peak power utilisation of 190 GW in FY21.

India's growing urban population, revival in economic activities in the coming quarters after a sizable population gets vaccinated and its quest for affordable, clean and reliable power provide a huge scope for continued growth in power demand.

The coal sector is set for revival in 2021, buoyed by improving economic activities, although the government's thrust on renewable energy sources continues and the need for clean energy appearing to be more pressing than in pre-COVID times. The Government of India is focussing on renewable energy growth in alignment with sustainability and carbon emission reduction targets. It plans to raise renewable energy capacity from targeted level of 175 GW in 2022 to 450 GW by 2030. Even India's coal behemoth, Coal India Limited (CIL), and its largest thermal power PSU, NTPC Limited, are diversifying into cleaner energy technologies.

Another major focus area of the government has been increased participation of private players in the Transmission and Distribution (T&D) space, through the Tariff-based Competitive Bidding (TBCB) route in transmission and PPP (Public-Private Partnership) or franchisee models in the distribution segment in a bid to improve performance. Distribution continues to be the weakest link in the power value chain, which faces challenges of high Aggregate Technical & Commercial (AT&C) losses, insufficient tariff hikes resulting in a widening Average Cost of Supply (ACS)–Average Revenue Realised (ARR) gap, accumulation of regulatory assets and cross-subsidisation. COVID-19 induced challenges

led to further deterioration in the financial position of Discoms as the deferment of bill payments by consumers reduced collections, thereby putting pressure on their revenues and limiting their ability to pay the Generating Companies (Gencos). This is further adding to the stress in the sector. Given the importance of the segment, the government focused on power sector reforms even during COVID-19 with some landmark initiatives to help Discoms overcome the challenges.

Government has over the last year moved several regulatory and legislative changes to bring in reforms in the sector. Some of these changes are covered in the following section and the key highlights include privatization of Discoms in States and Union Territories, a special one-time liquidity infusion of ₹ 90,000 crore (that was scaled up to ₹1.35 lakh crore), focus on consumer rights through the Draft Electricity (Rights of Consumers) Rules, 2020, impetus to domestic solar manufacturing through Basic Custom Duty (BCD) imposition and Performance Linked Incentives (PLI) scheme, opening up commercial mining for private players, and announcement of ₹3.05 trillion reform-based result linked scheme for distribution. The success of some of these interventions like privatisation of Odisha Discoms will be key for setting trend in the sector.

### Generation

India's installed generation capacity stands at 382.15 GW as on 31st March 2021, which excludes 55 GW of captive generation capacity. Grid connected capacity addition during FY21 was 12 GW vis-à-vis 14 GW in FY20.

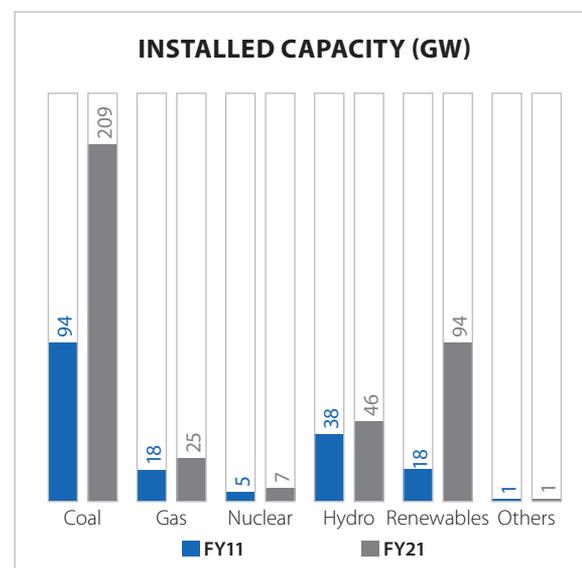
#### Thermal Generation

Coal-based capacities still account for more than half of India's total installed capacity, though the share has been consistently declining over the past ten years from 75% in FY11 to about 55% in FY21, indicating subdued investor interest in the sector. This is also evident in the Plant Load Factor (PLF) of thermal plants that have witnessed a declining trend in the last decade, falling from 75% in FY11 to 54.49% in FY21.

#### Renewable Generation

Installation of renewables capacity has been on the rise from 11% share in FY11 to 25% in FY21. Several policy initiatives by the government have provided the much-needed boost to the sector. Favourable cost economics has also provided impetus for the rapid increase in renewable based capacities. The government's push towards clean

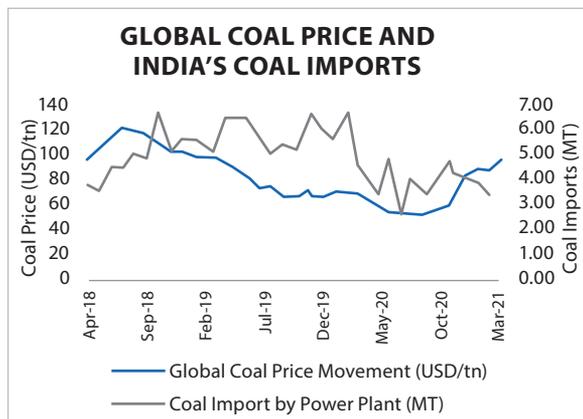
energy has garnered interest among global investors, and this is reflected in project tenders getting oversubscribed amid strong participation by global investors and the cost of solar projects dropping further, as seen in the new record low tariff of ₹ 1.99/unit discovered in 500 MW solar projects of the Gujarat Urja Vikas Nigam Ltd. (GUVNL). Sustained enabling regulations for the renewables sector are visible through various policy interventions by the government, catering to both the demand and supply side, such as the 'Must Run' status for renewables, lifting of the tariff cap, thrust on domestic solar manufacturing, enhancing the Pradhan Mantri Kisan Urja Suraksha evam Utthaan Mahabhiyan (PM-KUSUM) scheme, priority sector lending, Domestic Content Requirement (DCR) projects and so on. However, delay in Power Purchase Agreement (PPA) tie-ups, renegotiation/cancellation of bids, land issues, supply chain disruptions, etc. are some of the challenges that need to be resolved for the sector to meet its targeted growth



#### Fuel

Coal produced by CIL and its subsidiaries declined by 1% during FY21 to 596 MT (from 602 MT in the previous fiscal), missing its FY21 target of 660 MT. The decline is mainly due to lower demand from power plants during the fiscal amid reduced electricity requirement. Thermal coal imports declined sharply by 18% due to firm prices and high freight rates in the international market.

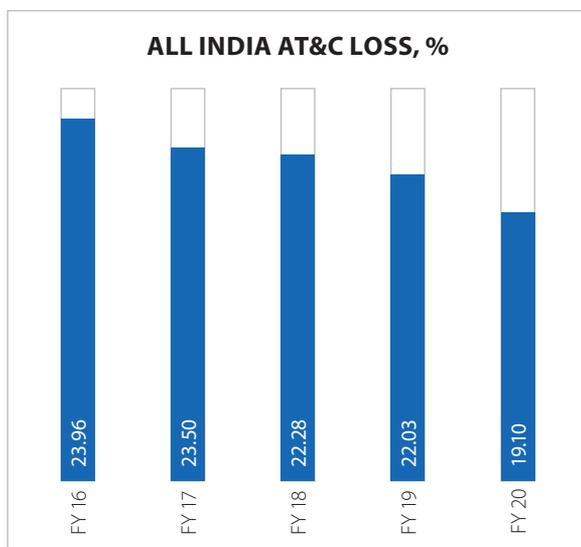
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### Transmission

The backbone transmission system in India is mainly through 765 kV, 400 kV and 220 kV AC networks, with the highest transmission voltage level being 800 kV (HVDC). Total transmission lines and substation capacity reached nearly 4.42 lakh Ckms and 10.25 lakh MVA respectively, reflecting an increase of about 16,750 Ckms and 57,575 MVA over the previous year. The National Electricity Plan (Volume II-Transmission) i.e. NEP-Trans, has been notified to review the development of transmission system during the 12th Plan Period, the current planning period 2017-22 and the subsequent period 2022-27.

With changing power generation mix on account of increase in renewables, the government is emphasizing on augmenting the transmission infrastructure to support demand growth. In order to expedite the development of



(Source: PFC Report on Performance of State Power Utilities 2018-19, UDAY portal)

transmission lines for solar parks under Green Corridor II (Under Green Corridor-I, Power Grid Corporation of India Limited is responsible for strengthening transmission networks and constructing inter-state transmission network for connecting renewable energy-rich states) and open-up private participation, which is still limited to 7%, the government has decided to award these projects to private players through TBCB.

### Distribution

The distribution sector in India is going through a transformation. The issues of AT&C losses, payables to Gencos and overall effective management of the utility have been affecting the performance of the sector over the years. Discoms' overdue to Gencos had crossed the ₹ 1 lakh crore mark in FY21 and stood at ₹ 67,417 crore as of February 2021, indicating the stress in the sector. The government has announced schemes and decisions towards addressing the issues in the sector with a liquidity injection of ₹ 90,000 crore (scaled up to ₹ 1.35 lakh crore) being announced under the COVID-19 relief package in May 2020. It also announced the push for the privatisation of Discoms of Union Territories (UT) and states. The Electricity Amendment Bill under discussion also highlights several measures planned, including delicensing the distribution business to increase competition in the sector and improve services for the customers. The Union Budget 2021-22 also saw a ₹3.05 trillion reform scheme for system improvement and smart metering in the distribution sector. Effective implementation of the proposed reforms would be key to ensuring the long term recovery and sustenance of the sector in the country.

The past year saw the distribution utilities of Odisha (CESU, WESCO, NESCO & SOUTHCO) entering into PPP for improving their performance. The bids for privatisation in UTs of Chandigarh, Dadra and Nagar Haveli and Daman and Diu had also been floated and are in advanced stages. Many other states and UTs are also evaluating the PPP route, which opens the opportunity for better supply and services for 4.5 crore customers across the country. With reform schemes focusing on operational and financial performance improvement, opportunities for services segment including smart meters, smart grids, LED street lighting and advisory services projects are also expected to get an impetus.

### Power Trading

Around 133 Billion Units (BUs) of electricity were traded in the short-term power market during FY21, as compared to a total of 137 BUs traded during FY20. Out of this, about 47% of the trading took place on power exchange platforms. The trading margins were under immense pressure due to the stiff competition amongst traders. The market is concentrated among ~10 larger players, with the remaining traders operating in regional pockets largely for trading their own power.

At ₹ 2.819 per unit, the average clearing price for spot markets in FY21 decreased by 6% as compared to the previous fiscal. This decrease is largely attributable to lower demand, primarily because of the impact of COVID-19 in FY21 on the economy and the manufacturing sector, and higher merchant capacity available for power sale on exchange platforms.

### Regulatory and Policy Developments

Regulatory and policy reforms in the sector are critical, given the current challenges across the value chain. The Ministry of Power issued the Electricity Amendment Bill 2021, which, *inter alia*, proposes to replace the process of distribution license with the proposed Discom registration process. This would ultimately enable consumers to choose one from multiple Discoms. Essentially, the Electricity Amendment Bill 2021 delicenss the distribution business, brings in competition, the appointment of member from law background in every commission, strengthens the Appellate Tribunal for Electricity (APTEL) and prescribes rights and duties of consumers.

In addition, Electricity (Rights of Consumers) Rules, 2020, notified on 31st December 2020, establishes the rights of consumers, including the rights of prosumers. Further, the Rules *inter alia* have stringent provisions for timelines for new connections and mandatory use of smart/prepayment meters and so on. The State Commissions are expected to notify the standards of performance for the distribution licensees.

The Ministry of Power also notified the Electricity (Late Payment Surcharge) Rules, 2021 on 22nd February 2021. In the said Rules, late payment surcharge is linked to marginal cost of funds-based lending rate for one year of the State Bank of India.

On 26th February 2021, the Ministry of Power issued a letter on the 'Implementation of Smart pre-payment meter/pre-payment meter'. Vide the said letter, Discoms are, *inter alia*, required to provide all new connections through smart pre-payment meters/pre-payment meters.

On 31st March 2021, the Ministry of Environment, Forest and Climate Change (MoEFCC) issued the Environment (Protection) Amendment Rules, 2021 to further amend the Environment (Protection) Rules, 1986. The aforesaid amendment specifies relaxed timelines for compliance with the emission norms for thermal generating plants that fall in different categories determined by a task force constituted by the Central Pollution Control Board. Penal provision in the form of Environmental Compensation has been introduced if there is delay in completion of installation of the emission control equipment.

Following are some of the important regulatory and policy changes introduced in FY21:

### Maharashtra:

- Maharashtra Electricity Regulatory Commission (MERC) notified the **Consumer Grievance Redressal Forum & Electricity Ombudsman Regulations, 2020**, directing the distribution licensees to establish a forum and web-based portal for redressal of consumer grievances/complaints. The forum shall take cognisance and redress the grievances as per the priority order set out in the regulations
- MERC notified the **Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality Regulations, 2021**. As per the said regulations, special system of supply, including multiple source of supply for specific consumers, may be adopted. Further, the regulations specify that the cost of network for providing connection to an extra high voltage consumer shall be borne by the Transmission Licensee. The Commission vide the said regulations has also directed that all the new connections shall be released with smart meter or meter having the facility of remote reading.
- MERC notified the **State Grid Code, 2020** with the aim to lay down the rules, guidelines and standards to be followed by state entities and users of Intra-State Transmission System (InSTS).

### CERC & JSERC

- Jharkhand State Electricity Regulatory Commission (JSERC) notified the **Multi Year Tariff (MYT) Regulations, 2020**, applicable for the control period from FY22 to FY26, wherein the Hon'ble Commission has mostly kept the financial norms like the CERC Tariff Regulations 2019, except for few variations.
- **CERC (Terms and Conditions of Tariff) (First Amendment) Regulations, 2020.**  
**CERC (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2021.**

As envisaged in the Principal Regulations, the Central Electricity Regulatory Commission (CERC) has amended the Principal Regulations through First Amendment dated 3rd February 2021, to specify the regulatory framework including financial parameters, operational parameters and recovery mechanism for determination of supplementary tariff for emission control system related to the Gencos covered under the jurisdiction of the Commission [Section 62 projects].

The Second Amendment dated 19th February 2021 is meant for the Genco that has integrated mines and stipulates provisions pertaining to determination of input price of coal or lignite from integrated mine.

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Coal contract of work (Ccow) license for KPC expires on 31st December 2021. The Company has already applied for extension 2x10 years. Ministry of Mines and Energy is reviewing the application. So far all relevant data pertaining to resources and reserves, exploration, etc. has been submitted.

### 2. Tata Power Business Portfolio, Opportunities and Outlook

Your Company's generation business operates under various business models across divisions in the domestic as well as international markets, with the PPA/Fixed Tariff model contributing to the largest share of the generation segment. The following is a summary of the different business models under which various generation assets of your Company operate:

Model	Returns	Project	Capacity (MW)	% Overall Capacity
Regulated Tariff	Regulated return on equity	Mumbai operations (Trombay and Hydro), Maithon, Jojobera (Unit No 2 and 3), TPDDL-Rithala	2,775	21.7
PPA/ Fixed Tariff (Renewables)	Feed In Tariff+ Bid Driven	Wind and Solar Projects (Domestic)	2,694	21.0
PPA/ Fixed Tariff (Bid/ Others)	Bilateral Agreement +Bid Driven	Jojobera (Unit 1 and 4), CGPL, Itezhi-Tezhi, Hydro Projects, Georgia Hydro, Kalinganagar-IEL-40 MW	4,684	36.6
Captive	Bilateral Captive Agreement	IEL (Unit 5, PH6, KPO), CKP (Indonesia)	429	3.3
Merchant	Market Driven	Haldia, Dagachhu	246	1.9
Under platform management	PPA Based	Prayagraj	1,980	15.5
<b>Total</b>			<b>12,808</b>	<b>100</b>

In the last fiscal year, your Company had significantly expanded its footprint in power distribution business through PPP model and is now present in the following areas:

Model	Returns	Distribution Area / Entity	No. of Customers (million)
Distribution Licensee	Regulated return on equity	Mumbai Distribution	0.73
Public-Private-Partnership (PPP)	Regulated + Bid conditions driven	TPDDL, TPCODL, TPWODL, TPSODL and TPNODL*	10.92
Distribution Franchisee (DF)	Input energy growth and investment driven	TPADL	0.15
<b>Total</b>			<b>11.80</b>

\*TPNODL acquired from 1st April 2021

The Indian market continues to remain the primary focus of business for your Company. Currently, the domestic market accounts for more than 90% of its generation capacity. As highlighted earlier, your Company has plans in place to grow in the areas of renewable generation, transmission, distribution and new and service-led businesses.

#### Renewables Generation

Your Company is a leading player in the renewable generation space, with presence across the value chain. With the focus of the government on clean energy transition, specifically solar-based generation, significant growth opportunities in renewables (both organic and inorganic) are expected to arise in the future. Your Company plans to increase its footprint by capitalising on those opportunities through value-accretive projects. It will also evaluate opportunities for growth through

upcoming models of hybrid, round-the-clock (RTC) supply and renewables with storage. Opportunities in the captive space for renewable generation are also being evaluated by your Company. With significant focus on 'Make in India', your Company is also planning to expand its solar cells and modules manufacturing capacity in the coming year to support its expansion plan as well as the renewables Engineering, Procurement and Construction (EPC) Business for DCR tenders. Your Company had leveraged this opportunity in last year and had doubled its solar PV manufacturing capacity to 1,100 MW of cell and modules under Tata Power Solar Systems Limited (TPSSL).

#### Thermal and Hydro Generation

In line with its intent of achieving carbon neutrality before 2050, your Company plans to limit its exposure to coal-based projects and does not intend to expand its existing portfolio. Your Company does not have any

greenfield or brownfield expansion plans in the near term but would continue to maintain the existing thermal and hydro operations in a sustainable manner. Your Company will, however, be evaluating inorganic opportunities that might come up in hydro power generation assets. It is also looking at opportunities in Industrial Energy Limited (IEL) waste heat recovery (WHR) based portfolio through its Joint Venture (JV) with Tata Steel Limited.

Additionally, your Company is evaluating growth opportunities in services for thermal and hydro plants by leveraging its technical and operation expertise.

### Transmission

Your Company is significantly focusing on augmenting and upgrading transmission infrastructure in its Mumbai operations. In addition, it will also look for suitable opportunities including acquiring a few stressed assets through M&A. While expanding its footprint, your Company will also look at models for keeping the expansions debt light.

### Distribution

With a view to improve the financial health of the distribution sector in India, the government is actively looking at adopting the PPP route for state-run distribution utilities. The last fiscal year saw a significant progress towards this intent, with bids for many utilities of states and UTs under the PPP model. Your Company foresees a considerable number of opportunities in this space in the near future. During the last year, your Company acquired 4 new distribution entities in Odisha state (CESU, WESCO, SOUTHCO and NESCO). With this, your Company now distributes electricity in the entire state of Odisha. It will continue to pursue similar opportunities through the PPP route in other states and UTs to fortify its leadership position in this space. Moreover, it will continue to explore services business opportunities in both domestic and international markets.

### Consumer Businesses

Your Company has major plans to scale up Consumer businesses such as rooftop solar, EV charging, solar pumps, microgrids, energy efficiency solutions and home automation.

It has collaborated with Original Equipment Manufacturers (OEMs) to roll out EV charging infrastructure and aims to expand its presence further in many cities of India. Your Company has also developed a robust software platform for customers of EV charging and has released a mobile-based application (Tata Power EZCharge) towards the

same effect. This would enable your Company to offer value-added services to its customers. With the increase in EV adoption, your Company plans to cover the segments of home, workplace and captive charging (including e-Bus charging) through different models and approaches. It is also actively evaluating opportunities in the electric 3-wheeler and 2-wheeler charging market.

In the space of rooftop solar, your Company has presence in more than 180 districts of India and has rolled out differentiated value-added services with its offerings across segments (residential, commercial and Industrial, including corporates, owners, MSMEs, institutions and small commercial establishments). Your Company has recognised the opportunities arising in rooftop solar and is developing new offerings and models to enhance its adoption among consumers, including financing solutions, extending the EPC model, recurring revenue model and other value-added offerings.

Your Company has rolled out microgrids in rural India to provide innovative solutions for the under-served communities and expand the global microgrid footprint. It has installed around 161 microgrids till March 2021 and is evaluating different approaches and models for scaling up this business.

Your Company has identified eight business-wide Strategic Business Objectives (SBO) for a focused approach towards capitalising on the opportunities. You may refer to page number 21 of the Integrated Report for a detailed explanation of these SBOs along with goals and action plans to achieve these objectives.

## 3. Business Performance

Consolidated operations of your Company can be categorised into four segments: Generation, Transmission & Distribution, Renewables and Others. Report on the performance and financial position of each of the subsidiaries, JVs and associate companies has been provided in Form AOC-1.

Your Company's business performance in FY21 was mainly impacted by lower losses in Coastal Gujarat Power Limited (CGPL), lower financing cost due to repayment of borrowings and stable operational performance across all businesses. A sizable portfolio of your Company's business under the regulated framework provides a steady and reliable source for its finances. Also, your Company's portfolio is suitably structured to capitalise on favourable market conditions for market-linked businesses in its portfolio while ensuring stable returns from the regulated businesses.

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Highlights of the operational performance of key entities are listed below:

### Renewables

#### Tata Power Renewable Energy Limited - TPREL (1,246 MW)

Type of entity: Wholly owned subsidiary

Particulars	FY21	FY20
Generation Sales (MUs)	2,329	2,162
Net sales (₹ crore)	1,025	975
PAT (₹ crore)	13	(51)

TPREL's higher sales were due to addition of 56 MW solar capacity during the year and full year of operation of the capacity commissioned in FY21. During the year, the company added 50 MW solar PV assets in operating portfolio for the supply of power to captive consumers and 6 MW of rooftop solar assets.

PAT for the year increased due to dividend income from Walwhan Renewable Energy Limited (WREL) and lower interest cost on account of decrease in borrowing rates. FY20 includes one-time impact of transition to the new tax regime.

TPREL and its subsidiaries are executing 1,314 MW solar PV projects under long-term PPAs in Gujarat, Uttar Pradesh, Maharashtra, Rajasthan and Jharkhand; 400 MW of this capacity will be based out of solar parks located in Gujarat with long-term power tie up with GUVNL, and additional 120 MW is in non-solar park in Gujarat with long-term tie up with GUVNL. The company has also signed PPA with Tata Power Mumbai Distribution (TPC-D) for supply of 150 MW from a project in Rajasthan. The company has signed a 100 MW PPA each with Uttar Pradesh Power Corporation Limited (UPPCL), Noida Power Corporation Limited (NPCL) and Maharashtra State Electricity Distribution Company Limited.

The commissioned capacity at the end of FY21 was 1,246 MW, TPREL has entered into an agreement with Tata Power for the purchase of 252 MW of renewable energy assets through a Business Transfer Agreement.

#### Walwhan Renewable Energy Limited – WREL (Consolidated Financial statement) (1,010 MW)

Type of entity: Wholly owned subsidiary (through TPREL)

WREL is a wholly-owned subsidiary of TPREL. It has an operating capacity of 1,010 MW, out of which 864 MW is solar and 146 MW is wind power. A major part of the capacity is in Tamil Nadu, followed by Rajasthan, Madhya Pradesh, Karnataka and Andhra Pradesh.

The generation achieved by WREL in FY21 was 1,645 MUs, marginally higher than 1,639 MUs achieved in FY20. In FY21, the availability of wind and solar assets of WREL has

improved by 4.2% and 0.3% respectively, through various initiatives taken during these two years.

Particulars	FY21	FY20
Generation Sales (MUs)	1,645	1,639
Net Sales (₹ crore)	1,190	1,203
PAT (₹ crore)	320	183

PAT has increased mainly due to reversal of Minimum Alternate Tax (MAT) credit in FY20 on adoption of the new tax regime, coupled with lower debt servicing cost in FY21 on account of interest rate reset and prepayment of loans.

#### Tata Power Solar Systems Limited – TPSSL

Type of entity: Wholly owned subsidiary

Particulars	FY21	FY20
Net sales (₹ crore)	5,119	2,141
PAT (₹ crore)	208	123

TPSSL continues to demonstrate significant growth driven by growing demand for renewable power in the country and capabilities of the company which have been augmented over time.

The sales from the Large Projects segment, which contributes a major portion of sales for TPSSL, has increased by over three (3) times as compared to the previous year. Further, the revenue from Rooftop Solar and Products segments increased by 56% and 30% respectively as compared to the previous year. As a result of improved operations, the Company has seen an increase in PAT by approximately two (2) times as compared to the previous year.

During the year, TPSSL commissioned 406 MW of utility-scale solar projects out of which 356 MW was for various third parties.

During the year, TPSSL doubled its manufacturing capacity to 1,100 MW of cell and modules manufacturing. In the solar products domain, the company was declared a market leader, with over 30,000 solar agricultural pumps installed in 16 states, a growth of more than 180% from the previous year.

During the financial year, TPSSL saw significant growth in the rooftop solar domain and achieved a portfolio of 406 MW of rooftop solar projects. The company also has an open order book of over 2,800 MW with value of around ₹ 8,700 crore as on 31st March 2021.

#### TP Renewable Microgrid Limited - TPRMG

Type of entity: Wholly owned subsidiary

TPRMG has been setting up microgrids in rural villages of Bihar (six districts) and Uttar Pradesh (three districts). The company, as of 31st March 2021, has commissioned 161 microgrids with an installed capacity of 4.83 MW, while

around 40 more microgrids (1.2 MW) are in various stages of execution. The rural consumer base of the company has increased to 3,887 and the consumers are getting power supply from 156 operational microgrids.

As part of the value-added services delivery for its rural consumers, the company has launched mobile apps as well as EMI scheme for new connections for its consumers. Further, the company has enabled the availability of energy-efficient appliances and Micro finance institution (MFI) linkage for Commercial and Industrial (C&I) consumers. In yet another sustainability initiative to enable microenterprises and farmers to save money and safeguard environment, the company has aided migration of consumers using diesel generator to electric power supply from the microgrid.

This business is a pioneering effort in meeting the energy needs of rural villages through a viable business model.

#### Renewables Division on Balance Sheet of the Parent Company (379 MW)

Type of entity: Division

Particulars	FY21	FY20
Generation Sales (MUs)	555	643

The portfolio comprises 376 MW of wind assets and 3 MW of solar assets at Mulshi. The Company has entered into business transfer arrangement for transfer of 349 MW wind and solar assets to wholly-owned subsidiaries, TPREL and Tata Power Green Energy Limited (TPGEL), effective on or after 1st April 2021. This resulted in one-time benefit on account of the reversal of deferred tax liability amounting to ₹ 131 crore.

#### Tata Power Hydros (447 MW)

Type of entity: Division

Particulars	FY21	FY20
Generation Sales (MUs)*	1,500	1,493

\*Includes sales to Company's distribution division

Availability for the year was 98.64% which was also higher compared to the previous year as fewer major outages were planned during the year. Significant reduction in Auxiliary Power Consumption (APC) was achieved through various energy conservation measures under sustainability initiatives.

#### CGPL, Coal and Related Infrastructure Companies Coastal Gujarat Power Limited - CGPL (4,150 MW)

Type of entity: Wholly owned subsidiary

Particulars	FY21	FY20
Generation Sales (MUs)	24,536	24,463
Net sales (₹ crore)	7,006	7,017
PAT (₹ crore)	(637)	(891)

Loss in FY21 was lower as compared to FY20 mainly due to lower fuel under-recovery on account of lower benchmark coal price, effective coal procurement strategy and reduction in finance cost on pre-payment of long-term loans.

Under-recovery of fuel cost is listed below:

Particulars	FY21	FY20
Total Revenue* (₹ crore)	7,006	7,037
EBITDA (₹ crore)	922	810
Fuel under-recovery**		
(in ₹ crore)	(1,019)	(1,066)*
(in ₹ per kWh)	(0.42)	(0.44)*

\* Total revenue consists of Revenue from Operations and other income

\*\* Fuel under-recovery consists of total coal cost under recovery (Fuel revenue net of coal costs).

\*\* Fuel under-recovery includes ₹ 230 crore Ind-AS 116 non-cash positive impact for FY20.

It is pertinent to note that the increase in EBITDA in CGPL is due to lower fuel under-recovery (due to lower benchmark coal price and blending) partially offset by negative fuel-tariff escalation rate and higher forex loss pertaining to coal and freight exposures in FY21.

CGPL is also making efforts to reduce losses through initiatives like sourcing of low-cost coal from other geographies and increasing blending of low calorific value coal.

#### Coal & Infrastructure Companies

Your Company, through its subsidiaries, holds a 30% stake in PT Kaltim Prima Coal (KPC) and a 26% stake in PT Baramulti Suksessarana Tbk (BSSR), which are strategic assets to hedge imported coal price exposure at CGPL and form an important part of the supply chain for its coal off-take requirements.

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Your Company has signed an agreement to sell its 30% stake in PT Arutmin Indonesia and associated companies in coal trading and infrastructure. The aggregate consideration for the stake is \$401 million, subject to certain closing adjustments and restructuring actions. The Company received \$225 million till March 2021. Your Company is pursuing steps to conclude this transaction.

The mining license for KPC is due for renewal in December 2021. KPC has made an application for renewal of license and has submitted all necessary documents. The Government of Indonesia has amended the Mining Law, which now gives more clarity on certain conditions for the extension. KPC is working with the Government of Indonesia to secure the extension in accordance with the prevailing laws.

### PT Kaltim Prima Coal, Indonesia

Particulars	FY21	FY20
Coal Production (Million Tons)	59.1	61.2
Net sales* (₹ crore)	21,996	24,628
PAT* (₹ crore)	910	1,206

\*Figures are on 100% basis. Your Company's share is 30%.

The coal price realisation for the year was at \$48.8/tonne as compared to \$55.22/tonne in the previous year. KPC's profitability was adversely affected due to drop in the international coal price index.

### PT Baramulti Suksessarana Tbk, and PT Antang Gunung Meratus Indonesia

Particulars	FY21	FY20
Coal Production (Million Tons)	10.7	11.7
Net sales* (₹ crore)	2,358	2,936
PAT* (₹ crore)	219	277

\*Figures are on 100% basis. Your Company's share is 26%.

PAT is lower mainly due to lower average price realisation at \$29.7/tonne as compared to \$35.1/tonne in the previous year.

The status of the infrastructure company at Indonesia, PT Nusa Tambang Pratama was as under:

### PT Nusa Tambang Pratama, Indonesia

Particulars	FY21	FY20
Net sales* (₹ crore)	935	1,065
PAT* (₹ crore)	653	639

\*Figures are on 100% basis. Your Company's share is 30%.

### Trust Energy Resources Pte. Limited – TERPL

Type of entity: Wholly owned subsidiary

Particulars	FY21	FY20
Net sales (₹ crore)	1,003	1,086
PAT (₹ crore)	608	185

PAT for FY21 includes gain from the sale of three (3) vessels (MV Trust Agility, MV Trust Integrity and MV Trust Amity) along with contracts owned by TERPL. Post sale of vessels, TERPL continues to perform freight services for CGPL at an optimised freight rate under the Unified Freight Contract.

### Thermal Generation

#### Maithon Power Limited – MPL (1,050 MW)

Type of entity: Subsidiary (Tata Power: 74%, DVC: 26%)

Particulars	FY21	FY20
Generation Sales (MUs)	5,819	6,340
Net sales* (₹ crore)	2,503	2,741
PAT* (₹ crore)	311	338

\*Figures are on 100% basis. Your Company's share is 74%.

Profit for FY21 is lower mainly due to the impact of favourable CERC orders in the previous year.

MPL maintained its strong financial position as evident from the ratings given by CARE and CRISIL for the long-term facilities (CARE AA Stable & CRISIL AA+) and short-term (CRISIL A1+) bank facilities. MPL completed a railway infrastructure project for coal transportation.

After getting in-principle approval from CERC, construction work for setting up of the flue gas desulphurisation system has started.

#### Industrial Energy Limited – IEL (415 MW)

Type of entity: Subsidiary (Tata Power: 74%, Tata Steel: 26%) (Joint Venture under Ind AS)

Particulars	FY21	FY20
Generation Sales (MUs)	2,845	2,829
Net sales* (₹ crore)	298	301
PAT* (₹ crore)	112	149

\*Figures are on 100% basis. Your Company's share is 74%.

IEL operates a 120 MW tolling coal-based plant in Jojobera. It also operates a 120 MW co-generation plant (Powerhouse #6) in Jamshedpur, inside the Tata Steel plant, which is based on blast furnace and coke oven gas. Two out of the three units of 67.5 MW each of co-generation plant at Kalinganagar, Odisha, are also under operation by deploying production gases from Tata Steel's plant.

PAT for the year is lower due to one-time impact in the previous year on reversal of deferred tax liability amounting to ₹ 48 crore on account of the company opting for the new tax regime from FY32 post full utilisation of MAT credit.

The company has started executing the third turbine of 67.5 MW co-generation plant at Kalinganagar, Odisha, based on discussions with Tata Steel for Phase II of the steel plant. MoU has been signed with Tata Steel for multiple captive projects, including Captive Power Plant # 2, various Coke Dry Quenching (CDQ) facilities, TRT projects, DG projects and thermal projects.

### Trombay (930 MW)

Type of entity: Division

Particulars	FY21	FY20
Generation Sales (MUs)*	4,703	5,576

\*Includes sales to your Company's distribution division.

The station achieved an availability of 92.3% in FY21 (compared to last year's availability of 93.6%). Unit 5 overhauling was successfully completed (all three turbine modules were overhauled). The plant had undertaken several operational improvement measures, including reduction in make-up losses, optimising operational expenses and reducing store inventory etc. The lower station generation is because Unit #8 was out of service for 184 days for zero scheduling due to the pandemic situation.

### Jobobera (428 MW)

Type of entity: Division

Particulars	FY21	FY20
Generation Sales (MUs)	2,523	2,681

Jobobera plant achieved availability of 93% in FY21 from the previous year level of 97%. This is mainly due to lower offtake from Tata Steel on account of the COVID-19 pandemic. The Jobobera Division secured 5.7 lakh MT coal from Shakti B (iii) coal linkage auction in FY21.

### Haldia (120 MW)

Type of entity: Division

Particulars	FY21	FY20
Generation Sales (MUs)	614	693

Generation sales in FY21 were lower than the previous year mainly due to lower flue gas availability from Tata Steel coke oven plant, mainly due to lower demand of coke on account of the COVID-19 pandemic. Further, generation was restricted due to non-availability of short term open access (STOA) buyer for surplus available power.

## Transmission

### Mumbai Transmission

The transmission assets, which are a part of the Mumbai licence area, had a grid availability of 99.89% in FY21 as against the MERC norm of 98%. Availability was maintained at high levels by proactive actions taken to reduce forced shutdowns. These included effective preventive maintenance practices, adoption of new technology and digitalisation initiatives for condition monitoring and optimisation of planned outages by judicious planning and execution.

Particulars	FY21	FY20
Grid Availability (%)	99.89	99.75
Transmission Capacity (MVA)	10,583	9,838

### Powerlinks Transmission Limited – PTL

Type of entity: Subsidiary (Tata Power: 51%, PGCIL: 49%) (Joint Venture under Ind AS)

Particulars	FY21	FY20
Net sales* (₹ crore)	117	92
PAT* (₹ crore)	102	121

\*Figures are on 100% basis. The Company's share is 51%.

The average availability of the lines was maintained at 99.96% during FY21 (previous year availability stood at 99.97%) as against the minimum stipulated availability of 98.50%. The current year profit after tax is lower as compared to that of the previous year mainly due to higher MAT credit on account of one-time impact due to change in MAT rate from 18.5% to 15% in FY20 as per the New Tax Ordinance.

## Distribution

### Mumbai Distribution

The highlights of the Mumbai Distribution business are as follows:

Particulars	FY21	FY20
Sales (MUs)	4,184	4,573
Consumer Base (Nos.)	7,30,515	7,20,310

Mumbai Distribution has added about 10,000 customers in FY21. However, overall sales MUs dropped during the year when compared to last year due to ongoing pandemic.

Some key highlights of the Mumbai Distribution Business, including certain initiatives to improve customer experience, are:

- Mumbai city witnessed a rare power blackout during October last year, with supply getting disrupted for many areas of the city and attracted lot of public attention. Subsequently three committees were formed by Central Electricity

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Authority (CEA), Government of Maharashtra and Maharashtra Electricity Regulatory Commission (MERC) for investigation of the grid disturbance and recommending corrective actions to be taken. The assessment of the committees identified that the cause of power shutdown was mainly due to outages of the transmission lines at MSETCL system and dependence of Mumbai demand from outside Mumbai Metropolitan Region (MMR) generation and the quality of systemic response to the emergency. The committee has recommended actions to be taken in a time bound manner. Most of the recommendations by various committees, which were to be completed in short term, have been complied with by the Company. The Company is also in the process of implementing additional recommendations for more precise operations and response mechanisms.

- Mumbai Distribution is now IMS certified (ISO 9001:2015 for Quality Management System, ISO 14001:2015 for Environmental Management System, ISO 45001:2018 for Occupational Health and Safety Management System).
- Won Platinum Award at ISGF Innovation Awards 2020 for 'Most Reliable Supply of Electricity by Utility in India'.
- Introduced a real time tracking solution where customers can track the real time location of complaint management crew.
- Smart Meter Reading and Dispatch (SMRD) app was rolled out for meter reading, online spot billing and collection.
- Became the first power utility to launch Kaizala, in collaboration with Microsoft, a one-stop window for information/alert sharing, bill and meter-related information, and complaint management for consumers.
- Added another all-women Customer Relations Centre at Ghatkopar, Mumbai, taking the total number to 4.
- Launched Know Your Electricity Consumption (KYEC) as part of the value-added services which help consumers monitor and analyse energy usage; made available in intervals of 15 minutes, to help consumers take decisions.
- Green Power Tariff communication to all High Revenue Billing (HRB) and High Tension (HT) consumers.
- Completed installation of 2,700 smart meters in March 2021.
- Installed 930 smart meters at M/s J P Elara, making it the first residential complex in Mumbai where supply is released through 100% smart metering system
- 1.34 lakh e-bill registered consumers as on 31st March 2021.
- Completed subsidy tendering process for the Ministry of New and Renewable Energy (MNRE); 8 vendors empaneled. MNRE subsidy scheme launched (made live).

### Tata Power Delhi Distribution Limited – TPDDL

Type of entity: Subsidiary (Tata Power: 51%, Government of National Capital Territory (NCT) of Delhi: 49%)

Particulars	FY21	FY20
Distribution Sales (MUs)	8,347	9,051
Net sales (₹ crore)	7,007	7,888
PAT (₹ crore)	428	414

In FY21, TPDDL had a registered customer base of 18.24 lakh, spanning across an area of 510 sq. km. in north and north-west parts of Delhi. The AT&C losses for the year stood at 7.3% (calculation based on collection adjustment from FY21 to FY20, considering lockdown in the last week of March 2020) as against 7.9% last year.

TPDDL was able to reduce the System Average Interruption Duration Index (SAIDI) to a level of 16.63 hours against 23.74 hours in the previous year. Compared to the previous year, the performance is better by 22%.

TPDDL has adopted Total Quality Management (TQM) framework for taking operational excellence to the next level.

Average System Availability Index has improved from 99.70% to 99.80%. Data Quality Index (DQI) introduced for improving the quality of input data for System Average Interruption Duration Index (SAIDI)/System Average Interruption Frequency Index (SAIFI), No Current Complain (NCC), energy audit and safety.

Customer Delight Index (CDI) has moved to 96 from 94 in FY19 and Dissatisfaction Index (DSI) has improved to 0.1 from 0.5 in FY19 (reduction of 80%). This indicates jump by one level in the band from 91-95 to 96-100 and achievement of the target band of 96-100 in FY21.

Key initiatives undertaken by TPDDL during the year are:

- Digital Payment Index has increased by 12.4% to 77.5% current year against 68.91% during previous year.
- 7 MW of Rooftop capacity added; ~800 new connections for EVs added upto FY21.

- Smart Grid Lab recognised as 'In-house R&D Unit' by Department of Scientific and Industrial Research (DSIR)
- Implementation of Advanced Metering Infrastructure (AMI) and roll-out Smart Meter for its customers. Upto FY21, 2.30 lakh Smart Meters were installed within the licensed area. To increase transparency and customer satisfaction, the data generated from the Smart Meters has been integrated with Tata Power-TPDDL Mobile app. Revamped TPDDL Connect App, where consumers with Smart Meters can monitor electricity consumption pattern.
- Launched an interactive bill service through WhatsApp with the feature of audio description of bill, 6 months bill history details, nearby payment avenues along with existing offers and schemes.
- Launched various energy efficiency Programs like 5-star AC Replacement Scheme, Super-Efficient BLDC Fan, LED Lighting Products which helped 55 MUs energy Saving & 35531 MT CO2 reduction since FY-2015.
- Under the Horizon 2020 program, funded by the European Union, TPDDL is carrying out a pilot exercise of deploying an Energy Islanding System at one of its Distribution sub-stations with the aim of creating a model for individual community-based storage systems. The project has deployed a holistic approach including community engagement and technology deployment to create a successful model.
- Partnered with SUN Mobility to set up a Network of Swap Points in New Delhi to cater the growth of two and three-wheeler EV market. It has recently established the Battery swapping station in Azadpur, Delhi.
- Collaborated with Nexcharge to power up India's First grid connected – Community Energy Storage System (CESS) at Rani Bagh, Delhi.

#### TP Ajmer Distribution Limited – TPADL

Type of entity: Wholly owned subsidiary

Particulars	FY21	FY20
Distribution Sales (MUs)	461	483
Net sales (₹ crore)	418	401
PAT (₹ crore)	0.36	1.02

TPADL, a wholly-owned subsidiary of your Company, has been operating as a franchisee for the supply and distribution of power in Ajmer city over the past four years.

The total area under the franchisee is around 190 sq. km. The total consumer base in FY21 is 1.54 lakh and total peak demand is 93.5 MW, which decreased by 28% compared to last year due to the COVID-19 pandemic and lockdown.

In FY21, PAT is lower mainly due to increase in AT&C loss from 9.96% in FY20 to 10.2% in FY21 due to the COVID-19 pandemic and lockdown.

For enhancing customer-centricity and reliability, various initiatives were implemented, resulting in improvement in business performance. This led to reduced customer complaints by 10.71% compared to the previous year, zero-meter faulty pendency within 30 days, reduction in provisional billing from 1.81% in FY20 to 1.59% in FY21, increase in digital payment from 33.4% in FY20 to 49.0% in FY21. The average restoration time of tripping also improved from 4.20 minutes in FY20 to 3.1 minutes in FY21 (30% reduction).

#### Acquisition of Odisha Discoms

During the year, your Company acquired a 51% stake in TP Central Odisha Distribution Limited (TPCODL), TP Western Odisha Distribution Limited (TPWODL) and TP Southern Odisha Distribution Limited (TPSODL) as a licensee to carry out the function of distribution and retail supply of electricity covering the distribution circles of central, western and southern Odisha for a period of 25 years effective from 1st June 2020, 1st January 2021 and 1st January 2021 respectively, thereby adding around 7 million customers in its portfolio.

Additionally, in April 2021, your Company has acquired 51% stake in TP Northern Odisha Distribution Limited (TPNODL) as a licensee to carry out the function of distribution and retail supply of electricity covering the distribution circles of Balasore, Bhadrak, Baripada, Jajpur and Keonjhar in the state of Odisha for a period of 25 years effective from 1st April 2021. This added a further 1.91 million to your Company's customer base.

#### Other Businesses

##### Services

In FY21, the Services division provided O&M management services for 1,980 MW capacity, project management services for 3,150 MW, corporate management services for 1,425 MW and asset management services for 4 MW of wind assets. In addition, the division also provided advisory services for O&M, asset management systems and other services to various clients with total capacity of 9,818 MW.

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## Tata Power Trading Company Limited – TPTCL

Type of entity: Wholly owned subsidiary

Particulars	FY21	FY20
Generation Sales (MUs)	10,626	10,155
Net sales (₹ crore)	265	248
PAT (₹ crore)	33	41

TPTCL's sales volumes are better than last year despite the COVID-19 pandemic. However, PAT is lower compared to last year owing to shrinking trading margins and loss from the renewable assets shutdown due to COVID-19. Also, last year, PAT was higher on account of lower tax expenses benefit that followed from shifting to the new tax regime in the current year. There is significant improvement in the working capital cycle and efficient receivable management, resulting in lower finance costs. The Company has repaid all its long-term borrowings and can be termed as a debt free company.

### Consumer Businesses- EV Charging

Your Company has made a significant impact in developing EV ecosystem and encouraging EV adoption in the country. Your Company is committed to playing a key role along with other stakeholders in achieving the national goal of transition to electric-mobility. Tata Power partnered with Tata Motors Limited, Morris Garages India Limited and Jaguar Land Rover for developing EV charging infrastructure for their customers and dealers and installed 532 charging points across the country, including those for e-buses used by multiple state transport utilities. During the year, your Company rolled out Version 2.0 of its software platform and mobile app that plays a crucial role in EV charging by helping customers in locating EV charging stations, charging EVs and making bill payments online. Tata Power EV charging points are now present in 92 cities and various key highways under various business models and market segments. Your Company aims to increase its presence both in terms of a greater number of charging stations and larger geographical presence across the country.

### Consumer Businesses- Home Automation

Your Company has developed an IoT based home automation solution and introduced home automation products as a part of its Smart Energy Management Tool. The purpose is to encourage customers to implement efficient and cost-effective home automation solutions to manage their electricity usage. These products enable customers to monitor, operate and schedule any kind of home appliances such as AC, geyser, light and fan from anywhere through EZ Home app and can also be operated through voice-enabled devices. The Tata Power EZ Home

products have been launched in six cities – Delhi, Mumbai, Pune, Bengaluru, Bhubaneswar and Surat through rooftop solar channel partners. In addition, we are also planning to sell our home automation products through e-commerce platforms and modern retail stores.

## International Businesses

### Dagachhu Hydro Power Corporation Limited – DHPC (126 MW)

Type of entity: Associate (Tata Power 26%, DGPC & Affiliates: 74%)

Particulars	FY21	FY20
Generation Sales (MUs)	536	513
Net sales* (₹ crore)	181	143
PAT* (₹ crore)	65	(43)

\*Figures are on 100% basis. Your Company's share is 26%.

### Adjaristsqali Georgia LLC - AGL

Type of entity: Joint Venture (Tata Power through TPIPL):50%, Clean Energy Invest: 50%

AGL has developed a 187 MW hydropower project (Shuakhevi and Skhalta projects) on the Adjaristsqali River and its tributaries in Georgia. This is one of the largest infrastructure investments in Georgia. After restoration work at the tunnels, both the 89 MW units of Shuakhevi HPP have been tested and re-commissioned and have commenced commercial operations in March 2020.

Further, the company concluded its negotiation with the Government of Georgia for a 15-year PPA for power generated from the Shuakhevi project.

The 9 MW Skhalta HPP, which is also a component of the overall project, was commissioned in March 2021 and PPA for this plant has also been executed for 15 years.

The company also negotiated a restructuring package with the project lenders to sustain the viability of the project.

### Digital Initiatives

Your Company is focusing on leveraging digital technologies and solutions across business segments to improve operational efficiency, enhance customer experience and better customer service, create competitive differentiation and support business growth. Tata Power Digital & IT service has aligned with the accepted global benchmarks with its sustained certification for Integrated Management System (IMS) under ISO 27001:2013 and ISO 9001:2015.

Some of the key initiatives across business/functions during the year are as follows:

### Initiatives to enhance customer experience

- Customer portal enabled with live webchat facility by interactive chatbots.
- Availability of hourly, daily and monthly consumption graphs, peer consumption comparison, alerts for consumption slab crossover and increase in daily consumption etc. by Smart Meter Analytics.
- Energy calculator and bill calculations for customers on portal during the lockdown period.
- Deployment of customer meter read upload feature on customer portal and mobile app.
- Enabling customers on portal to opt for instalment payment during the lockdown period.
- Tata Power rewards application for customers to view and redeem their reward points.
- Automation of process related to Consumer Grievance Redressal Forum and Electricity Ombudsman made available on customer portal.
- Migrating customers from physical bill to e-bill by assuring them an alternative option on customer portal to register request for duplicate bill.
- DSM (Demand side management) green initiative campaigns for energy-efficient appliances.

### Initiatives to enhance employee productivity, experience and learning

- Implementation of chatbot for quick online assistance to employees.
- Introduction of employee health management portal for employee well-being.
- Implementation of 'Knowledge Management' and 'Achievers' portals to enhance employee engagement.
- Implementation of employee facing applications like 'Manager Connect', 'COVID-19 Declaration Form' to connect employees and managers during times of pandemic.
- Implementation of the onboarding portal for enhancing new joiners' experience and enhance brand image. Enhancing HR department productivity by automating the entire joining process.
- Adoption of digital event platform to successfully conduct E-AGM, strategy meet, Board Meetings and various other business initiatives.
- Successfully delivered efficient end-user support during COVID-19 WFH scenario.
- IT helpdesk continues to service 24/7 even when WFH, leveraging remote infrastructure management.

### Initiative for business growth

- New features introduced in EV platform like Radio Frequency Identification (RFID) based charging, switch profile facility, anchor charging, additional payment avenues like Billdesk/Tata Power Account, charge by units/amount/time/state of charge etc.
- Launched mobile app and chatbot for rooftop solar campaign.
- Tata Power Home Automation solutions with mobile app and consumption analytics launched for customers.
- Dealers' management: Implementation of Leads to Opportunity to enhance business growth.

### Initiatives to enhance Operational Efficiency (Asset performance and digitisation of processes)

- SAP implementation for TPCODL to enhance business processes in terms of productivity, better inventory management, effective human resource management, etc.
- Complete life cycle management of coal supply chain process from coal sourcing, coal handling, inventory, quality and final consumption by deployment of different new-age IT analytical applications in thermal generation plants.
- Introduction of hybrid infrastructure for smart meter and unified Personal Identifier (PI) with new Human-Computer Interaction (HCI) technology and IPV6 Network protocol to improve agility, reliability and security of the infrastructure.
- Improved IT-OT integration by enhancing the perimeter firewall under unified PI project at all generation plants.
- Automated asset management process to achieve 95% asset accuracy with digitalised asset registered by integrating with Security Operation Centre (SOC).
- Deployment of Intelligent Operational Excellence Centre (i-OEC) tools - Real-time monitoring dashboards and visualisation of auxiliary power consumption.
- Virtual forecasting for change overload prediction for Mumbai Distribution.
- Real time monitoring and predictive analytics for improvement in availability and performance of solar sites.
- Power manager: Real time power management product in collaboration with power system control centre.

### Awards/recognition

- Your Company has won the SAP ACE Award for the year 2020 for successfully deploying AI-ML based email automation model where machine identifies complaint

## Management Discussion & Analysis

category and customer sentiments, which helps in prioritising the response.

- Your Company has won the ISGF Innovation Gold Award for Innovative EV Design and EV/EVSE Rollouts of the year 2021.

### 4. Financial Performance – Standalone

Your Company recorded a profit after tax of ₹ 1,107 crore during the financial year ended 31st March 2021 (PAT was ₹ 148.12 crore in FY20). Both the basic and the diluted earnings per share were at ₹ 2.49 for FY21.

The analysis of major items of the Standalone Financial Statements is shown below:

#### Revenue

(₹ in crore)				
Particulars	FY21	FY20	Change	% Change
Revenue from Operations	6,180	7,726	(1,546)	(20)
Regulatory Deferral Balances including deferred tax recoverable/(payable)	300	(651)	951	146
<b>Total</b>	<b>6,480</b>	<b>7,075</b>	<b>(595)</b>	<b>(8)</b>

The decrease in revenue is mainly due to lower generation and sales on account of lower demand from procurers and customers due to the COVID-19 pandemic.

#### Other Income

(₹ in crore)				
Particulars	FY21	FY20	Change	% Change
Interest Income	177	120	57	48
Dividend Income	996	369	627	170
Gain/(Loss) on Investments	17	22	(5)	(23)
Other Non-operating Income	59	72	(13)	(18)
<b>Total</b>	<b>1,249</b>	<b>583</b>	<b>666</b>	<b>114</b>

The increase in Other Income is mainly due to higher dividend income from foreign subsidiary and higher interest income from loans given to subsidiaries.

#### Cost of Power Purchased and Cost of Fuel

(₹ in crore)				
Particulars	FY21	FY20	Change	% Change
Cost of Power Purchased	504	458	46	10
Cost of Fuel	2,186	2,766	(580)	(21)

Cost of fuel was lower mainly due to lower generation and lower fuel price.

#### Transmission Charges

(₹ in crore)				
Particulars	FY21	FY20	Change	% Change
Transmission Charges	258	214	44	21

Transmission charges were lower in Mumbai Regulated Business on account of MYT order issued by MERC.

#### Employee Benefit Expenses

(₹ in crore)				
Particulars	FY21	FY20	Change	% Change
Employee benefit expenses	649	611	38	6

Employee Benefit Expenses are higher mainly due to normal increment and impact of reversal of performance pay provision in the previous year offset by reduction in retiral provisions on account of transfer of employees to Odisha Discoms acquisition during the year.

#### Finance Costs

(₹ in crore)				
Particulars	FY21	FY20	Change	% Change
Finance Costs	1,519	1,510	9	1

Finance Costs were higher mainly due to increase in borrowings to meet the fund requirement of the subsidiary company. Your Company has earned incremental interest income on loan given to subsidiary company amounting to ₹ 106 crore.

#### Depreciation and Amortisation

(₹ in crore)				
Particulars	FY21	FY20	Change	% Change
Depreciation and Amortisation	669	686	(17)	(2)

Depreciation has decreased mainly due to reduction in depreciation rate for winds assets being offset by the capitalisation during the year.

#### Operations and Other Expenses

(₹ in crore)				
Particulars	FY21	FY20	Change	% Change
Repairs and maintenance	329	312	17	5
Others	437	445	(8)	(2)
<b>Total</b>	<b>766</b>	<b>757</b>	<b>9</b>	<b>1</b>

Repairs and Maintenance Expenses are higher mainly due to generator replacement during the scheduled outage. Other Expenses are lower mainly due to the reduction in rates and taxes and forex gain offset by increase in

the provision for doubtful debts, consultancy fees and insurance expenses.

### Exceptional Items – Continued Operation

(₹ in crore)				
Particulars	FY21	FY20	Change	Change %
Reversal of Impairment of Non-current Investments and related obligation	Nil	235	(235)	(100)
Standby Litigation	(109)	(276)	167	61
Remeasurement of Deferred Tax Recoverable on account of New Tax Regime (net)	Nil	(265)	265	100
<b>Total</b>	<b>(109)</b>	<b>(306)</b>	<b>197</b>	<b>64</b>

### Standby Litigation

In the previous year, MERC vide its order dated 30th March 2020, allowed the recovery of part of the total standby litigation amount from consumers. During the year, MERC vide its order dated 21st December 2020, revised its earlier order and disallowed the recovery of said standby charges. Consequently, your Company has recognised an expense of ₹ 109 crore (including carrying cost) and disclosed it as an exceptional item.

### Exceptional Items- Discontinued Operation (Strategic Engineering Division)

(₹ in crore)				
Particulars	FY21	FY20	Change	Change %
Impairment Loss on Remeasurement to Fair Value	(160)	(361)	201	57

During the year, the Company completed the sale of its Strategic Engineering Division (SED) to Tata Advanced Systems Ltd. (TASL) and received upfront consideration of ₹ 597 crore (net of borrowings of ₹ 537 crore transferred to TASL after certain adjustment as specified in the scheme ('Contingent Consideration')). During the year, your Company reassessed the fair value of the Contingent Consideration receivable and recognised an additional impairment loss of ₹ 160 crore.

### Tax Expenses for Continued Operations

(₹ in crore)				
Particulars	FY21	FY20	Change	Change %
Current Tax	205	19	186	979
Deferred Tax	(104)	73	(177)	(243)
Deferred Tax relating to earlier Year	Nil	(25)	25	100
<b>Total</b>	<b>101</b>	<b>(208)</b>	<b>309</b>	<b>(149)</b>

(₹ in crore)

Particulars	FY21	FY20	Change	Change %
Remeasurement of deferred tax on account of new tax regime (net)	Nil	(275)	275	100
<b>Total</b>	<b>101</b>	<b>(208)</b>	<b>309</b>	<b>(149)</b>

Current tax is higher mainly due to higher dividend received from the foreign subsidiary.

### Deferred Tax

During the year, your Company entered into a Business Transfer Agreement with TPREL and TPGEL, wholly-owned subsidiaries, for the transfer of renewable assets (forming part of renewable segment) as a 'going concern' on a slump sale basis effective on or after 1st April 2021. Consequently, as per the requirement of Ind AS 12, your Company has reassessed its deferred tax balances including its unrecognised deferred tax assets on capital losses and has recognised gain of ₹ 131 crore.

### Tax Expenses for Discontinued Operations

(₹ in crore)				
Particulars	FY21	FY20	Change	Change %
Current Tax	(101)	Nil	(101)	(100)
Deferred Tax	(72)	(32)	(40)	(125)
<b>Total</b>	<b>(173)</b>	<b>(32)</b>	<b>(141)</b>	<b>(436)</b>

During the year, your Company completed sale of its SED to TASL. Consequently, your Company has recognised current tax credit by deduction for impairment loss in MAT calculation and reversal of deferred tax on account of difference between the written down value as per books and as per Income-tax Act.

### Property, Plant and Equipment, Investment Property & Intangible Assets

(₹ in crore)				
Particulars	FY21	FY20	Change	Change %
Property, plant and equipment	8,201	7,974	227	3
Intangible Assets	55	62	(7)	(11)
Capital Work-in-Progress	286	403	(117)	(29)
<b>Total</b>	<b>8,542</b>	<b>8,439</b>	<b>103</b>	<b>1</b>

The above assets increased mainly due to higher capitalisation offset by depreciation and amortisation for FY21.

# Management Discussion & Analysis

## Non-Current Investments

Particulars	(₹ in crore)			
	FY21	FY20	Change	% Change
Investment in Subsidiary, JV and Associate	25,524	20,743	4,781	23
Statutory Investments	168	168	Nil	Nil
Others	437	416	21	5
<b>Total</b>	<b>26,129</b>	<b>21,327</b>	<b>4,802</b>	<b>23</b>

Non-current Investments increased mainly due to infusion of additional investments in CGPL for repayment of external loans and acquisition of three Discoms in Odisha, namely TP Central Odisha Distribution Limited, TP Southern Odisha Distribution Limited and TP Western Odisha Distribution Limited during the year.

## Current Investments

Particulars	(₹ in crore)			
	FY21	FY20	Change	% Change
Mutual Funds (Unquoted)	240	20	220	1100
<b>Total</b>	<b>240</b>	<b>20</b>	<b>220</b>	<b>1100</b>

Current Investment is higher mainly due to higher investment in mutual funds during the year.

## Trade Receivables

Particulars	(₹ in crore)			
	FY21	FY20	Change	% Change
Non-current	Nil	Nil	Nil	Nil
Current	911	1,109	(198)	(18)
<b>Total</b>	<b>911</b>	<b>1,109</b>	<b>(198)</b>	<b>(18)</b>

Decrease in Trade Receivables is mainly due to recovery of dues from BEST in Mumbai Operations and from TANGEDCO for wind farms.

## Loans

Particulars	(₹ in crore)			
	FY21	FY20	Change	% Change
Non-current	490	42	448	1,064
Current	1,524	550	974	177
<b>Total</b>	<b>2,014</b>	<b>592</b>	<b>1,422</b>	<b>240</b>

Increase in loans is mainly due to higher loans given to related parties.

## Finance Lease Receivable

Particulars	(₹ in crore)			
	FY21	FY20	Change	% Change
Non-current	530	553	(23)	(4)
Current	37	32	5	16
<b>Total</b>	<b>567</b>	<b>585</b>	<b>(18)</b>	<b>(3)</b>

Finance Lease Receivable reduced due to recovery of lease rentals during the year.

## Other Financial Assets

Particulars	(₹ in crore)			
	FY21	FY20	Change	% Change
Non-current	620	223	397	178
Current	120	236	(116)	(49)
<b>Total</b>	<b>740</b>	<b>459</b>	<b>281</b>	<b>61</b>

Other Financial Assets increased mainly due to higher receivable from sale of SED business offset by decrease in recoverable from consumers in the Mumbai Regulated Business.

## Other Assets

Particulars	(₹ in crore)			
	FY21	FY20	Change	% Change
Non-current	1,180	1,010	170	17
Current	192	146	46	31
<b>Total</b>	<b>1,372</b>	<b>1,156</b>	<b>216</b>	<b>19</b>

Other Assets increased mainly due to increase in recoverable from consumers in Mumbai Regulated Business and increase in pre-paid expenses.

## Assets Classified as Held for Sale

Particulars	(₹ in crore)			
	FY21	FY20	Change	% Change
Land	302	302	Nil	Nil
Building	9	9	Nil	Nil
Investments	454	298	156	52
Loan and other receivables (including interest accrued)	23	23	Nil	Nil
Transmission Lines	9	127	(118)	(93)
Assets of Discontinued Operations	Nil	1,880	(1,880)	(100)
<b>Total</b>	<b>797</b>	<b>2,639</b>	<b>(1,842)</b>	<b>(70)</b>

Assets held for sale reduced due to completion of the sale of SED to TASL and receipt of reimbursement of expenses for Vikhroli Transmission lines from MERC.

## Liability Classified as Held for Sale

(₹ in crore)				
Particulars	FY21	FY20	Change	% Change
Liability of Discontinued Operations	Nil	1,032	(1,032)	(100)
Other Liabilities	114	4	110	2,572
<b>Total</b>	<b>114</b>	<b>1,036</b>	<b>(922)</b>	<b>(89)</b>

Liability held for sale has reduced mainly due to completion of the sale of SED to TASL.

## Regulatory Deferral Account – Asset/ (Liability)

(₹ in crore)				
Particulars	FY21	FY20	Change	% Change
Regulatory Deferral – Asset	574	258	316	122
Less: Regulatory Deferral – Liability	Nil	Nil	Nil	Nil
<b>Total</b>	<b>574</b>	<b>258</b>	<b>316</b>	<b>122</b>

Regulatory Deferral Assets (Net) pertains to regulatory receivables in the Mumbai Distribution Business. The same has increased mainly due to lower sales volume on account of the COVID-19 pandemic.

## Total Equity

(₹ in crore)				
Particulars	FY21	FY20	Change	% Change
Equity Share Capital	320	271	49	18
Unsecured Perpetual Securities	1,500	1,500	Nil	Nil
Other Equity	16,559	13,491	3,068	23
<b>Total</b>	<b>18,379</b>	<b>15,262</b>	<b>3,117</b>	<b>20</b>

Total Equity has increased mainly due to allotment of equity shares to Tata Sons Private Limited on a preferential basis, amounting to ₹ 2,600 crore.

## Borrowings

(₹ in crore)				
Particulars	FY21	FY20	Change	% Change
Non-Current	13,168	9,826	3,342	34
Current	5,596	6,212	(616)	(10)
Current Maturity of Non-Current	1,788	1,764	24	1
<b>Total</b>	<b>20,552</b>	<b>17,802</b>	<b>2,750</b>	<b>15</b>

Borrowing increased mainly due to issue of Non-Convertible Debentures, offset by the repayment of commercial papers.

## Lease Liability

(₹ in crore)				
Particulars	FY21	FY20	Change	% Change
Non-current	210	237	(27)	(12)
Current	27	42	(15)	(36)
<b>Total</b>	<b>237</b>	<b>279</b>	<b>(42)</b>	<b>(15)</b>

Lease Liability decreased mainly due to payment of lease rent during the year.

## Trade Payables

(₹ in crore)				
Particulars	FY21	FY20	Change	% Change
Non-current	Nil	Nil	Nil	Nil
Current	1,137	1,002	135	13
<b>Total</b>	<b>1,137</b>	<b>1,002</b>	<b>135</b>	<b>13</b>

Trade payable increased mainly on account of payable for fuel in the Mumbai Regulated Business.

## Other Financial Liabilities

(₹ in crore)				
Particulars	FY21	FY20	Change	% Change
Non-current	12	15	(3)	(17)
Current	3,043	2,622	421	16
(Less): Current Maturity of Non-Current Borrowings	(1,788)	(1,764)	(24)	(1)
<b>Total</b>	<b>1,267</b>	<b>873</b>	<b>394</b>	<b>45</b>

Other Financial Liabilities increased mainly due to increase in fuel adjustment charges payable to the consumers in Mumbai Distribution Business, repayment of standby charges recovered from consumers as per MERC order and higher interest accrued but not due on borrowings.

## Other Liabilities

(₹ in crore)				
Particulars	FY21	FY20	Change	% Change
Non-current	156	161	(5)	(3)
Current	472	503	(31)	(6)
<b>Total</b>	<b>628</b>	<b>664</b>	<b>(36)</b>	<b>(5)</b>

Other Liabilities decreased mainly due to reduction in statutory liabilities and liability towards consumers.

## Management Discussion & Analysis

### Provisions

Particulars	(₹ in crore)			
	FY21	FY20	Change	% Change
Non-current	261	222	39	17
Current	25	62	(37)	(59)
<b>Total</b>	<b>286</b>	<b>284</b>	<b>2</b>	<b>1</b>

No major movement in Provisions during the year.

### Tax Liability/(Assets)

Particulars	(₹ in crore)			
	FY21	FY20	Change	% Change
Current Tax Liability	133	108	25	24
Deferred Tax Liability (Net)	135	307	(172)	(56)
(Less): Current Tax Assets	(135)	(135)	Nil	Nil
<b>Total</b>	<b>133</b>	<b>280</b>	<b>(147)</b>	<b>(32)</b>

During the year, your Company entered into a Business Transfer Agreement with TPREL and TPGEL, wholly-owned subsidiaries, for the transfer of renewable assets (forming part of renewable segment) as a 'going concern' on a slump sale basis effective on or after 1st April 2021. Consequently, as per the requirement of Ind AS 1, your Company reassessed its deferred tax balances including its unrecognised deferred tax assets on capital losses and has recognised gain of ₹ 131 crore. This resulted in the reduction in the Net Tax Liability during the year.

## 5. Financial Performance – Consolidated

Particulars	(₹ in crore)			
	FY21	FY20	Change	% Change
Total Income*	33,518	29,510	4,008	14
Depreciation & Amortisation	2,745	2,634	111	4
Finance Costs	4,010	4,494	(484)	(11)
PBT before Exceptional item	2,096	2,142	46	2
Exceptional Item	(109)	226	(335)	(148)
Profit Before Taxes	1,987	2,368	(381)	(16)
<b>Profit for the year</b>	<b>1,439</b>	<b>1,316</b>	<b>122</b>	<b>9%</b>

\*Includes Regulatory Income/(Expenses)

- Total Income increased primarily due to acquisition of three Odisha Discoms and execution of solar EPC projects.
- Depreciation increased primarily due to increased capitalisation.
- Finance Costs were lower mainly due to repayment of loans and reduction in interest rate.
- Exceptional items in FY21 included disallowance of recovery of standby charges by MERC.

- Exceptional items in FY20 included gain on sale of investments in Cennergi and reversal of impairments, offset by remeasurement of deferred tax recoverable and regulatory deferral balance on account of the new tax regime.

### Property, Plant and Equipment, Investment Property & Intangible Assets

Particulars	(₹ in crore)			
	FY21	FY20	Change	% Change
Property, plant and Equipment	48,749	44,663	4,086	9
Intangible Assets	1,346	1,362	(16)	(1)
Capital Work-in-Progress	3,600	1,612	1,988	123
<b>Total</b>	<b>53,695</b>	<b>47,637</b>	<b>6,058</b>	<b>13</b>

The above assets increased mainly on account of acquisition of three Odisha Discoms, increased capitalisation in TPDDL and Mumbai Regulated Business.

### Goodwill

Particulars	(₹ in crore)			
	FY21	FY20	Change	% Change
Goodwill	1,795	1,642	153	9

Goodwill increased on account of acquisition of three Odisha Discoms during the year.

### Non-Current Investments

Particulars	(₹ in crore)			
	FY21	FY20	Change	% Change
Investments in Joint Ventures & Associates	11,921	13,203	(1,282)	(10)
Statutory Investments	168	168	Nil	Nil
Others	561	464	97	21
<b>Total</b>	<b>12,650</b>	<b>13,835</b>	<b>(1,185)</b>	<b>9</b>

Decrease in Non-current investment is mainly due to higher dividend declared by the foreign joint venture companies.

### Current Investments

Particulars	(₹ in crore)			
	FY21	FY20	Change	% Change
Statutory Investments	Nil	Nil	Nil	Nil
Investments in Mutual Funds	500	700	(200)	(29)
<b>Total</b>	<b>500</b>	<b>700</b>	<b>(200)</b>	<b>(29)</b>

Current Investments are lower mainly due to lower investment in mutual fund in WREL, TPDDL and Aftaab Investment Company Limited offset by increase in investment by Tata Power.

## Trade Receivables

(₹ in crore)				
Particulars	FY21	FY20	Change	% Change
Non-current	605	30	575	1,917
Current	5,001	4,426	575	13
<b>Total</b>	<b>5,606</b>	<b>4,456</b>	<b>1,150</b>	<b>26</b>

Increase in Trade Receivables was mainly due to increase in receivable in TPSSL on account of execution of solar EPC projects during March 2021.

## Loans

(₹ in crore)				
Particulars	FY21	FY20	Change	% Change
Non-current	58	81	(23)	(28)
Current	31	33	(2)	(7)
<b>Total</b>	<b>89</b>	<b>114</b>	<b>(25)</b>	<b>(22)</b>

Decrease in loan is mainly due to write-off of security deposit paid for Russian Coal Mine project.

## Finance Lease Receivable

(₹ in crore)				
Particulars	FY21	FY20	Change	% Change
Non-current	599	589	10	2
Current	41	33	8	25
<b>Total</b>	<b>640</b>	<b>622</b>	<b>18</b>	<b>3</b>

Finance Lease Receivable increased due to reduction in unearned finance income during the year.

## Other Financial Assets

(₹ in crore)				
Particulars	FY21	FY20	Change	% Change
Non-current	1,577	579	998	173
Current	310	1,412	(1,102)	(78)
<b>Total</b>	<b>1,887</b>	<b>1,991</b>	<b>(104)</b>	<b>(5)</b>

Non-current Financial Assets increased mainly due to increase in deposit with maturity more than 12 months on account of acquisition of Odisha Discoms and increase in receivable from sale of SED division of Tata Power. Current Financial assets decreased mainly as previous year included receivable on sale of investment in Cennergi and fair valuation gain on derivative contracts.

## Other Assets

(₹ in crore)				
Particulars	FY21	FY20	Change	% Change
Non-current	1,465	1,185	280	24
Current	917	770	147	19
<b>Total</b>	<b>2,382</b>	<b>1,955</b>	<b>427</b>	<b>22</b>

Non-current Assets increased mainly due to increase in recoverable from consumers in Mumbai Regulated Business and increase in capital advance in CGPL and MPL due to Flue Gas Desulphurisation system (FGD) projects. Current Assets increased mainly due to increase in advances to vendors on acquisition of three Orissa Discoms and higher pre-paid expenses in Tata Power.

## Assets/(Liability) Classified as Held For Sale

(₹ in crore)				
Particulars	FY21	FY20	Change	% Change
Assets classified as held for sale	3,047	6,253	(3,206)	(51)
(Less): Liability classified as held for sale	(140)	(1,063)	923	87
<b>Total (Net)</b>	<b>2,907</b>	<b>5,190</b>	<b>(2,283)</b>	<b>(44)</b>

Assets/(Liability) classified as held for sale decreased mainly on account of completion of the sale of SED to TDSL and receipt of reimbursement of expenses for Vikhroli Transmission lines from MERC.

## Regulatory Deferral Account – Asset/ (Liability)

(₹ in crore)				
Particulars	FY21	FY20	Change	% Change
Regulatory Deferral – Asset	6,478	5,480	998	18
Less: Regulatory Deferral – Liability	(61)	Nil	(61)	(100)
<b>Total Regulatory Deferral – Asset (Net)</b>	<b>6,417</b>	<b>5,480</b>	<b>937</b>	<b>17</b>

Regulatory Deferral Assets (Net) pertains to regulatory receivables in TPDDL, Odisha Discoms and Mumbai Distribution Business. This has increased mainly due to lower sales volume on account of the COVID-19 pandemic and acquisition of three Odisha Discoms during the year.

# Management Discussion & Analysis

## Total Equity

(₹ in crore)				
Particulars	FY21	FY20	Change	% Change
Equity Share Capital	320	271	49	18
Unsecured Perpetual Securities	1,500	1,500	Nil	Nil
Other Equity	20,503	17,795	2,708	15
<b>Total</b>	<b>22,323</b>	<b>19,566</b>	<b>2,757</b>	<b>14</b>

Total Equity of your Company has increased mainly due to allotment of equity shares to Tata Sons Private Limited on a preferential basis amounting to ₹ 2,600 crore.

## Borrowings

(₹ in crore)				
Particulars	FY21	FY20	Change	% Change
Non-Current	30,045	32,695	(2,650)	(8)
Current	8,436	11,844	(3,408)	(29)
Current maturity of Non-Current	4,690	3,837	853	22
<b>Total</b>	<b>43,171</b>	<b>48,376</b>	<b>(5,205)</b>	<b>(11)</b>

Decrease in borrowing is mainly due to repayment of loans in CGPL and reduction in loan in lieu of dividend from foreign joint venture.

## Lease Liability

(₹ in crore)				
Particulars	FY21	FY20	Change	% Change
Non-Current	3,142	3,180	(38)	(1)
Current	395	380	15	4
<b>Total</b>	<b>3,537</b>	<b>3,560</b>	<b>(23)</b>	<b>(1)</b>

Lease Liability decreased mainly due to payment of lease rent during the year.

## Trade Payables

(₹ in crore)				
Particulars	FY21	FY20	Change	% Change
Non-current	17	Nil	17	100
Current	7,120	5,095	2,025	40
<b>Total</b>	<b>7,137</b>	<b>5,095</b>	<b>2,042</b>	<b>40</b>

Trade Payable increased mainly in TPSSL on account of payable to vendors for execution of solar EPC projects.

## Other Financial Liabilities

(₹ in crore)				
Particulars	FY21	FY20	Change	% Change
Non-current	1,391	722	669	93
Current	12,296	7,503	4,793	64
(Less): Current maturity of Non-Current Borrowings	(4,690)	(3,837)	(853)	22
<b>Total</b>	<b>8,997</b>	<b>4,388</b>	<b>4,609</b>	<b>105</b>

Other Financial Liabilities have increased mainly due to acquisition of three Odisha Discoms, advance received from sale of investments in Bhira and TERPL, additional suppliers' credit in CGPL, increase in fuel adjustment charges payable to the consumers in Mumbai Distribution Business and repayment of standby charges recovered from consumers as per MERC order.

## Other Liabilities

(₹ in crore)				
Particulars	FY21	FY20	Change	% Change
Non-current	6,218	2,085	4,133	198
Current	2,052	1,453	599	41
<b>Total</b>	<b>8,270</b>	<b>3,538</b>	<b>4,732</b>	<b>134</b>

Other Liabilities increased mainly due to acquisition of three Orissa Discoms, increase in advance from customers in TPSSL and increase in statutory liabilities in Tata Power.

## Provisions

(₹ in crore)				
Particulars	FY21	FY20	Change	% Change
Non-current	840	407	433	106
Current	270	116	154	132
<b>Total</b>	<b>1,110</b>	<b>523</b>	<b>587</b>	<b>112</b>

Provision increased mainly due to the acquisition of three Odisha Discoms during the year.

## Tax Liabilities /(Assets)

(₹ in crore)				
Particulars	FY21	FY20	Change	% Change
Non-Current Tax Liability	3	3	Nil	Nil
Current Tax Liability	198	129	69	53
Deferred Tax Liabilities (Net)	976	1,174	(198)	(17)
(Less): Non-Current Tax Assets	(328)	(342)	14	(4)
(Less): Deferred Tax Assets	(184)	(74)	(110)	148
<b>Total (Net)</b>	<b>665</b>	<b>890</b>	<b>225</b>	<b>(25)</b>

During the year, your Company entered into a Business Transfer Agreement with TPREL and TPGEL, wholly-owned subsidiaries, for transfer of renewable assets (forming part of renewable segment) as a 'going concern' on a slump sale basis effective on or after 1st April 2021. Consequently, as per the requirement of Ind AS 12, your Company has reassessed its deferred tax balances including its unrecognised deferred tax assets on capital losses and has recognised a gain of ₹ 131 crore. In addition, MPL and TPDDL has also reversed the deferred tax liability earlier recognised. These have led to reduction in the Net Tax Liability during the year.