

Tata Power

04 February 2026

Operator: Ladies and gentlemen, good day and welcome to the Tata Power Q3 FY26 earnings conference call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Dr. Praveer Sinha, CEO and Managing Director of Tata Power for his opening remarks. Thank you and over to you, sir.

Management: Thank you. Thank you very much and good evening to everyone and thanks for joining the call. I have my colleague Sanjeev Churiwala, CFO, J.V. Patodia, Group Financial Controller, Kasturi, Chief Treasury and from Investor Relations, we have Anshul and some of my other colleagues from the finance department.

Before I share with you some of the salient features of the quarter performance, just to give you a little background, the power demand during Q3 and 9 months for the last financial year has been not very high, but has been merely 7%, which is less than what it was the previous year. But I think when we look at both the demand increase in December and January, it looks like we will have a rebound in this year, especially with summer expected to be a little warmer than last year. We do expect that peak demand will be in the 270–280 GW range and we can expect a very large increase in the demand of power in the coming months.

In the last 9 months, we have seen huge capacity additions especially in the renewable space. While our overall capacity has reached 514 GW of installed capacity, nearly 45 GW was added in this fiscal, out of which 38 GW is renewable capacity. So huge capacity additions have happened and we do expect that going forward this momentum will be continued.

Looking at the financial performance of the company for the quarter, we have given a very strong operational and financial performance with an EBITDA increase of nearly 12% year-on-year at 3,913 crores, compared to the previous year. Similarly, the PAT has increased marginally to 1,195 crores despite Mundra being non-operational for the quarter and having a substantial hit because of that. For the 9 months, the EBITDA has jumped 12% year-on-year to 11,874 crores as compared to 10,639 crores. Similarly, the PAT is up by 7% for the 9-month period to 3,702 crores.

This quarter, what we have seen is many of our new businesses have come of age. Whether we look at our solar cell and module manufacturing where there has been a huge increase in our plant profit after tax, which has gone up to nearly 251 crores in the quarter compared to 112 crores last year. For the 9-month period, the plant has delivered a PAT of 592 crores, which is an increase of 154% compared to 233 crores in the 9 months of the previous year.

Similarly, our rooftop business has done exceedingly well. We crossed 1 GW in the 9-month period and in Q3 we executed 372 MW compared to 173 MW in the previous year. The rooftop PAT has increased in the quarter to 111 crores compared to 60 crores last year, and in the 9-month period it has reached 324 crores compared to 110 crores in the 9 months of the previous year. Similarly, Odisha Discoms have done very well. The profit of Odisha Discoms has gone up to 226 crores in the quarter compared to 86 crores last year, and in the 9-month period it has reached 505 crores

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compared to 164 crores in the 9 months of the previous year. I think what is important is that many of our new businesses have now started showing results and in the future quarters they will further stabilize and produce much better results than what we have seen previously.

We have also seen that many of our other businesses, including the transmission businesses, have started showing results. We were able to commission some of our projects such as the 400 KV Koteshwar Rishikesh transmission line. Similarly, we were able to complete some of the other projects which were under implementation and some of the projects will be completed in this quarter also. We also got a letter of intent in the last quarter for the Hinjewadi line and we are expecting some more projects in this quarter also.

Last quarter we had a huge challenge because Mundra was not operating. We have been able to now conclude the arrangement with Gujarat on all the issues on the Supplementary PPA (SPPA) except one point. We hope that in the next 2-3 weeks we will be able to close that and on a similar basis we will parallelly start discussing with the other states so that we are in a position to start operation of the plant maybe by the end of this month. As there is now huge demand for power coming up, we should be ready for the summer months' requirements of these states.

Our work on all our other businesses, especially our PSP project in Bhivpuri and our hydro plant in Bhutan, are going at full swing and they will meet the timelines that have been set by us. These are very ambitious timelines that we have set for the PSP and Bhutan projects and we are very confident with the pace of work going on that we will be able to complete them.

On our distribution business, we expect that some changes will happen by way of the Electricity Act amendment and we are expecting that once the Electricity Act amendment is put in the parliament for approval in this budget session, we will get many more opportunities on parallel licensing in the country. Similarly, we are expecting some more announcements on the distribution sector in the next 6-9 months whereby certain more states will come up for public-private partnership based on some of the other incentives and concessions to be provided to them, especially to states which have huge financial losses in their distribution business.

We also expect that many of the new initiatives of the government, including nuclear power, will bring more clarity in terms of technology transfer, sourcing of fuel, and the opportunity that will come up to set up these nuclear plants, especially the small modular nuclear plants. We are in continuous discussion with the government Department of Atomic Energy and NPCIL as also with NITI Aayog so that these are put in practice quickly and some of the projects can start work in the next 24 months.

We are always working towards improving our performance and to that extent our financial metrics are very conservative. In spite of the capex that we are incurring, we continue to have a net debt to underlying EBITDA of 3.4 and a net debt to equity of 1.2. We expect that the type of calibrated growth we have will continue in future quarters also. With this, I will hand over back to you for your questions.

Operator: Thank you. Ladies and gentlemen, we will now begin the question and answer session. We have our first question from the line of Mohit Kumar from ICICI Securities. Please go ahead.

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Mohit Kumar – ICICI Securities: Good evening, sir. Congratulations on strong numbers in solar manufacturing and solar rooftop especially. My first question is on Mundra. You are trying to resolve with Gujarat and you will subsequently go to the other procurers. My question is, until we get the final resolution from the other procurers, is it fair to assume that you will be able to run the capacity which is linked to Gujarat in the interim?

Management: This is all under discussion. We had a joint meeting of all the procurers a few months back. During that meeting, it was agreed that Gujarat will take the lead in finalizing the PPA terms. Now that the agreement is reached with Gujarat with one pending point, they will be circulating this to other states. Once we get their in-principle approval, we will try to start operating the plant and scheduling it to them based on their acceptance. Hopefully in the next few weeks we should be able to find out the comfort level of the other procurer states and then we will start scheduling the power.

Mohit Kumar – ICICI Securities: Understood. My second question is, how do you think about the renewables capacity addition over the next 3 months? I think the target we set was 2–2.5 GW. I think we added 600 MW in the last 9 months. Do you think we will still be able to meet that 2 GW target?

Management: Our target this year was to set up 2.6 GW, which included third party and ourselves. We have already done 2.3 GW which includes third party and 900 MW of our own capacity addition. We have another 400–500 MW of projects which we are pursuing and expect to complete in this quarter. Looking at FY27, most of the projects will be our own because all our so-called third-party projects have been completed. All these new projects will be catering to our own requirements.

Mohit Kumar – ICICI Securities: Thank you, sir.

Operator: Thank you. We take the next question from the line of Sumit Kishore from Axis Capital. Please go ahead.

Sumit Kishore – Axis Capital: Good evening, sir. When I look at the EBITDA of Q3 FY26 compared to Q3 FY25, the increase of 432 crores is almost entirely explained by the bump up in the Delhi distribution business. Although the Delhi distribution business has seen a 2% decline in power purchase and sale, there seems to be some regulatory adjustment which has bumped up the EBITDA. Why hasn't it been properly called out in the presentation? What are the details there, because it seems to be explaining the whole growth for the quarter?

Management: You have to see the increase in EBITDA considering that last year we had an EBITDA impact from Mundra where there was a positive EBITDA of 300 crores. That is not there this year and that is being compensated by our rooftop business, manufacturing business, and our Odisha business. There is a one-off in the Delhi discom because of the regulatory order we received for truing up our tariff for FY23. Notwithstanding that, there has been an increase in our existing portfolio of businesses that has helped the increase in EBITDA.

Sumit Kishore – Axis Capital: The truing up amount has become significant in a quarter where you have had the big Mundra impact. What is the specific amount for the quarter?

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Management: There are various provisions that we had to do. I think in the next quarter when we do the complete truing up, we will be able to give you the full picture.

Sumit Kishore – Axis Capital: What is the impact for the 9 months that you have trued up in your numbers, if not the third quarter?

Management: All put together for the 9 months, we have booked closer to 800 crores of losses for Mundra only. Because Mundra has been shut for 6 months, we do not get capacity charges while our fixed costs remain. To that extent, 800 crores has been booked as a loss at the PAT level.

For Delhi distribution, the total regulatory impact for TPDDL is 344 crores for the 6-month period. We also had a similar truing up impact last year of 333 crores. In the corresponding period last year, we also had the Mundra order impact of 332 crores. All of that has been reported in the accounts.

Sumit Kishore – Axis Capital: What is the benefit booked specifically in the third quarter?

Management: The Q3 PAT impact is 344 crores from the TPDDL regulatory impact.

Sumit Kishore – Axis Capital: Is that flowing from revenue to profit, or is there an EBITDA level benefit?

Management: This is net of taxes. Gross of taxes, the EBITDA benefit is 460 crores. If you see the notes to the accounts, there is complete disclosure around that.

Sumit Kishore – Axis Capital: My second question is about the elimination in the renewable cluster under "others." This time it is a small positive number, whereas it is typically negative. Is this because of internal infra transfers?

Management: The elimination, whether positive or negative, must be done for all intra-transfers. The idea is that at a PAT level there is no impact. This is basically a truing up on a quarterly basis. Net of elimination, you can look at the cluster-wise performance on slide 52.

Sumit Kishore – Axis Capital: Since you are setting up projects on your own books, I assume modules are going from your manufacturing facility to those projects. Why is the elimination a positive number?

Management: Within renewables, we have Genco, Solar EPC, and TP Solar. TP Solar provides modules to Genco, and Solar EPC provides services. If any project has a loss because of the contractual nature, that must also be eliminated. One of the projects could have a negative PAT margin, likely in Solar EPC, which has been eliminated as a positive 60 crores. While Solar EPC's overall PAT is positive at 183 crores, there are 100 different projects. Any contract that has a loss for in-house supply must be eliminated.

Sumit Kishore – Axis Capital: There was a positive impact for FGD recovery in Q3 and 9 months for Maithon which seems to be bumping up the numbers. What is that impact?

Management: We commissioned the FGD for Maithon, and as it is a regulatory asset, we are getting regulatory returns. The impact is about 15 crores, and you will see that recurring in every subsequent quarter.

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Sumit Kishore – Axis Capital: Thank you and wish you all the best.

Operator: Thank you. The next question is from the line of Apurva Bahadur from IIFL Capital. Please go ahead.

Apurva Bahadur – IIFL Capital: Thank you for the opportunity. You mentioned more opportunities in distribution from the PPP side, possibly due to a package for the discoms. Can you give more color on what sort of package you are foreseeing?

Management: There are many states with huge financial losses. Some of those states will be given the opportunity for long-term loans at 0% interest with certain caveats, such as moving to a PPP model. Those states have already been identified based on their financial losses. Once that is announced, we expect several states to avail that opportunity. This should happen in the next 6–9 months.

Apurva Bahadur – IIFL Capital: Regarding the rooftop side, has it reached a peak in revenue or profit, or do you foresee more growth? Are there plans for more cross-selling, especially storage?

Management: This is just the tip of the iceberg. The opportunity is phenomenal. Under the Prime Minister Surya Ghar program, 10 million houses were targeted, and only 2.5 million have been done. Another 5 million were added in this budget. We are seeing major interest from C&I customers and residential customers wanting larger capacities. This business is futuristic and will continue to improve.

Apurva Bahadur – IIFL Capital: If the government again implements Section 11 for imported coal-based assets, does Section 11 supersede the supplementary PPA, or would we be kept out of the purview?

Management: Section 11 is imposed when there is a shortage of power. Hopefully we can close this arrangement before that happens because the procurer states need this power. If they go for Section 11, they have to pay more, so it makes more sense for them to finalize the agreement rather than going through Section 11.

Operator: Thank you. The next question is from the line of Puneet from HSBC. Please go ahead.

Puneet – HSBC: Thank you so much. Regarding the one point missing in Mundra, can you elaborate on the point of difference?

Management: Let us wait for clarity to come from the government and then we will be able to close it.

Puneet – HSBC: On the Delhi distribution side, there was talk of reducing regulated assets, but that number went up again this quarter. Is there progress there?

Management: The regulatory asset per se has gone down, but a truing up order for FY23 added 400 crores in additional regulatory assets. In actual terms, it came down by 460 crores during the quarter before that addition.

Puneet – HSBC: Which big renewable projects will you commission in FY27?

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Management: We have commissioned the 198 MW wind project for Tata Steel, and more wind projects will be commissioned this quarter. Many projects will get commissioned between this quarter and the next. For the current year, we will commission another 500 MW. Next year, the targeted 2.5 GW will be 100% for our own capacity.

Puneet – HSBC: Thank you so much.

Operator: Thank you. We take the next question from the line of Ketan Jain from Avendus Spark. Please go ahead.

Ketan Jain – Avendus Spark: Good evening, sir. Congratulations on strong performance in rooftop and module manufacturing. What is your outlook on rooftop additions in India?

Management: The pace of rooftop additions has increased tremendously due to better supply chains and partnerships. We expect the speed to increase further. The government has asked state discoms to implement the utility-led scheme, which we are doing in Odisha. Capacity additions this year will be at least 50–60% higher than last year.

Ketan Jain – Avendus Spark: On module manufacturing, we sold 960 MW of modules and produced 960 MW of cells. Are these all DCR module sales?

Management: In the last quarter, we used some imported cells for orders requiring domestic modules with imported cells. However, starting June 1, only DCR cells and modules are utilized. Going forward, whatever cells we produce will be consumed internally. In Q3, DCR accounted for 795 MW and imported cells for 168 MW. External sales are a very small percentage as most are consumed by our own businesses.

Ketan Jain – Avendus Spark: Is 2.5 GW the target for our own capacity in FY27? Are there challenges in execution?

Management: Yes, 2.5 GW is the target. The current focus on third-party orders was purely a timing issue as those orders were received much earlier. Our own capacity orders were received only last year.

Ketan Jain – Avendus Spark: Okay. Thank you and all the best.

Operator: Thank you. The next question is from Satyadeep Jain from Ambit Capital. Please go ahead.

Satyadeep Jain – Ambit Capital: Regarding renewable execution, you are looking at 1 GW this year. In the last 9 months, it was 600 MW. The industry is adding significant capacity, but Tata Power seems to have a small market share in comparison to your initial expectations. Can you explain the miss?

Management: This year we have already commissioned 2.2 GW of projects, which shows we have the inherent capacity. We will add another 500 MW this quarter to reach 2.7 GW for the fiscal year. Next year, we target 2.5 GW but could reach 3 GW. We have a pipeline of 5.2 GW to execute over the next 2 years. Project completion is timed with the commissioning of transmission lines to

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ensure power can be evacuated. It is a matter of better planning and phasing.

Satyadeep Jain – Ambit Capital: What is driving the reduction in ECL losses in Odisha? Is this reflected in actual cash receipts?

Management: Collection and billing efficiency have improved tremendously. If you track the last 3 years, performance has improved every quarter. Theft has reduced and losses have dropped. This has absolutely converted to cash; in Q3 alone, we earned close to 800 crores of cash from the distribution business, largely from Odisha.

Satyadeep Jain – Ambit Capital: Thank you so much.

Operator: Thank you. We take our next question from the line of Girish Achhipaliya from Morgan Stanley. Please go ahead.

Girish Achhipaliya – Morgan Stanley: What is the status of the wafer and ingot plan?

Management: This is still under discussion. We are examining technology, equipment, and size, and will take some more time for a final decision.

Girish Achhipaliya – Morgan Stanley: With wafer and polysilicon prices increasing in China, what is the impact on your equity IRR for projects under construction?

Management: If input costs go up, output costs generally follow. This is a market phenomenon. Since we have a mix of solar and wind in most projects, we do not expect a substantial impact.

Girish Achhipaliya – Morgan Stanley: You mentioned targeting 2.5 GW for FY27. Is the target for FY28 also 2.5 GW?

Management: It will be nearer to 3 GW.

Operator: Thank you. The next question is from the line of Anuj Upadhyay from Investec. Please go ahead.

Anuj Upadhyay – Investec: During the quarter, margins for Solar EPC and rooftop fell. Why is there still volatility even with the module capacity being operational?

Management: We target a PAT margin of 5–6% for EPC every quarter, though it can fluctuate. On a combined basis, we are delivering close to 8% PAT margin, which we believe is sustainable.

Anuj Upadhyay – Investec: Regarding the debt profile, when can we expect debt reduction in Maithon and the Coal SPV?

Management: Our consolidated debt to equity is 1.2 and debt to underlying EBITDA is 3.4. Given our annual capex of 15,000 to 25,000 crores, we will have debt on the books, but we maintain a conservative profile. Maithon is a regulatory asset where we are not doing new capex, so the debt will naturally reduce as we earn cash.

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Operator: Thank you. We will take our last question from the line of Aniket Mittal from SBI Mutual Fund. Please go ahead.

Aniket Mittal – SBI Mutual Fund: We have seen renewable awarding dry up recently with 40 GW of PPAs unsigned. What is the pushback from discoms and when will awarding return?

Management: Projects are getting delayed primarily due to connectivity issues. Until new evacuation lines are set up, the pace will be slower. We need to see how quickly new transmission lines are awarded so the project pipeline can be developed. However, there are enough projects and transmission lines under implementation to maintain momentum for the next 2 years.

Aniket Mittal – SBI Mutual Fund: Will all renewable projects built by Tata Power use your own manufactured cells?

Management: Absolutely correct.

Aniket Mittal – SBI Mutual Fund: Out of the 2.5 GW expected next year, how much will be solar?

Management: It is roughly a 50-50 mix between solar and wind.

Operator: Thank you. We take a follow-up from Nikhil Bhandari from Goldman Sachs. Please go ahead.

Nikhil Bhandari – Goldman Sachs: Regarding the cell and module business, profitability is currently very high. How sustainable are these margins over the next 6-12 months? How much does the rooftop business benefit from the ALMM requirement because you have your own cells?

Management: The performance will only get better going forward. Once we have learned to optimize the plant, results will improve.

Operator: Thank you. We take a final follow-up from Girish Achhipaliya from Morgan Stanley. Please go ahead.

Girish Achhipaliya – Morgan Stanley: Is the Indonesian law situation regarding export taxes having any impact?

Management: There is no impact; we have not seen or heard anything that suggests an impact.

Operator: Thank you. I would now like to hand the conference over to Dr. Praveer Sinha for closing comments.

Management: Thank you everyone. During the last hour, we heard many questions on renewables but very few on distribution. We have shown the phenomenal improvement in Maithon and other areas. There are not many players in the country with this sort of skill set and experience. Considering the large distribution opportunities coming in the future, I believe suitable justice should be done to the distribution business in your analysis. We should not just get carried away by areas where there are many players and margins are challenged. Thank you all. If you have further queries, please connect with Anshul and Kasturi.

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Operator: Thank you, sir. On behalf of Tata Power Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.

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