



February 25, 2025

BSE Limited
Corporate Relationship Department
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001.
Scrip Code: 500400

National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra-Kurla Complex,
Bandra (East)
Mumbai – 400 051.
Symbol: TATAPOWER

Dear Sir/Madam,

Sub: Update on Credit Rating

Pursuant to Regulation 30 read with Para A of Part A of Schedule III and Regulation 51 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended, we wish to inform you that Moody's has affirmed the corporate family rating of The Tata Power Company Limited of Ba1 and changed the outlook to positive from stable.

The report from Moody's providing the rationale for update on rating is enclosed for reference.

This is for your information and records.

Yours Sincerely,
For The Tata Power Company Limited

Vispi S. Patel
Company Secretary
FCS 7021

Encl: As above

TATA POWER

The Tata Power Company Limited

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Website: www.tatapower.com Email: tatapower@tatapower.com CIN: L28920MH1919PLC000567



MOODY'S

RATINGS

Rating Action: Moody's Ratings affirms Tata Power Company Limited's Ba1 rating; changes outlook to positive

25 Feb 2025

Singapore, February 25, 2025 -- Moody's Ratings (Moody's) has affirmed Tata Power Company Limited (The) (TPC)'s corporate family rating (CFR) of Ba1 and changed the outlook to positive from stable.

"The positive outlook is underpinned by TPC's strong financial performance and our expectation that the company is likely to maintain its stronger credit metrics with improved operating efficiencies in its regulated businesses and growing renewable generation portfolio," says Zi Zhu, a Moody's Ratings Analyst.

Under our base case projection, TPC's CFO pre-WC/debt is projected to be in the range of 12%-15% over the next 2-3 fiscal years, which is around or exceeding our upgrade trigger of 13%. Over the next 12 to 18 months, we will assess the company's capital spending and financing plans and their impact on projected metrics.

RATINGS RATIONALE

TPC's CFR of Ba1 incorporates the company's standalone credit quality of Ba2 and a one-notch uplift for shareholder support. The rating affirmation reflects TPC's predictable cash flow generated by its regulated businesses in Mumbai, Delhi, and Odisha. These regulated businesses provide a stable revenue stream, contributing to the company's overall financial stability. Additionally, TPC's credit quality is supported by its fixed-tariff long-term power purchase agreements for its renewable generation capacity. Furthermore, TPC is likely to receive support from its largest shareholder, Tata Sons Private Limited (Tata Sons) if needed, demonstrated by Tata Sons' ability to provide support and track record of providing timely support to its investee companies.

However, these credit strengths are counterbalanced by several challenges. TPC has announced a substantial capital spending plan, mainly to expand its renewables business, which is unregulated. TPC's coal mining assets in Indonesia also contribute

to volatile cash flow, adding an element of risk to the company's financial stability. Additionally, there is also ongoing uncertainty around the Mundra UMPP, which has historically faced financial challenges.

We have factored those risks into our rating by using relatively conservative assumptions of capital spending and earnings from coal mining. In addition, we recognize the benefit from the Ministry of Power of India's Section 11 order, which has been extended for multiple times since it became effective in May 2022. It allows for the full pass-through of fuel costs for Mundra UMPP and eases some of the uncertainty around the plant's operation, leading to improved availability and plant load factor.

We note that the company has reduced its reliance on short-term debt by refinancing with longer-term debts, as seen over the last few quarters. The positive outlook also reflects the likelihood that TPC will manage its liquidity requirements prudently, especially pertaining to its significant capital spending and the reliance on short-term financing. Otherwise, we expect TPC's liquidity to remain weak during the next 12 months, as its internally generated cash flow plus existing cash balance will be insufficient to cover its cash uses. However, TPC's strong access to domestic funding markets, its status as a part of the Tata Group, and the likelihood of support from Tata Sons when needed will temper the liquidity risk.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATING

We could upgrade TPC's rating if the company's standalone credit quality maintains or improves its financial metrics, such that its CFO pre-WC/debt stays near or above 13% on a sustained basis, and at the same time, its liquidity position improves with a meaningful reduction of its reliance on short-term funding.

On the other hand, we could change the outlook to stable if TPC's operational or financial profile reverts to earlier levels, for example with CFO pre-WC/debt below 13% on a sustained basis. This could arise if the company undertakes aggressive debt-funded capital spending or if the Mundra UMPP is no longer entitled to full fuel cost pass-through.

The principal methodology used in this rating was Regulated Electric and Gas Utilities published in August 2024 and available at <https://ratings.moodys.com/rmc-documents/426183>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

Tata Power Company Limited (The) is one of India's largest private-sector power utilities, with an installed generation capacity of 15,567 megawatts as of December 2024. Its business operations include power generation from thermal, hydro, solar and wind sources, and transmission and distribution. The company also holds interests in coal mines in Indonesia.

Tata Sons Ltd. is Tata Power's single-largest shareholder, with a 45.21% stake as of December 2024. Tata Power's market capitalization was INR1,130 billion as of 25 February 2025.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

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