

A high-angle, wide shot of a large industrial facility, likely a power plant or manufacturing plant. The floor is polished and reflective, showing the silhouettes of two workers in the foreground. The workers are wearing white hard hats and bright green safety vests over blue long-sleeved shirts and jeans. They are walking away from the camera down a long, straight aisle. To the right, there is a large, light-colored industrial machine with a circular opening and a yellow safety railing. In the background, there are more industrial structures, including a large blue cylindrical tank and various metal walkways with yellow railings. The lighting is bright and even, highlighting the clean and organized environment.

SECTION 4

CAPTURING NEW
VISTAS OF GROWTH



This section provides an overview of our integrated focus on strategic development, business operations and value creation to build an inclusive and resilient future for the Company.

We have a multi-pronged focus to increase generation capacity to 20 GW and Energy Storage of 50 GWh / 5 GW by 2030. Our process of developing and realising our strategies in diverse and dynamic situations is aimed at attaining carbon neutrality and reiterating our position in India's energy transition journey.

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OUR STRATEGIC PRIORITIES & ENABLERS

Our strategic priorities and a sustained focus on our key strategic enablers are helping us deliver robust earnings and high cash returns and offset cost pressures from operational challenges. This, with our resilient balance sheet, allows us to create sustainable value for all our stakeholders and unlock our full potential.

During the year, we showcased a robust performance and delivered on our articulated capacity growth target of becoming a 10 GW generating company by 2025. We increased our operating capacity by 44%, from 4,559 MW in the earlier year to 6,564 MW during the year under review, adding ~2 GW during the year through a mix of organic and inorganic capacity additions.



Strategic Enabler

Impact on Capitals



We are committed to move to a greener tomorrow and aim to become a net-zero contributor of GHG emissions by 2050. This will be achieved by transitioning towards new-age green energy solutions and capitalising on the significant growth opportunities in renewable energy.



Our time-tested business model enables us to keep pace with rapid changes and uncertainties in the operating environment, while long-term foresight helps identify future headwinds and formulate appropriate strategies.



Our financial strength and resilient balance sheet offer the flexibility to embark on a robust growth path of becoming a 20 GW company by 2030, and simultaneously also venturing into New Energy product and services.



With a keen focus on sustainable operations, we strive to continuously lower the impact that our operations have on the environment, and continue to measure and report our environmental performance.



Deliver continuous value by efficient use of our existing assets, leveraging our world-class portfolio and expertise in the value chain, while pursuing gradual increase in the share of renewables.



We aim to constantly improvise on our employee engagement and training programs to address the needs of our new-age business. We also continue investing in the training and development of our workforce and ensuring their holistic growth and development.





9.8 GW

Total Generation Capacity

6.6 GW

Total Operational Portfolio

3.2 GW

Under-Construction Portfolio

3.4 GWh

Locked-in Energy Storage Capacity

Perseverance

Embracing a greener future

Our business strategies are well aligned with our goal to become 'net-zero' contributor of greenhouse gas (GHG) emissions by 2050, or even earlier, by being at the forefront of India's energy transition. We are on track to increase the share of renewable energy in our portfolio mix. The six pillars of our focussed strategies lead us to optimally seize the growing opportunities arising from the energy transition and position us well for long-term sustainable growth.

Our Strategic Priority

- As the energy sector continues to undergo transformation towards renewable energy, we continue to persevere by driving the energy transition with a target of becoming India's leading provider of affordable and sustainable energy. Our goal is to enhance stakeholder value and create a sustainable tomorrow.
- We are increasingly pivoting towards a greener generation portfolio with an increased share of renewable assets

through greenfield assets and by leveraging the inorganic route. We have invested in diversified new-age businesses such as energy storage solutions, both battery and hydro pumped storage. We are also reducing specific fuel consumption for our existing thermal plants. Our transformation is well supported by a strong balance sheet and project execution expertise.

Progress in FY 2023

- We have unveiled Strategy 2.0 with a continued focus on increasing generating capacity to 20 GW by 2030; And, adding 40 GWh / 5 GW Energy Storage by FY 2030 and 1 GW of Solar Module manufacturing by April 2025.
- We forayed into the energy solution market with the first-ever bid from Solar Energy Corporation of India for a battery energy storage solution (1 GWh / 500 MW); and a Hydro Pumped Storage Project of 2.4 GWh.



S02

Long-term PPA:
85%
tied-up generating

~90%
of EBITDA

35%
EBITDA Margin

CORPORATE OVERVIEW

SERVING STAKEHOLDERS

CAPITALS AND MD&A

STRATEGIES FOR GROWTH

BUILT ON GOVERNANCE

FINANCIAL STATEMENTS

SUPPORTING INFORMATION

Endurance

Leveraging our time-tested business model

Our structurally strong business model is time-tested and has strategic advantages. This helps us capitalise further on growing business opportunities and also to keep pace with the changing business environment.

Our Strategic Priority

- We aim to become the leading provider of affordable & sustainable energy and energy solutions by capitalising on our robust business model. The model has multiple advantages with strategic plant locations, diversified generation sources, efficient raw material sourcing and blended offtake arrangements.
- Moreover, our strategic foresight and structured process orientation helps in early identification of headwinds. This enables us to devise appropriate response strategies that bodes well in helping us weather a turbulent external environment.

Progress in FY 2023

- During FY 2023, we completed the acquisition of renewable energy capacity of 1,753 MW from Mytrah Energy India Pvt. Limited, commissioned a 225 MW solar power plant at Vijayanagar and initiated phased commissioning of the wind project.
- We worked continuously on improving and optimising our operational efficiency through enhanced digitalisation and with the use of appropriate technology.
- We reported a steady EBITDA generation of ₹3,817 crore and consistent deemed plant load factor of 64% during the year.

Resilient business model despite sectoral headwinds

- Two-part tariff long-term PPA structure insulating from volatility in fuel prices.
- Diversified off-takers of power diminishes receivable risk.
- Favourable placement in Merit Order Despatch ensures higher offtake of power.
- High percentage of portfolio tied under long-term PPA leads to steady earnings.



4.4x

Proforma Net Debt to EBITDA Ratio

From

63 days to **60** days

Improvement in Receivables Days*
Outstanding y-o-y

Resilience

Capitalising on a strong balance sheet

We have one of the strongest balance sheet in the Indian power sector. Our strong free cash flow generation and efficient working capital management enables us to pursue value accretive growth opportunities at favourable terms. Given the strong free cash flow generation, our internal accruals are sufficient for the equity financing of our under-construction and announced pipeline projects.

Our Strategic Priority

- Our healthy balance sheet offers us the financial flexibility to embark on a robust growth path. What helps us manage market volatilities and strengthen the balance sheet further is our prudent capital allocation, strong cash flow generation and sound working capital management. Our free cash flows facilitate us in achieving our targets without equity capital raise.

Progress in FY 2023

- The year witnessed capital expenditure for our 2.2 GW greenfield renewable under-construction projects. In December 2022, we acquired Ind-Barath (2 x 350 MW) thermal power plant, and later in March 2023, we acquired Mytrah renewable energy assets which led to increase in borrowings. Despite the capital expenditure and acquisitions, our credit profile remained

healthy. At the end of FY 2023, our Proforma Net Debt to EBITDA was 4.4x and Proforma Net Debt to Equity Ratio was 1.2x. Going forward, we aim to achieve our growth plans with the help of free cashflows generated from the portfolio, while maintaining a prudent leverage profile.

* FY 2022 adjusted for impact of true-up order at Karcham-Wangtoo



17.8%/13.6%/14.3%

Reduction in Air Emission intensity
SOx/NOx/PM emissions

4,280.8 Mn Liters

Waste Water Recycled

13.9 Mn MT

Fly Ash Utilisation

26.2 Mn m³

Fresh Water Consumption

S04

Responsibility

Measuring the environmental impact of our operations

We fully understand our responsibility towards the environment. As a result, we ensure that our operations are carried out in the most energy efficient manner. We strongly believe that our growth will not be sustainable without achieving the ecological balance. We also understand our responsibility to ensure that we are using our power plants most responsibly and efficiently to ensure minimal negative impact on the environment. Our broader aim is not only to protect and preserve the environment, but also to replenish it.

Our Strategic Priority

Being at the forefront of energy transition, we are constantly innovating to provide green solutions to satiate the energy needs of the country which is on the path of transitioning from 'fossil fuel-based energy generation' to a 'renewable-based energy generation'. Our strategic objective is to create an ecologically sensitive, value-based and empowered organisation, and efficiently utilise our natural resources to create sustainable value for all our stakeholders.

We have subscribed to Science-Based Targets Initiative (SBTi) and have aligned our operations to global and Indian climate change action goals. We have taken significant initiatives towards using clean technology, achieving energy efficiency, and promoting renewable ways of energy production.

Progress in FY 2023

During the year, we efficiently utilised natural resources and ensured that all our power plants maintain emissions and waste within the permissible limits. This helped us create sustainable value.



21.9 BUs (Up 5% YoY)
Net Generation

64%
Deemed Plant Load Factor

Quality

Ensuring efficient operation of our existing assets

Supply of continuous and quality power is the key to nation's economic growth. With a strong belief in delivering sustainable power, we are constantly devising ways to improve the share of renewable in our energy mix. During this strategic shift towards renewable power, our aim is to do a continuous value unlocking from our existing thermal and hydro asset base and use it as a springboard to fulfil our renewables vision.

Our Strategic Priority

- Our endeavour is to capitalise on the renewable power generation and ancillary services with the aim of transitioning towards a sustainable tomorrow. We have adopted a holistic approach to achieve this, keeping in mind the best interests of our customers, the environment and the society at large.

- During this transition, we strive to provide efficient solutions to our customers by effectively leveraging our best-in-class existing asset portfolio and deep-rooted expertise across the energy value chain.

Progress in FY 2023

- During the year, we continued to promote our net-zero strategy and protect natural

resources as much as possible. We continued to invest in renewables to maintain the course of our energy transition plan for FY 2025 and FY 2030. During the year FY 2023, our net generation stood at 21.9 BUs, compared to 20.8 BUs in FY 2022. Of this, 6.0 BUs were from renewable energy sources which reflected our continued focus.



39,439

Number of hours spent in training

83,799

Safety observations resolved

Support

Nurturing our workforce

Our people are our most valuable assets and are key to our long-term success. Being a leading energy company, it is our endeavour to create a safe, secure and inclusive working environment for our employees. We ensure that we empower our employees through various initiatives that are directed towards enhancing their productivity and growth.

Our Strategic Priority

Our objective is to invest in the holistic development of our employees by offering them exciting opportunities to grow and empowering them to take decisions and create impact. We have designed and implemented multiple training programs aimed at upskilling our workforce with the latest technologies and skill sets required to be a future-ready organisation.

Our people management processes are aligned towards enhancing the productivity and

growth of our workforce. We strive to provide a healthy and amicable workplace that promotes innovation and ensures that the employees are always motivated to give their best.

Our strong business performance over the years is a testimony to the fact our workforce comprises people with strong skillsets and competence who can work seamlessly across our plants with the most advanced machinery and technology to ensure best operating efficiencies.

Progress in FY 2023

During the year, we designed and implemented numerous policies aimed at safeguarding the best interests of our employees. We designed and offered new and exciting learning opportunities for our employees to ensure effective employee engagement. We maintained our philosophy of empowering our employees through a broad range of initiatives directed towards holistic growth.

- We also took rigorous steps to ensure continuous learning of our employees and to keep them updated with the latest technologies and processes.