



"Torrent Power Limited Q1 FY'25 Earnings Conference Call"

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**MANAGEMENT: MR. SAURABH MASHRUWALA – CHIEF FINANCIAL OFFICER, TORRENT POWER LIMITED
MR. RISHI SHAH – GM (FINANCE), TORRENT POWER LIMITED
MR. JAYPRAKASH KHANWANI – AGM (FINANCE), TORRENT POWER LIMITED**

Moderator: Ladies and Gentlemen, Good Day and Welcome to Torrent Power Limited Q1 FY'25 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Saurabh Mashruwala – CFO, Torrent Power. Thank you and over to you, sir.

Saurabh Mashruwala: Thank you so much. Good evening to all of you and thank you for joining Torrent Power's Earning Call for Q1 FY'25.

First, I will take you through the performance of the Quarter, after which phone lines will be open for the Q&A session.

I will explain the performance of the Company at PBT level first and then we will take you the tax expense separately.

Reported PBT for the quarter stood at Rs. 1,315 crores as compared to Rs. 711 crores in the corresponding quarter last year, an increase of Rs. 603 crores with a growth of 85% on a reported basis. PBT for the current quarter includes non-recurring consists of Rs. 102 crores for carrying costs approved by the regulator. Adjusted for the above non-recurring item, the adjusted PBT for the quarter stood at Rs. 1,213 crores as compared to 711 crores in comparable quarter of last year, which is higher by Rs. 502 crores which is a growth of 71%.

Business wise contributed to the performance are as follows:

First, gain from sale of merchant power and LNG of Rs. 517 crores. During the quarter under consideration, merchant capacities were operated for sale in the merchant market for 77 MW NVVN tenders, Sec. 11 as well as sale of power in the merchant, in power exchange as well.

Currently, the demand and supply situation in the electricity market is favorable for generator like us in terms of capacity and due to no major investment being made on thermal capacity in the recent past.

With moderation in LNG price globally, it provides a good opportunity for us to run our untied capacity and gases capacity of 1,500 MW. Overall, PLF for thermal generation improved from 40% to 60% and is better for long-term as well as merchant sale.

Organization gained from the thermal segment were partially offsetted by two reasons, first reduction in contribution by renewable energy segment by Rs.4 crores, the second, reduction in contribution from the distribution business mainly on account of two reasons; marginal higher T&D losses across all areas except Agra, offset by better demand across both the segments, which increased by 7% in licensed distribution area and 6% in franchised distribution area. This completes the explanation on financial performance during the quarter.

Moving on, we will now give the brief update on the projects under pipeline:

3 GW capacity on the renewable power project are in pipeline which is the following project:

1. 87.7 MWp out of total 420 MWp Solar project having PPA with our own DISCOM has been commissioned during the quarter. Balance capacity is expected to be progressively commissioned by end Q2-FY25. As informed earlier, project is expected to have improved return profile considering reduction in Solar Module prices in the international markets. The project cost is expected to be around Rs. 1,800 Crs.
2. 300 MW SECI XII wind project, PPA of which was executed in end of March 2023. A turnkey EPC contract for development of the project has been awarded to Suzlon. In view of procedural delay in adoption of tariff by CERC, the SCOD of the project has been extended upto January 2026. The project cost is expected to be about Rs. 2,500 Crs.
3. 200 MWp Merchant hybrid project, comprising of 125 MW Wind and 75 MWp solar is being developed under Airpower Windfarm. The project implementation is on track and the plant is expected to be commissioned progressively by December 2025. As the power from the Project will be sold directly in the merchant market, it will start generating revenue right from first part commissioning as the evacuation infrastructure is in place. The project cost is expected to be about Rs. 1,400 Crs.
4. 825 MWp Hybrid project having PPA capacity of 450 MW with our own DISCOM comprising of 486 MW Wind and 339 MWp solar project was awarded through a bidding process at fixed tariff of Rs. 3.65/unit for 25 years. LOA for the project has been awarded and PPA for the project is likely to be executed by end of Q2-FY25. SCOD of the project is 24 months from the date of PPA and is likely to be implemented with project cost of ~Rs. 5,500 Crore.
5. ~368 MWp Hybrid Project comprising of 224 MW Wind and 144 MWp solar project was awarded through a bidding process conducted by Indian Railways at fixed tariff of Rs. 4.25/unit for 25 years. LOA for the project has been awarded and PPA for the project is likely to be executed in current quarter. SCOD of the project is 24 months from the date of PPA and is likely to be implemented with project cost of ~Rs. 2,600 Crore.
6. ~425 MWp Solar Project having PPA capacity of 306 MW was awarded through a bidding process conducted by MSEDCL at fixed tariff of Rs. 3.10/unit for 25 years. LOA for the project has been awarded and PPA for the project has been executed. SCOD of the project is September 2025 and is likely to be implemented with project cost of ~Rs. 1,550 Crore.
7. 100 MW Wind Project was awarded through a bidding process conducted by SECI at fixed tariff of Rs. 3.60/unit for 25 years. PPA for the project has been executed. SCOD of the project is June 2026 and is likely to be implemented with project cost of ~Rs. 925 Crore.
8. Under C&I portfolio company has ~538 MWp projects under development (comprising of 426 MWp of Solar and 102 MW Wind) and ~35 MWp capacity has been commissioned till end of the current quarter taking total C&I capacity to 560 MWp. Balance capacity is likely to be commissioned progressively within next 2 years. Project cost is expected to be about Rs. 2,700 Crs.

Apart from the renewable energy project, the Company is working on the development of two transmission projects as well, which includes:

1. Khavda transmission project under Torrent Power Grid Limited. It's a JV between Torrent Power as well as TPCL. It has been awarded to the Company on nomination basis in the mechanism. Post that, return on equity of 15% plus incentive. Project cost is expected to be above Rs.800 crores.
2. Solapur transmission project under new SPV, which was won on the competitive bidding basis, conducted in the Q4 of FY'24 at annual fixed cost of 50 crores per annum for 35 years. The project cost is expected to be Rs.470 crores.

The above-said investment in the renewable and transmission project, the Company has investment plan, close to about Rs.20,000 crores for the next three to four years.

Moving on to the two new ventures:

Company's pilot project on green hydrogen, that green hydrogen blending, the CNG is in UP, one of the largest pilot blending project in India, expected to be commissioned by Q2 of FY25.

Further, the Company has got allocation of 18 KTPA of green hydrogen production under SECI PLF tender, the average PLF of 28.89 per kilo. Technical feasibility has been done and a detailed business plan is under preparation.

With respect to the hydro project, have identified project site with the potential of 8.4 GW pump storage hydro capacity in the State of Maharashtra and Uttar Pradesh entailing total investment of Rs.40,000 crores. Pre-feasibility study is completed and MoU in terms of reference has been granted for the entire capacity of 8.4 GW.

Agency appointed for EIS study and environmental clearance for all the sites. Similar opportunities are being explored in states like Gujarat, MP and Rajasthan. We have initiated the process for obtaining requisite approval. This could be offered either as a solar installation or providing high cost artificial renewable power solution.

That's all for the quarter. Now I request operator to open the Q&A session. We wish everybody to stay safe and healthy. Thank you. And we go up to the operator.

Moderator: We will now begin the question-and-answer session. The first question is from the line of Satyadeep Jain from Ambit Capital. Please go ahead.

Satyadeep Jain: Just have a couple of questions. On the merchant power sale, I'm not sure if I missed it, is it possible to share the split between NVNN and Sec. 11, what was the volume sale and also separately on the profitability for Sec. 11, last time we discussed that there is a benchmark and then there's a spread over that benchmark. If you can maybe share some metrics around profitability under Sec. 11 that you had in this quarter?

- Saurabh Mashruwala:** Breakup we will not be to provide, but we can able to provide the MUs basically. MUs we have sold is about 1700 MUs in the merchant market. It is including the NVVN sale, Sec. 11 as well as the sale on the exchange on bilateral basis.
- Satyadeep Jain:** So, any profitability directionally can you give on maybe Sec. 11, what was the price at which you sold or maybe some kind of profitability metrics under Sec. 11?
- Saurabh Mashruwala:** See, this kind of opportunity is available in the summer time and pre-winter time. So, summer time, because the demand is very strong and LNG prices are moderated basically, we got this opportunity, we have significant quantity in the merchant market, we have 1.5 GW untied up capacity. So, we have utilized this capacity in selling in these three, four areas NVVN tenders Sec. 11 on exchange as well as bilateral basis. So, we got this opportunity during the summer time. We expect similar opportunity will be available during the pre-winter time also, maybe September, October kind of a thing depending on how the seasons progress.
- Satyadeep Jain:** Can you remind us on your take or pay on LNG, what is the current contracted LNG volumes you have, and I believe you're looking at a new tender, so maybe just some details on LNG take or pay contracts run out and what kind of renewal you're looking at?
- Saurabh Mashruwala:** So, we are working on the fresh contract in fact. It's under discussion right now. So, it's work-in progress kind of a thing.
- Satyadeep Jain:** Currently you have, I believe, three LNG cargos contracted, under take or pay each year for the next -?
- Saurabh Mashruwala:** Up to '26, yes, three cargos we have contracted and balance cargos for the year we have purchased on spot basis. Now, the LNG price has moderated, so we will try and contract more cargos going forward.
- Satyadeep Jain:** Maybe possibly more than three cargos is what you are suggesting?
- Saurabh Mashruwala:** Absolutely.
- Satyadeep Jain:** In the distribution and transmission business, when we look at the underlying profit compared to last year, there is a significant growth YoY. Just want to understand what were the drivers led to that?
- Saurabh Mashruwala:** Demand has gone up by about 6-7% in the Q1 as compared to the last quarter of last year. The profit is mainly coming from the approval which we have received from the regulator for the carrying cost of close to 100 crores this quarter.
- Satyadeep Jain:** So, that was the big thing in just the approval for that carrying cost?

Saurabh Mashruwala: Yes, exactly.

Moderator: Next question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.

Mohit Kumar: Congratulations. My first question is, is it possible to let us know the current arrangement of sales from DGEN and SUGEN? Is it under Sec. 11 and what is the quarter level on the merchant basis, some color would be helpful?

Saurabh Mashruwala: And if you look at the sec. 11 provision, whatever is untied up capacity for example is we can be able to offer to under Sec. 11. But since we have a NVVN tender, we have committed capacity. So, the i

Mohit Kumar: This gets over, right?

Saurabh Mashruwala: Yes.

Mohit Kumar: The entire capacity is free to be sold in the merchant, right?

Saurabh Mashruwala: Yes, exactly, exactly.

Rishi Shah: So, just to add it, typically what happens is that if our untied capacity... when we say untied capacity, it includes a long-term contract and it includes your bilateral contracts also. Over and above that if you have any untied capacity, then you have to sell it in under Sec. 11. So, typically what we do is we also do bilateral contracts of short term, for one month, two months, three months. Those capacities are not available for Sec. 11.

Saurabh Mashruwala: And generally, Sec. 11 capacity government is asking, within the peak time we provide the schedule and as per the schedule requirement we have to supply the power under Sec. 11. It will not be through consistently being provided, the government is providing the schedule when they need the power and accordingly we have to supply power under Sec. 11.

Mohit Kumar: Is it right to say that the scheme is over now and most of the capacity is free, right?

Saurabh Mashruwala: The scheme was available up to 30th June. Now, Sec. 11 is no longer applicable at this moment.

Mohit Kumar: The second question is on this T&D losses. Of course, generally you see improvement every year. This particular quarter we have seen the increase in T&D losses. Is there a particular reason which affected our APS losses?

Saurabh Mashruwala: If you look at the Ahmedabad and Surat distribution area, there is a growth of about 6-7% and there will be more retail selling to more residential areas I would say where the losses will be higher as compared with the industry as well as commercial consumer. So, sale to those residential consumers

are higher and where the losses are higher I would say. That is why they have been gone up for a few basis points.

Mohit Kumar: The other expense has gone up I think by 15 crores QoQ and YoY by 100 crores? What explains this?

Saurabh Mashruwala: The plant operation is higher. If you look at generation PLF about 40%, it has gone up to 60%. So, obviously my O&M expenses will be higher. Because of the plant higher operation, my other expenses is also higher which is being booked in the other expenses.

Moderator: Next question is from the line of Jiten Rushi from Axis Capital. Please go ahead.

Jiten Rushi: My first question is on the gain on sale of cash on merchant basis as well as NVVN. You said in the opening remarks that incrementally it is higher by 917 crores.

Saurabh Mashruwala: 517 crores.

Jiten Rushi: So, sir, last year same period, I think the gain was almost 140-odd crores, right, sir, incremental? I think that's 130 crores gain from merchant and 10 crores from LNG.

Saurabh Mashruwala: Yes, 145 crores was the gain for the last year.

Rishi Shah: This is the incremental profit of 517 crores we are talking about.

Jiten Rushi: Sir, this carrying cost which has got approved by the regulator is for the distribution you said right which is still -

Saurabh Mashruwala: License distribution area.

Jiten Rushi: Ahmedabad and Surat, right, sir?

Saurabh Mashruwala: Yes.

Jiten Rushi: And sir, one more question is on the bookkeeping side. We have seen a sharp increase in the employee cost. So, what was the reason for that, sir?

Saurabh Mashruwala: I don't think there is a sharp increase in the employee cost.

Jiten Rushi: In Q4'24 it was 147 crores, this is 173 crores in Q1, so obviously there is a sharp increase.

Saurabh Mashruwala: You are comparing Q4, but rather I think Q1 to Q1 if you compare –

- Jiten Rushi:** Q1 also it was 146 crores.
- Saurabh Mashruwala:** If you look at the Q4, my capitalization is the highest. Because of the highest capitalization, some of the cost of employees also get capitalized because of the accounting, capitalization of expenses and Q1 capitalization is lower I would say.
- Jiten Rushi:** But this is not the trend. So, this is a different trend we saw. Okay. And sir, on the CAPEX guidance, can you throw some light for this year?
- Saurabh Mashruwala:** CAPEX guidance is the same guidance; about 2000 crores we plan to spend for license of the distribution business. 1,750 crores is for license distribution and about 200, 250 crores is earmarked for the franchise distribution area.
- Jiten Rushi:** And the renewable part, sir?
- Saurabh Mashruwala:** Renewable progressively, we have 18,000 to 20,000 of investments planned for next 3-4 years I would say. Every year will spend about close to 5,000 crores. But it will be progressively spent based on the commissioning of the project.
- Jiten Rushi:** In the opening remarks, I think you said something on green hydrogen and the PSA, which is not part of the presentation. Can you repeat or I can take it separately after the call also it is fine.
- Saurabh Mashruwala:** Yes, you can take it separately after the call.
- Moderator:** Next question is from the line of Bharani from Avendus Spark. Please go ahead.
- Bharani:** So, I just want to clarify the split of this Sec. 11 and the contracted capacity through either PPA or bilateral plant wise like Sugden has about 80% contracted to its own discom. So, should I consider the remaining was offered in Sec. 11 in the quarter?
- Saurabh Mashruwala:** So, about 75% is tied up with the long-term PPA. Part of it is available for Sec. 11.
- Rishi Shah:** So, Bharani, you are right. For long-term PPA, it is 75%, but as I told earlier that we also do short-term contract. Now, if you already have a short-term contract in place, that will not get counted under Sec. 11.
- Bharani:** So, that's what. So, 25% of Sugden and Unosugden with whatever is remaining that would be given to bilateral or merchant or sectoral. So, what would have been the bilateral portion from Sugden and Unosugden in royalty?
- Rishi Shah:** We are not sharing those numbers. If you look at merchant on a holistic basis rather than dissecting it in two different sections.

- Bharani:** So, of the overall capacity of Sugden and Unosugden, which is 2,730 MW, how much would have been given to merchant in megawatts in 1Q?
- Rishi Shah:** So, merchant total MU which we have sold which comprises Sec. 11 NVVN and bilateral or on exchange is around 1,700 MUs for the quarter.
- Bharani:** That comes to what percentage, I mean I can calculate, but just for discussion purposes?
- Rishi Shah:** Sorry, come again.
- Bharani:** That will come to what percentage of overall sold by these three plants?
- Saurabh Mashruwala:** I will give it to you offline. I don't have the numbers as of now.
- Bharani:** Pre-winter like in September and October again there would be probably increased sales in merchant or bilateral, but do you foresee Sec. 11 in those months?
- Saurabh Mashruwala:** It depends on the weather condition I would say though the weather will not be so severe like summer. So, as of now it is too early to assume if Sec. 11 will come or not.
- Bharani:** For the remaining part of the year, we can assume that it would be PPA capacity plus some merchant sales that can happen from the untied capacity?
- Saurabh Mashruwala:** Yes.
- Bharani:** I think in the last quarter call some number around average tariff and average cost of generation for NVVN was said, I think cost at Rs.8 per unit, tariff at Rs.10 per unit, so EBITDA contribution of Rs.2 per unit. So, was this materially different or was it the same for NVVN?
- Saurabh Mashruwala:** The contribution is higher in the summer months. We can't give the exact amount of contribution, but it's higher during the summer months.
- Bharani:** What would be the average cost of generation at present or for the remaining nine months period for this gas-based power plant in rupees per unit?
- Saurabh Mashruwala:** Cargo cost basically. So, the average so far what we have acquired is about \$9.5 per MMBTU cost.
- Bharani:** That will roughly translate to Rs.7-8 per unit landed cost?
- Saurabh Mashruwala:** About Rs.6.5 kind of things variable cost.
- Moderator:** Next question is from the line of Vishal Periwal from Antique Stock Broking. Please go ahead.

- Vishal Periwal:** I joined the call little late, so pardon if there is a repetition. In terms of our quarterly PAT of roughly Rs.996-odd crores, can you share if one has to like move one-offs in this, what could be a recurring PAT for us?
- Saurabh Mashruwala:** Out of PBT of 1,315 crores after Q1 of the current quarter, the one-off is hardly Rs.102 crores which is the carrying cost we got approval, that is the one-off items.
- Vishal Periwal:** I think Sec. 11 again, probably if it is not continuing at least for the coming quarter, will it be possible maybe like to subtract that and to provide some number?
- Saurabh Mashruwala:** We treat Sec. 11 is a part of the merchant sale. So, we don't distinguish the Sec. 11 differently. So, our NVVN and merchant sale go over exchange on bilateral basis and Sec. 11. All figures are part of the merchant sale.
- Rishi Shah:** I think, on a normalized basis which we are talking, I think you'll have to see on a YoY basis rather than a QoQ basis. So, if you look at last year or any year, Q1 has always been better compared to any other three quarters because of inheritance demand in the country which is very high and that's why having higher merchant sale. So, if you want to normalize, I think you'll have to look at Q2 versus Q2 rather than Q1, Q2, Q3.
- Vishal Periwal:** So, is it fair to say in the Q1 of last year there were Sec. 11 at that time also?
- Rishi Shah:** No, Sec. 11 was the first time which was imposed on gas-based power plant in this Q1. What we are trying to say is that merchant stays on a holistic basis, there was profit in the last year Q1 also, there are profits in this year Q1 also which typically goes down as we progress the year. In Q2, Q3 and Q4 typically tapers down because of lower demand.
- Vishal Periwal:** On this Sec. 11, any number that is there in public domain that you like to share in terms of the realization, how exactly it differs maybe with our contracted quantity, is there any directionally ballpark percentage higher or if you can just share?
- Saurabh Mashruwala:** We don't differentiate the Sec. 11. It is part of the merchant sale. So, as far as the formula is concerned, it is 120% of your variable cost. Now, variable cost is defined as your gas price, which is defined by GSPL or the defined price by the GAIL price against which our sourcing cost is lower. Another one is on the O&M cost which are variable, there is some normative parameters, against which our O&M costs are lower. So, if you look at from a holistic basis, my margins would be higher than 20%, which is being given under Sec. 11.
- Moderator:** Next question is from the line of Swati Jhunjhunwala from JM Financial. Please go ahead.

- Swati Jhunjunwala:** Sir, I might have missed it. So, the C&I capacity of 525 MW, when is that expected to be commissioned?
- Management** Next two to three years.
- Swati Jhunjunwala:** Can you give me a broad sort of a number as to what you are planning to commission this year versus next year versus FY'27? The eight projects that you highlighted, is that it or there might be more?
- Saurabh Mashruwala:** So, as of now, eight projects is under development right now. By March '25, one project of 420 MWp is getting commissioned, and the rest of the project is getting commissioned from next year onwards. Some capacity will get commissioned at the C&I portfolio also. Air power capacities progress will get commissioned because though the commissioning deadline is somewhere around December '25, but some part of the capacities is getting commissioned before March '25 also.
- Swati Jhunjunwala:** And on the hydro PSC, 8.4 GW, can we assume a sort of four to five years' timeline for this one to come up since it's still in the approval phase?
- Management** At least, five years I would say.
- Swati Jhunjunwala:** And just one question is on the CSC. So, is it near a river or is it not near the water body because I think the water requirement is very different?
- Rishi Shah:** I think it is not run of the river project, they are all pump storage hydro projects, and those projects are typically in those areas where rainfalls are good. So, once you have had good rainfall, so you can collect the water and use it.
- Saurabh Mashruwala:** There will be an upper and lower reservoir and so in that area it will be developed.
- S Jhunjunwala:** So, it's not run of the river is what you're saying?
- Saurabh Mashruwala:** No.
- Moderator:** Next question is from the line of Aniket Mittal from SBI Mutual Fund. Please go ahead.
- Aniket Mittal:** So, one clarification. For the quarter what were our LNG sales or the gains that we made?
- Saurabh Mashruwala:** LNG sales are very, very miniscule. So, now the opportunity to generate the power and sell in the merchant market, so very miniscule amount we sold in the LNG.
- Aniket Mittal:** So, this overall number of, let's say, 660 crores worth of gain that we made, like almost 650 crores will be merchant rate, is that fair?

- Aniket Mittal:** So, if I look at the overall gain on merchant plus LNG sales for this quarter is roughly 660 crores, right?
- Saurabh Mashruwala:** Yes.
- Aniket Mittal:** So, out of this, about like you're saying, 650 crores is just merchant-related, LNG sales would be 10 crores?
- Saurabh Mashruwala:** 40 crores is the LNG sales; rest is the merchant.
- Aniket Mittal:** So, on the 1,700 MUs that we sold, we earn 620 crores EBITDA. Is that right?
- Saurabh Mashruwala:** Yes.
- Aniket Mittal:** Is sec. 11 for us been more profitable than the actual, let's say, bilateral contract that we've done between the two?
- Rishi Shah:** So, I think it is very difficult to look at it in that fashion. I rightly said earlier Sec. 11 does not guarantee you RTC power. So, if you want to participate in Sec. 11, you will have to have your base load running and then you can participate in Sec. 11. So, I think we will have to see on a holistic basis wherein you enter into some short-term contract which will give you RTC power and we can use your generators on a base load. And then once that is there, even though at a lower profitability, then that opportunity is available for you to ramp up faster and take utilization of Sec. 11 or peak power demand and what other opportunities are available in the market. So, I think it's a combination of all of them which gives you better profitability.
- Aniket Mittal:** Just one more bookkeeping question. What were the merchant volumes that we did in 1Q of last year and for FY'24 as a whole?
- Saurabh Mashruwala:** So, in terms of annual about close to 400 MUs last year.
- Aniket Mittal:** For 1Q of last year?
- Saurabh Mashruwala:** Q1 of comparable quarter of last year.
- Aniket Mittal:** And for FY'24 as a whole?
- Rishi Shah:** 1,400.
- Aniket Mittal:** So, what would have been the overall merchant gain for last year?
- Rishi Shah:** Gain would be around 325 crores.

- Moderator:** Next question is from the line of Ishan Minda from IIFL Securities Limited. Please go ahead.
- Ishan Minda:** I just wanted to understand if there has been any development on the part of discom privatization or parallel licensing.
- Saurabh Mashruwala:** As of now, there is no further development because parallel licensing, we have replied all queries of the regulators, so we are awaiting the further action from the regulators and privatization, now the election is over, let's see what's the state government action going forward. But we are very keen to participate in any opportunity available in privatization.
- Ishan Minda:** And with Sec. 11 only up till 1Q of FY'25, how is the performance of your gas, if you could provide any qualitative comments?
- Saurabh Mashruwala:** We don't know the other but we our gas is ready to meet any demand I would say either the merchant market, sec. 11, everything. So, in fact we keep in readiness condition for all our projects including the DGEN project also.
- Ishan Minda:** But at current merchant rate, are we able to maintain a good level of margins on your merchant operations with green and -?
- Saurabh Mashruwala:** If you look at the Q1, significant profit we have earned from the merchant market.
- Moderator:** Next question is from the line of Nikhil Abhyankar from ICICI Securities. Please go ahead.
- Nikhil Abhyankar:** Till July this year, almost 6, 6.5 GW of renewable capacity has been awarded, but we haven't won any project as of yet. So, are we planning or is it a decision that we have taken to execute this portfolio first and then get back in the bidding process?
- Saurabh Mashruwala:** Last six months, we have won about more than 1.5 GW of capacity.
- Nikhil Abhyankar:** But we will be bidding in FY'25 as well?
- Saurabh Mashruwala:** Absolutely.
- Rishi Shah:** Yes, Nikhil, our aim is to help at least to reach 5 GW in the next two or three years. So, right now under construction would be around 4 GW. And so, we will keep on looking at projects. The only thing is it has to meet our parameters. If they are meeting and we will be wanting to take more projects.
- Nikhil Abhyankar:** We are also doing merchant RE projects. So, will we be taking up more such projects or -?

- Saurabh Mashruwala:** So, as of now, one project is under construction. So, we will commission that one project and then we will see. As of now, there is no further plan of merchant project.
- Nikhil Abhyankar:** And this will be purely sold on exchanges or through bilateral contracts as well?
- Saurabh Mashruwala:** So, we will see wherever this plant is available either through the stock exchanges or through the bilateral basis, we will do it.
- Nikhil Abhyankar:** Something like a merchant PPA as well?
- Saurabh Mashruwala:** So, it's dependent on the available opportunities for this kind of a project.
- Moderator:** Next question is from the line of Amit Binde from Morgan Stanley. Please go ahead.
- Amit Binde:** I just wanted to get some update on note #3 that you had been recently putting out where you quantify the revenue from the merchant and RLNG. So, how much it is this year? Last year it was 72 crores.
- Rishi Shah:** No, sorry, revenues from merchant?
- Amit Binde:** Merchant and RLNG that you've been putting in the notes of account recently. So, this time you haven't put that in note #3.
- Saurabh Mashruwala:** It was not a very significant number, so that is why the auditor has dropped a note.
- Amit Binde:** So, that is only for the RLNG sale you mean?
- Saurabh Mashruwala:** Yes, exactly.
- Amit Binde:** So, for merchant, I mean would it have been around 1,700 crores this quarter?
- Saurabh Mashruwala:** I will say the 1700 MUs is there.
- Amit Binde:** So, I'm just assuming a price of around 10. Is that a correct number to guess?
- Saurabh Mashruwala:** You can assume that.
- Amit Binde:** One other clarification that I wanted to get is that RLNG and merchant gains this year is 517 crores increase or absolutely last year I think -
- Saurabh Mashruwala:** It's incremental.
- Amit Binde:** To the previous question you said it is 145 crores for Q1 F'24.

- Saurabh Mashruwala:** Yes, exactly.
- Moderator:** Next question is from the line of Satyadeep Jain from Ambit Capital. Please go ahead.
- Satyadeep Jain:** Just a couple of follow-ups. So, wanted to understand on Sec. 11, whatever untied capacity you have? You have the option to set it in the power exchange, bilateral support by getting there that say you have the option as a generator setting in any market segment, do you find better prices?
- Rishi Shah:** No, no, before imposition of Sec. 11, if you had already tied up your merchant capacities on a bilateral basis that you cannot offer under Sec. 11. All the other capacities you will have to offer under Sec. 11 if there is scheduling by the regulator or by the SLDC. If they are not scheduling, you are open to sell in the merchant market.
- Satyadeep Jain:** Under Sec. 11, it has to be based on scheduling by the SLDC?
- Saurabh Mashruwala:** Yes. So, under Sec. 11, if it is scheduled, you will have to supply power; if it is not scheduled you are open to sell in the merchant market or wherever you deem fit.
- Satyadeep Jain:** So, just because I was trying to understand, if we look at the variable cost of Rs.6.5 is what you mentioned based on the LNG price, there is obviously going to be incremental O&M then you have based on the number that you mentioned, it looks like an EBITDA set of Rs.4.00 per unit, overall, it looks like about Rs.12.00 per unit. So, was just trying to understand when you sell these, these would be in high price in market and when these are scheduled by SLDC, just wanted to understand the clearing mechanism for this?
- Rishi Shah:** When you say clearing mechanism, can you just elaborate on the clearing mechanism?
- Satyadeep Jain:** I was trying to understand the prices coming to about Rs.12.00 per unit. There how are you scheduling this power sale?
- Rishi Shah:** The scheduling is not done by us. It is done by let's say under Sec. 11 SLDC would do the scheduling, right. Under bilateral, the other person who has entered into a contract will do the scheduling. Under NRVN tender, again, NRVN will do the scheduling. So, we don't have scheduling in our hands. Only thing which we have is that if the scheduling has not happened, if there is an untied capacity, if we are able to sell in the merchant market, we will sell.
- Satyadeep Jain:** And one more question I wanted to ask on the LNG cargos that you're looking to tie up. Can you maybe remind us the three cargos that you had for take and pay, how much of your overall generation these three cargos would account for and the rationale for maybe tying up more cargos you seem more confident of using that in the merchant market on a longer-term basis?

- Rishi Shah:** I think if I look at my cargo required or my LNG book here, as of now under the PPA obligations, I have procured around 50% of my PPA obligation, balance 50% is open. So, I think I would want to do that first in terms of my PPA obligations are concerned. Merchant, we keep on looking at opportunity on a year-on-year basis. We don't want to lock ourselves because these are all take or pay contracts. So, if tomorrow merchant prices go down and you are not able to sell on the merchant market, you will have to pay for that cargo. So, that we don't want to do it on a longer-term basis, year, year and a half we keep on looking at it and then keep on procuring cargos for the merchant market is concerned. And anyway, all these long-term contracts are all variable rate contracts, the others are fixed rate contracts. So, you're just tying up the quantity rather than the pricing.
- Satyadeep Jain:** That I understood, tying up the volume. Just that obviously the demand is not there, I was trying to understand is there take or pay contracts? But you're suggesting that anyway with the higher LNG cargos, you would still need that for the PPA as well, right? So, -
- Rishi Shah:** That's right.
- Moderator:** Next follow up question is from the line of Jiten Rushi from Axis Capital. Please go ahead.
- Jiten Rushi:** So, just harping on the LNG tie-up. So, now as you said, only three cargo tie-up is pending, and this is for the 50% of the PPA capacity, balance 50%, we will be procuring from the domestic market.
- Rishi Shah:** No. I think it is factually wrong what we said was three cargos we have tied up for until December '26 and there are some contracts for domestic market procurement. Both put together gives you a tie-up of 50% for my PPA capacities are concerned.
- Jiten Rushi:** So, basically, three cargos up to December and domestic contract put together 50% up to December '26 broadly?
- Rishi Shah:** That's right, that's right. balance 50% under my PPA obligations is open and whatever I'm anticipating infra to be sold in the merchant market, that is open.
- Jiten Rushi:** So, this tie-up is at on \$9.5, right, sir?
- Rishi Shah:** No, \$9.5 are all the fixed contracts which we have done on a spot basis. The 50% cargo which I've told about under the PPA are all variable rate contracts, these are not fixed rate contracts, these are under the PPA, it has Sec. 62 PPA, wherein the LNG cost is a pass-through.
- Jiten Rushi:** So, this cargo tie-up also cost is a pass-through, it's open contract-based.
- Rishi Shah:** Under the PPA, it is pass-through.

- Jiten Rushi:** So, basically on the date of delivery whatever cost would be there, it is a pass-through what I understand, correct?
- Rishi Shah:** Yes.
- Jiten Rushi:** And sir, any further tie-up which you are targeting now as you have put the tenders as you said, so when can you expect these tenders to get awarded in terms of further tie-up beyond '26 or for the balance 50% open capacity?
- Saurabh Mashruwala:** We are under discussion. So, we will keep that as soon as possible.
- Moderator:** Next follow up question is from the line of Bharani from Avendus Spark. Please go ahead.
- Bharani:** So, are we bidding for any thermal projects which might be up for sale or on the NCLT?
- Saurabh Mashruwala:** So, yes, looking at it. So, if good assets are available at reasonable price, yes, we are keen to acquire those assets on the thermal side.
- Bharani:** So, any target we have like we will want to add so much in thermal in the next two to three years?
- Saurabh Mashruwala:** There is no such fixed target. So, it depends on the quality of asset and the price also.
- Bharani:** And coming to the recent developments where battery prices are coming down, there have been several bids with battery storage as a component. And have you been bidding there, if not what is our thinking and strategy there?
- Saurabh Mashruwala:** So, far, not, but we are evaluating it. Our investment in the battery and the pump storage will co-exist in the market.
- Bharani:** So, if we are having a pipeline of 8.4 GW on pump storage, like my question is in battery, why aren't we taking advantage of the low price?
- Rishi Shah:** We are evaluating it, and we would look at an opportunity point in time, but right now we are also evaluating battery storage as a solution and bidding for that.
- Bharani:** Actually, my point is, is there any challenges specifically you're seeing in battery which is keeping you still in evaluating stage, meaning -?
- Rishi Shah:** No.
- Bharani:** My last question is once you do sales in the merchant, now if I did just the calculation on how much we actually generated from Sugan, Unosugen based on the PLF you have provided, it comes to about

3,300 million units. So, you're telling we sold 1,700 in merchant. So, roughly about 50% is what we sold in PPA plus NVVN?

Saurabh Mashruwala: Yes.

Bharani: Or is it the NVVN also you are considering as merchant?

Saurabh Mashruwala: NVVN is also a merchant. We consider as a merchant sale.

Bharani: So, 50%, we are selling in PPA and that 50% also predominantly will be only coming from Unosugen and Sugen?

Rishi Shah: Correct.

Bharani: The LNG contract that we have for 50% we use for the PPA there, we have variable rate contracts and what would have been dollars in 1Q on an average?

Saurabh Mashruwala: The cargo which we have contracted is about \$9.5, and domestic will be much bit higher than the \$9.5 I would say.

Rishi Shah: So, I think variable rate what you're saying is under the PPA, it would be not only imported cargos, it will also be domestic procurement, correct.

Bharani: So, for which Saurabh sir said for the imported cargo it was 9.5, for domestic, he said it's little higher?

Saurabh Mashruwala: Yes.

Bharani: And we would have procured in the spot market for merchants, what would have been that dollar per MMBTU in 1Q?

Saurabh Mashruwala: 9.5 is spot cargos also.

Bharani: So, the three cargos that we have contracted, we are using it both for PPA market and also to be used to sell in the merchant?

Saurabh Mashruwala: So, three cargo contract is mainly for our long-term beneficiary.

Moderator: Next follow up question is from the line of Vishal Periwal from Antique Stock Broking. Please go ahead.

- Vishal Periwal:** In your slide of renewable PPA contracted capacity and installed capacity, operationally, I think you did mention briefly in one of the participants answer that we are trying to tie-up for the PPA. So, is it the onus on us or is the agency which has called this bid, so they have to get the PPA for us?
- Rishi Shah:** No, no, it is not trying to be trying to tie-up the PPA, PPA is yet to be signed. So, we have won under the auction. PPA is yet to be signed with the beneficiary.
- Vishal Periwal:** I think in the opening remarks, you do mention in the same slide that SCOD will be 24 months after PPA and there are a couple of capacities which has already contracted and maybe difference running in like say RMC if one has to take an example difference is roughly 260-odd MW. So, then operationally, how exactly it works? So, we commission the capacity, we wait for the PPA signing up or we only commission 100 MW and then -
- Rishi Shah:** No. We start commissioning the project once the PPA is signed and that's why SCOD is linked to the PPA signing rather than on the award of the tender.
- Vishal Periwal:** When we are inviting tenders we from the equipment manufacturers, so we are putting up 368 MW complete?
- Rishi Shah :** Yes.
- Vishal Periwal:** But then the commissioning in the sense we are actually putting up only 100 MW and then from -?
- Rishi Shah:** No, 368 is the installed capacity, PPA would be for 100 MW, but since these are all renewable projects and some of these contracts are with a higher CUF. So, let's say an example, REMCL, it is a CUF of 85%. So, if I want to supply 85% power on PLF basis for this renewable project, I will need to scale up my back-end capacities and that's why you're seeing 100 MW are tied up, but I am actually installing 368 MW to meet those standard conditions.
- Vishal Periwal:** So, it's actually in a way because of higher CUF, so most of it is actually tied up. That's right way to understand, is it?
- Rishi Shah:** Right.
- Moderator:** Ladies and gentlemen, that was the last question for the day. I would now like to hand the conference over to Mr. Saurabh Mashruwala for the closing comments.
- Saurabh Mashruwala:** Thank you so much, everybody. We wish everybody to stay safe and healthy.
- Moderator:** On behalf of Torrent Power Limited, that concludes this conference. Thank you all for joining us and you may now disconnect your lines.