



“Torrent Power Limited  
Q1 FY '26 Earnings Conference Call”  
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**MANAGEMENT: MR. SAURABH MASHRUWALA – EXECUTIVE DIRECTOR  
AND CHIEF FINANCIAL OFFICER – TORRENT POWER  
LIMITED**

**Moderator:** Ladies and gentleman, good day and welcome to Torrent Power Limited Q1 FY '26 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 this 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 Mr. Saurabh Mashruwala, Executive Director and CFO. 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 Earnings Call for Q1 FY '26. First, I will take you through the performance of the quarter, after which phone lines will be open for question-and-answer session. We'll explain the performance of the company at PBT level. First, reported PBT for the quarter stood at INR985 crores as compared to INR1,315 crores in corresponding quarter last year, decrease by INR329 crores, a reduction of 25% on a reported basis.

PBT for the quarter includes non-recurring loss of INR59 crores on account of non-cash adjustment due to foreign exchange fluctuations. PBT for the corresponding quarter of last year includes non-recurring credit of INR102 crores on account of receipt of favourable tariff order of our license distribution area, which primarily includes carrying cost allowances.

Adjusted for about non-recurring items, the adjusted PBT for the quarter stood at INR144 crores as compared to INR1,213 crores in comparable quarter of last year, which is lower by about INR169 crores, a reduction of 14%.

Company's underlying business remained resilient. However, the company quarter was mainly impacted by lower merchant gain, partially offset by improvement in the other businesses on account of positive operational parameters. Company remains well-positioned to navigate cyclical variations supported by the diversified business operations.

The business-wise key factors contributing to the performance are as follows: There are four factors, which I will explain to you. First, reduction in gain from sale of merchant power as well as LNG of INR333 crores. Demand of the power remains subdued during the -- due to early onset of the monsoon. Further, LNG price remained elevated, impacting the sales of merchant gas with capacity of 1.5 gigawatt. Overall PLF for the thermal generation deteriorated from 60% in Q1 of FY '25 to 39% in Q1 of FY '26 due to lower long-term as well as merchant sales.

Second, improved contribution from distribution business by INR82 crores, mainly on account of two factors. First, improvement in operational parameters like lower distribution losses and higher collection efficiencies. Second, additionally, contribution from the license business was also supported by the increase in ROE as well as ROCE on account of capitalization of assets as well as higher rate of returns on equity as well as new tariff regulations.

Third, contribution from renewable business improved by INR31 crores on account of -- mainly on account of interest income on delayed payment under LPS scheme, higher PLF, partially

offset by lower contribution from the new solar project of 300 megawatt of TPLD as well as MSKVY. Fourth, lower interest expenses of INR547 crores on account of prepayment of debt from the QIP proceeds -- due to QIP proceeds. This completes the explanation of the financial performance during the quarter.

Moving on, we'll now give a brief update on the pipeline projects. During the quarter, the company successfully secured a contract under SECI-XVIII, tying up 300-megawatt merchant capacity at a competitive rate of INR3.97 per unit. Its progresses commissioning of 360-megawatt MSEDCL project. Aggregate installed generation capacity of the company stood at 4.9 gigawatts as on 30th June '25, comprising of 2.7 gigawatt of gas, 1.8 gigawatt of renewable capacity, and 62 megawatt of coal-based capacities.

Pipeline project at the end of the quarter includes 3.1 gigawatt of renewable projects, 3 gigawatts of solar projects, 2 transmission projects of Khavda as well as Solapur. Further details on the pipeline projects have been summarized on our latest investor presentation available on the website.

I would now request coordinator to open the line for Q&A session. We wish everybody to stay safe and healthy. Thank you so much. Handing over to the operator.

- Moderator:** The first question is from the line of Mohit Kumar from ICICI Securities.
- Mohit Kumar:** My first question is of course during this quarter, we are impacted by the lower merchant prices and lower offtake for the gas-based power plant. But is it fair to say that we are guaranteed a certain amount of payment for that till October under the existing PPA, so the Q2 should be better compared to last year. Is that a fair assumption?
- Saurabh Mashruwala:** So see, the quarter has been impacted mainly by the merchant sales because of the early onset of monsoon as well as elevated gas price. So our NVVN tender, which is operation number of 15th of March and will be continued till 15th of October. So it could speak into two quarters. So whatever supply has not happened under NVVN tender will going to happen -- going forward in Q2, possibly something may see over the Q3 also.
- Mohit Kumar:** Understood, sir. My second question is on the RE portfolio. Is it possible to spell out the capex which you have done for the Q1?
- Saurabh Mashruwala:** Q1 capex is about INR350 crores.
- Mohit Kumar:** And how do you expect it to progress the balance year, sir?
- Saurabh Mashruwala:** Balance, there is a plan. We have a plan. So we have plan to have about 500 to 700 megawatt capex is coming in. So progressively, we'll incur the capex for the RE portfolio.
- Mohit Kumar:** Any broad number for fiscal year '26 and '27, sir? Is it possible to share?
- Saurabh Mashruwala:** Sorry?

- Mohit Kumar:** Is it possible to share the broad capex number for expected number for FY '26 and FY '27 for RE?
- Saurabh Mashruwala:** So for '26, it should be around INR7,000 crores to INR8,000 crores for this year and slightly higher number for next year.
- Moderator:** The next question is from the line of Satyadeep Jain from Ambit Capital.
- Satyadeep Jain:** First, on the merchant EBITDA for the quarter. I just wanted to understand the PLS was low, but under the NVVN tender, you have minimum guaranteed offtake. So was there some EBITDA contribution this quarter from take-or-pay where even if NVVN doesn't lift, you are guaranteed fixed cost on whatever is not lifted. So just wanted to understand, was there some contribution from there in this quarter?
- Saurabh Mashruwala:** The contribution from merchant is there definitely because of the NVVN, we have lifted some portion. But it will be -- whatever is a guaranteed thing is going to happen next quarter as well as something spillover will happen in the Q3 also. So minimum guaranteed quantity is going to happen.
- Satyadeep Jain:** Just trying to understand, there will be some guaranteed offtake every day. I think last time we were trying to understand, what I understood was if they don't lift the minimum guaranteed offtake, which would be 2,300 MU, you would -- they will not pay you the entire tariff, but you will be guaranteed at least a fixed cost. So just trying to understand this quarter.
- Saurabh Mashruwala:** So Satyadeep, I think what you're trying to understand is that this quarter, what was the minimum guaranteed offtake and correspondingly, what was the realization from that. So basically, this tender is for -- until October, right? So the guaranteed offtake they have to take is till October. Now it is not split into every day demand, every -- so if, let's say, on a particular day, if the demand is not there, they may not commission or they may not ask you to provide power. It can spill over to a different day.
- So basically, what we are saying is that there was some offtake under the NVVN tender and the expectation is that minimum guaranteed offtake will be taken by NVVN going forward progressively. There could be -- there is a possibility that some guaranteed offtake may also get spilled over from October to the next quarter also.
- Satyadeep Jain:** Because my understanding in the tender was there are specific crunch days 111. And during those crunch days, there is a minimum PLF of 50% during non-peak and 100% during peak. So accounting-wise, I thought whenever they're not meeting within this quarter also, you would have booked some fixed cost recovery, but that...
- Saurabh Mashruwala:** We book based on the sales, which happens, right? And what you're saying should be true in case once the period expires and they have not offtake on the minimum guarantee. Then we'll have to see whether we want to account that for not. But as of now, whatever we have booked is based on the offtake which they have done -- based on the actual offtake we have done. Not based on some estimated number, but based on the actual offtake, we have booked the revenues and contributions.

- Satyadeep Jain:** Fair enough. Just one thing I noticed in the presentation, some merchant wind capacity you had. Is it -- seems like you've transitioned that into SECI XVIII. What is the rationale? Because earlier you were thinking of keeping some merchant wins in the portfolio. It seems to have been gone down. Is that true? And what is the rationale for that?
- Saurabh Mashruwala:** So we have two merchant projects, in fact, developing. So we got the SECI XVIII tender. So we have shifted the tariff was INR3.97, which is quite good, I would say. So we have shifted the merchant cap SECI XVIII tenders. So that is what the observed because tariff was good INR3.97 in the SECI XVIII tenders. So better to switch over the merchant capacity to SECI and contract lock in at better tariff, and we will develop further merchant capacity going forward also.
- Satyadeep Jain:** Just one quick question, if I can squeeze another one. On the parallel licensing, I think there is some news report indicating some capex opportunity in Nagpur. I think there is some hearing. Just wanted to understand the steps in that process right now. And I think the news reports indicate maybe PAT losses for the first 4 years.
- Just wanted to understand why -- is that -- I'm not sure if it was misquoted or something. Why - if that is, why should there be PAT losses in the first 4 years? If you can you talk about this opportunity, the steps -- and I'm not sure whatever the media reports are. Just wanted to understand your thoughts there?
- Saurabh Mashruwala:** So we can't comment on the media report, but the fact of the matter is that today, in fact, today is the public hearing happened in Mumbai organized by the MSE. So that happened today. Now we have reserved the orders now. So it will be probably going to be announced in a couple of days, I would say. And then we will come to know the exact status about the current licensing. So public hearing took place today in Mumbai.
- Satyadeep Jain:** So the results of the public hearing will be announced in 2 days. What are the steps after that?
- Saurabh Mashruwala:** A couple of days, not two days -- a couple of days. They will reserve the order whether to allocate -- to give the circle to the Torrent Power or not based on the public hearing.
- Satyadeep Jain:** Okay. So within a few -- within a couple of days or so, we should find out.
- Saurabh Mashruwala:** Yes, that is what we expect to MSE. Maharashtra State Regulatory Commission will announce the result.
- Satyadeep Jain:** MSE. All the three, right? Pune, Nagpur -- all the three areas.
- Saurabh Mashruwala:** Yes, all the three areas.
- Moderator:** The next question is from the line of Sumit Kishore from Axis Capital.
- Sumit Kishore:** Could you give us a sense of what is the total sale of merchant units in Q1? And what was your merchant contribution from gas-based power plants in the first quarter of the year? Our sense last year was that in Q1 last year, you had realized almost INR6 billion of merchant gains.
- Saurabh Mashruwala:** So it was a merchant sale of about 714 MUs this quarter.

**Sumit Kishore:** 714.

**Saurabh Mashruwala:** 714 MUs, including the NVVN tender also. Contribution was about INR327 crores.

**Sumit Kishore:** Got it. This is very clear. The second question is, I think you mentioned to a previous participant that Q1 capex was INR3.5 billion only. I thought that you are...

**Saurabh Mashruwala:** INR350 crores for the renewal only. Overall capex is about INR850 crores, but the renewal is INR350 crores.

**Management:** So total company level capex was INR850 crores, out of which renewable was INR350 crores.

**Sumit Kishore:** Okay. Just to understand, given the numbers that we are looking at on an annual basis are north of INR70 billion, INR80 billion. So is there any reason why Q1 capex in renewable is so low? Or how should we read this sort of number seems quite low.

**Saurabh Mashruwala:** Yes, it will be ramp up in the Q2 -- H2, I would say, significantly as compared with H1.

**Sumit Kishore:** Okay. And in addition to the 2 gigawatt Maharashtra PSP, now the total PSP that you're showing is 3 gigawatt. So...

**Saurabh Mashruwala:** 2 gigawatt is tied up with MSE this year and 1 gigawatt we are planning on a merchant basis, which will be tied up at some point of time. And as of now, we are developing 3 gigawatt capacity, PSP capability.

**Sumit Kishore:** Okay. So that 1 gigawatt merchant is at the same location?

**Saurabh Mashruwala:** Yes, same location because location is a 3 gigawatt capacity, out of which 2 gigawatt we have tied up the MSEDCL.

**Moderator:** The next question is from the line of Suyash Jain from NDTV Profit. As there is no response from the participant, we will move to the next one. The next participant is Chetan Jain from Avendus Spark.

**Chetan Jain:** Sir, just a follow-up on the previous question. You said your EBITDA contribution from merchant was around INR327 crores. Does this include the LNG sale also?

**Saurabh Mashruwala:** LNG sales.

**Management:** So basically, when we say merchant, it includes LNG and MU sales also, both.

**Chetan Jain:** Okay. Sir, any number -- what is the comparable number for the same for the previous quarter - previous year?

**Saurabh Mashruwala:** It's basically -- we don't give the breakup, it's interchangeable between -- depending upon the opportunities available.

**Chetan Jain:** Just the comparable number for first quarter FY '25 for the same INR327 crores.

- Saurabh Mashruwala:** Yes. We have said INR660 crores for the last year number.
- Chetan Jain:** INR660 crores, okay. Sir, my next question is on what would be your average realization for this quarter, sir, realization and EBITDA for this quarter, average realization for 700 MUs which we sold?
- Saurabh Mashruwala:** So we have 714 MUs we have sold in the merchant market and contribution of INR327 crores.
- Management:** Around INR4.50.
- Chetan Jain:** INR4.50. Okay, sir. So just last question is on -- we read a news report or media report on a company interested look at L&T's power asset. Any comments on that, sir?
- Saurabh Mashruwala:** No, we don't want to give comment on this. We don't want to give any comments on this at this moment.
- Chetan Jain:** But are we looking at thermal assets? Are we always looking at thermal assets on a regular entity basis?
- Saurabh Mashruwala:** It's a part of our strategy, yes, we look at the thermal coal asset also, developing coal asset or participating in the IBC process also that -- it's a continuous exercise. We think we most of the acquisitions in the renewable side also in the coal side also.
- Moderator:** The next question is from the line of Bharani V. from Avendus Spark.
- Bharani V.** Yes. So can you give an update on the UP DISCOM privatization and where is the process at? When do we expect the bids to be opened?
- Saurabh Mashruwala:** It's too early because government is working at the RFP. So that is what currently we are working. So it's -- that is what the stage is currently. But we are definitely interested in part with the tenders as and when it comes. But currently, the proposal is under finalization by the UP government.
- Bharani V.** Okay. Okay. And my second question is on DGEN. Like if I look at the 1Q FY '26 PLF reported, which is 21%, translates to around 2,300 million units of generation. So just trying to understand if we have sold about 714 million in merchant, what are the other units being sold, where is it sold to? Is it being sold to the distribution circle in Ahmedabad, Surat?
- Saurabh Mashruwala:** No. So I think you are considering the MUs on an annual basis.
- Management:** Yes, exactly. Divided by 4 years exactly. I think you were looking at annual MUs, not the quarterly MUs.
- Bharani V.** Okay. Sorry, yes. That's a mistake. Yes, you're right. Like I was calculating on other plant. Got it. And finally, on the fact that how much would be the amount of units we are expecting to sell from or to put it another way in merchant market in the second quarter?

- Management:** I think we are not giving any estimates. As you rightly know that merchant market is pretty unpredictable. And on top of it, LNG prices are also very volatile. So it is very difficult for us to give you any estimates.
- Moderator:** The next question is from the line of Nikhil Abhyankar from UTI Mutual Fund.
- Nikhil Abhyankar:** So just one question, clarity on the NVVN tender. So is it fair to assume that the fixed cost related to the NVVN tender relating to 2.3 billion units of minimum offtake will be fully -- will get fully booked by end of Q3?
- Saurabh Mashruwala:** So contract is currently running up to 15th of October. But depending upon the demand from their side, it's not fully utilized by that date, government may extend some portion. But we can safely assume that by Q3, it should get fully utilized.
- Nikhil Abhyankar:** Okay. Fully utilized. Okay. And if it doesn't get utilized, we'll be...
- Saurabh Mashruwala:** Will get the minimum offtake fixed cost.
- Moderator:** Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to Mr. Saurabh Mashruwala for closing comments.
- Saurabh Mashruwala:** Thank you, everybody, for joining Torrent Power Earning Call. Thank you very much. We wish everybody to stay safe and healthy. Thank you so much. Thank you.
- Moderator:** Thank you. On behalf of Torrent Power Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.