

## "Torrent Power Limited 2Q and FY'26 Earnings Conference Call"

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**Moderator:** 

Ladies and gentlemen, good day and welcome to the Torrent Power Limited 2Q 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 the conference call, please signal an operator by pressing '\*' and then '0' 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, sir. Thank you. Good evening to all of you and thank you for joining Torrent Power's earnings call for Q2 FY'26. First, I will take you through the performance of the quarter, after which phone lines will be open for Q&A session. We will explain the performance of the company at PBT level first and then we will take you through the tax expenses separately.

Reported PBT for the quarter stood at INR 979 crores as compared to INR 689 crores in the corresponding quarter of last year, which is an increase of about INR 290 crores, which is about 42% on reported basis. PBT for the current quarter includes non-recurring credit of INR 31 crores on account of receipt of favorable orders in license distribution business, which mainly includes the carrying cost allowances. PBT for the corresponding quarter of last year includes non-recurring credit of about INR 67 crores on account of two factors. First, accounting of INR 99 crores on receipt of favorable orders in our license distribution area, which mainly includes the carrying cost allowances partly offset by lower generations of the wind power plant on account of forced stoppage of wind turbines due to heavy rains and Asana cyclone witnessed in Gujarat in the quarter, leading to a reduced contribution of INR 32 crores. Adjusted for these one-off items, PBT for the quarter stood at INR 948 crores as compared to INR 622 crores in the corresponding quarter of last year, an increase of about INR 326 crores, which is about 52%.

Business-wise factors contributed to the performance are as follows:

- Contribution from thermal generation business increased by about INR 293 crores mainly on account of better contribution from the sale of merchant power as well as LNG by about INR 304 crores.
- 2) Merchant gains were partially offset by the higher O&M expenses as well as non-cash adjustment on account of foreign exchange variation of about INR 11 crores. Contribution under the distribution business adjusted for one-off items increased by about INR 11 crores, mainly on account of, first, improvement in T&D losses of distribution franchise units, partially offset by higher T&D in the license distribution area. Second, additionally, contribution from the license distribution business was supported by increase in ROE and ROCE on account of capitalization of assets and higher rate of return on equity as per the new tariff regulations. And third, demand growth in our distribution business were in the range of about 4%-5%.



3). The third item is contribution from renewable generation adjusted for one-off items reduced by INR 20 crores, mainly on account of lower PLF from the existing wind power plant due to lower wind resources partially offset by the contribution made by newly commissioned solar capacity of 381 MWp. Balance deviation of INR 43 crores is mainly on account of, first, reduction in finance costs on back of repayment made in Q4 FY'25 partially offset by increase in depreciation and other miscellaneous expenses. This completes the explanation of the financial performance during the quarter.

Moving on to the project update:

- During the quarter, in addition to our existing renewable pipeline, subsidiary of the company received LOA of 250 MW of FDRE Renewable Generation from our licensed distribution unit.
- 2. The company secured letter of award from MP Power Management Company Limited for long-term supply of power from new 1.6-gigawatt coal-based power plant at a tariff of INR 5.83 per kWh.
- 3. India's largest green hydrogen natural gas blending initiative within the city gas distribution sector was successfully commissioned during the quarter.
- 4. With progressive commission of 367 MWp MSEDCL project, aggregate installed generation capacity of the company stood at about close to 5 gigawatt as on 30th September 2025, comprising of 2.7 gigawatt gas-based capacity to about 1.9 gigawatt renewable capacity and 362 MW coal-based capacity.
- 5. Pipeline project as at the end of the quarter includes 3.6 gigawatt renewable capacity, 3 gigawatt pump storage capacity, 1.6 gigawatt of coal plant and 2 transmission projects at Khavda and Solapur. Further details of the pipeline project have been summarized in our latest investor presentation available on our website. That's all for the quarter.

Now, I would request the 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 operators.

**Moderator:** 

Thank you very much. We will now begin with the question-and-answer session. Our first question comes from the line of Mohit Kumar from ICICI Securities. Please go ahead.

Mohit Kumar:

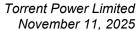
Good evening, sir, and thanks for the opportunity. My first question is, of course, this quarter we have shown a robust performance. I think a part of it comes from the merchant sales under the short-term power purchase agreement, which is signed in the month of March. Are we still selling in the third quarter some part of it under this agreement or this agreement is over now?

Saurabh Mashruwala:

We have supplied a majority of the portion in the Q2. We can say the majority portion is supplied under the contract in the Q2.

Mohit Kumar:

Understood. So there is hardly anything left for Q3, right?





Saurabh Mashruwala: Yes, maybe some portion, not material, I would say.

Mohit Kumar: Understood. Is it possible to provide us the break-up between merchant sales and LNG sales

during the quarter, some broad indication?

Saurabh Mashruwala: LNG sales, not material, I would say. Most of the revenue comes from the contribution coming

from the merchant sales.

Mohit Kumar: Understood, sir. My last question is on this coal-based power plant, which you have won in this

quarter. The capital cost seems to be on the higher side. Is it the maximum thing or do you think you will be able to do it at a much lower cost, maybe closer to 11-12 crore per megawatt rather than 13 crore per megawatt? Is it a possibility? And the related question is, what is the fixed cost, fixed tariff, which you have bid for this particular power plant? Is it possible to give a

break-up between the variable and fixed cost quoted in the bid?

Saurabh Mashruwala: So, no. This kind of a rate is going on, in fact. Now, cost of equipment has gone up, basically.

So, this is what the cost we have budgeted as of now. So, basically, this kind of a cost is going on. And in terms of your second question of the variable cost and fixed cost, fixed cost is about INR 4.22 paisa and variable cost is pass-through. That is what the configuration of the PPA, I

would say, LOA.

Mohit Kumar: Understood, sir. Thank you. Best of luck.

Moderator: Thank you. Our next question comes from the line of Sumit Kishore from Axis Capital. Please

go ahead.

Sumit Kishore: Thanks for the opportunity. You mentioned that you have taken a 500 megawatt FDRE project

from TPLD. What are the terms of this? How much is solar, wind? Are there any other

specifications that you can just go through us?

Saurabh Mashruwala: So, it is a combination of solar, wind and the battery. So, about solar will be about 350, wind

will be about 150 megawatt and tariff is about 4.87.

**Sumit Kishore:** Wind is 150?

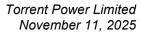
Saurabh Mashruwala: Yes, sorry.

**Sumit Kishore:** Wind is 150, you said?

**Saurabh Mashruwala:** Yes. Wind is 150, solar is about 350 megawatt.

**Sumit Kishore:** And how much battery?

**Saurabh Mashruwala:** Battery would be another 100 megawatt kind of a battery would be there.





**Sumit Kishore:** 100 megawatt with 4 hour storage or?

**Saurabh Mashruwala:** So, it is 450 megawatt hour.

**Sumit Kishore:** So 4.5 hour storage.

**Saurabh Mashruwala:** Yes. So, 112 megawatts of battery which is equivalent to 450 megawatt hours.

Sumit Kishore: Okay, 4 hours. Okay, got it. My second question is your presentation mentioned that BTG has

been awarded for the coal plant. Who it has been awarded to and at what project, at what value?

Saurabh Mashruwala: We will not able to share it but it is a project, it is a turbine contract is awarded.

**Sumit Kishore:** So TG is awarded, boiler is not yet awarded.

**Saurabh Mashruwala:** No, BTG entire thing is awarded.

**Management:** BTG and balance of plant is in the discussion, BTG is awarded.

**Sumit Kishore:** So, is it awarded to one of the two domestic players?

**Saurabh Mashruwala:** Yes, one of the two domestic players, you can say.

Sumit Kishore: Okay. The next question is, what is the CAPEX in first half of the fiscal? And you had mentioned

last time that significant portion of the CAPEX that you plan to incur for RE, almost INR 8000

crores will be incurred in this year. So, what is the progress on RE CAPEX specifically?

Saurabh Mashruwala: So, H1 number,, in license, we have incurred about close to INR 780 crores, franchisee around

INR 100 crores kind of a thing. Transmission, we have incurred about INR 275 crores and RE,

renewable CAPEX, will be of INR 2500 crores we have incurred in the H1.

**Sumit Kishore:** INR 2500 crores you have incurred in H1, RE?

Saurabh Mashruwala: Yes.

**Sumit Kishore:** What is the overall H1 CAPEX that you have incurred, consolidated level?

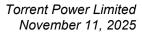
**Saurabh Mashruwala:** Close to INR 2700 crores. INR 3700 crores.

Sumit Kishore: Okay, so 3700 total, 2500 is RE, got it.

Saurabh Mashruwala: RE, yes, exactly.

Sumit Kishore: And finally, in your opening remarks, you mentioned this, I am not sure whether I got the

number, the total increase in merchant contribution for thermal was INR 324 crores you said?





Saurabh Mashruwala: INR 300 crores roughly.

**Sumit Kishore:** INR 300 crores. This is the delta on a year-on-year basis?

**Saurabh Mashruwala:** Yes, delta on a year-on-year basis, compared to the last quarter.

**Sumit Kishore:** Okay, and so what is the total number of merchant units you sold during the quarter?

Saurabh Mashruwala: About 650 MUs.

**Sumit Kishore:** Okay, thank you, sir, and wish you all the best.

Moderator: Thank you. Our next question comes from the line of Satyadeep Jain from Ambit Capital, please

go ahead.

Satyadeep Jain: Hi, thank you. First question on the NVVN tender, now that the tender is over, is it possible to

share how much volume was lifted on the tender and whatever was not lifted, do you get the entire fixed cost recovery in 3Q for that or have you already booked some fixed cost recovery in

20?

Saurabh Mashruwala: So, we have stated that we have materially supplied basically, so that is what we stated earlier

in the first question.

**Satyadeep Jain:** Sorry, sir, I did not get it, whatever.

Saurabh Mashruwala: We have stated in the earlier answer, first question that we have materially supplied under that

contract.

Satyadeep Jain: No, that I understood. So, you fulfilled the entire, there was no volume which was assured under

the minimum contract and not lifted by the consumer. I thought the actual offtake was lower than the minimum offtake, right, which is why you have some fixed cost guarantee that you

recover in case the customer does not lift the entire volume.

**Saurabh Mashruwala:** So, majority contract is fulfilled, that is what we can say right now.

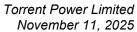
**Satyadeep Jain:** So, there is no material fixed cost recovery that you anticipated in 3Q from this contract, right?

Saurabh Mashruwala: Yes.

Satyadeep Jain: And secondly, wanted to check on the PSP project, the CAPEX there also seems slightly on the

higher side, 7 crore per megawatt. When you look at INR 14,000 crore CAPEX in the revenue under the contract is 1680, thus what kind of IRR would you look at on this kind of project?

Saurabh Mashruwala: How can you say that the cost is higher? How much megawatt you are considering?





**Satyadeep Jain:** The 2,000 megawatts, 14,000 crores, that is about 7 crores per megawatt.

Saurabh Mashruwala: INR 14,000 crores is the total project cost and capacity, we are putting up is a 3 gigawatt

capacity. And 2,000 gigawatts, 2 gigawatts is a PPA we have signed off, but capacity we are

putting up is 3 gigawatts and project cost is INR 14,000 crores.

**Satyadeep Jain:** 14,000 is for 3 gigawatts?

Saurabh Mashruwala: Yes, exactly.

Satyadeep Jain: Okay. And lastly, on the wind and solar PLF, can you, I didn't fully understand because

everybody, including in Gujarat, we are seeing higher wind PLF this quarter, YOY and then lower solar PLF. What was unusual for you in Gujarat? Just trying to understand, was it

something location specific?

Saurabh Mashruwala: So I think because of the extended monsoon, PLF is a bit lower as far as wind is concerned. And

solar because of the new capacity commission, PLF is a bit higher as compared to the quarter of

last year.

Satyadeep Jain: So wind was only monsoon that impacted maybe certain windmills in Gujarat for you and solar

was just maybe new mills and new plants.

Saurabh Mashruwala: Yes, exactly. We saw the extended the monsoon in Gujarat it lasted till, of course, Diwali also,

I would say. So that is why that has impacted the wind resources, I would say.

Satyadeep Jain: Okay, thank you.

Moderator: Thank you. Our next question comes from the line of Atul Tiwari from JP Morgan. Please go

ahead.

Atul Tiwari: Yes, so just one small question. So now that the NVVN tender is over, fair to assume that in

third quarter and at least early part of fourth quarter, there will be no merchant sale or you are

actually selling something in the merchant market?

Saurabh Mashruwala: It all depends on the market situation. If peak demand will be there, definitely there will be a

merchant sale. So we cannot say right now, but it all depends on the market dynamics, I would say and if you notice that the LNG price is coming down. So the peak demand kind of a thing,

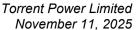
so one or two or three of the peak demand in the next six months, I would say.

**Atul Tiwari:** What will be the landed cost of LNG for producing the power for you right now?

Saurabh Mashruwala: The \$10, if you assume that the \$10 is per MMBtu of cost, then my variable cost would be about

fixed kind of a thing variable cost.

**Atul Tiwari:** Okay. So in case merchant ties are more than that, then it makes sense. Okay.





Moderator: Thank you. Our next question comes from the line of Ketan Jain from Avendus Spark. Please

go ahead.

Ketan Jain: Thank you. Good evening, sir. So my first question is on the MP Power project. What is the

expected commissioning date for this thermal plant?

Saurabh Mashruwala: The first unit is about 66 months from PPA date, and second unit is 72 months from the PPA

date.

**Ketan Jain:** So that will be almost six years.

Saurabh Mashruwala: Yes, six years from. Yes, PPA is not yet signed in fact. PPA is expected to sign in next 2 months'

time. And from there, this timeline will start.

**Ketan Jain:** Six months. Okay. My second question is on the renewable capacity addition. What are you

targeting for second half in FY'26 and then in FY'27 progressively? What is the renewable

capacity addition expected?

Saurabh Mashruwala: So about the total capacity which we have envisaged in the full year is about 500 to 600 megawatt

for the current year. So out of which, about 367 megawatt is already commissioned. So balance we expect to commission in the second half. And most of the capacity from the upcoming project except the newly won project is going to commission next year. Next one and a half years, I

would say.

**Ketan Jain:** Okay, so all the balance portfolio capacity to come in FY'27 and first half of FY'28.

Saurabh Mashruwala: Yes, yes. One and a half to two years maximum, I would say.

**Ketan Jain:** Understood. Any target you have for FY27, sir?

Saurabh Mashruwala: Not really, but we will try to expedite the commissioning. So commissioning date in fact is given

in the presentation also.

**Ketan Jain:** Understood. Okay, sir. Thank you. Those are my questions.

**Moderator:** Thank you. 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 so much for joining Torrent Power's earnings call. We wish everybody to stay safe

and healthy. Thank you so much.

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.