



“Torrent Power Limited Q1 FY-23 Earnings Conference Call”

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Moderator: Good morning, ladies and gentlemen and welcome to the Q1 FY 2023 Earnings Conference Call of Torrent Power Limited. As a reminder, all participants' 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 – Vice President Finance. Thank you and over to you sir.

Saurabh Mashruwala: Good morning to all of you. Thank you for joining Earnings Call of Torrent Power for Q1 FY 2023. First, I will take you through the performance of the quarter after, which phone lines will be open for Q&A session. Will explain the performance of the company at PBT level first and then thereafter tax expenses will be taken separately.

Reported PBT for the quarter before exceptional items stood at INR 671 crores as compared to INR 273 crores in the corresponding quarter last year, which is an increase of INR 398 crores, about 146% on a reported data basis. To understand the underlying performance of the company, we will take you to the non-recurring item first, non-recurring items in the current quarter includes two items for profit of INR 16 crores on account of the sale of land parcel. Second non-recurring item is, the provision of INR 10 crores of performance bank guarantee issued by the GUVNL as a security for development of 100 MW solar power project provision is considering elevated solar modules prices in range of 26 to 27 cents/Wp, compared to much lower levels assumed at the time of bidding rendering projects and not viable at current level.

All put together net non-recurring credit was INR 6 crores in Q1 of FY 2023. Now moving to the non-recurring item of Q1 of last year. Provision for doubtful debts at franchise distribution business of INR 21 crores due to subdued recovery on account of second wave of COVID. So, there was only one non-recurring item in the comparable quarter of last year. Adjusted for above one-off items. PBT for the quarter stood at INR 665 crores compared to INR 294 crores in the comparable quarter of last year, which is higher by INR 371 crores which is increased by 126%.

Now I will take you through the key highlights on improvement in adjusted PBT by INR 371 crores for the current quarter. There are four main reasons for increase in this INR 371 crores PBT for the current quarter. The first reason is improvement in profitability of gas-based power plant mainly on account of two factors, first gain of INR 89 crores coming from sale of LNG, which as I discussed earlier in the call with elevated LNG prices, it makes commercial sense to sell LNG instead of converting into electricity. Second gain of INR 41 crores on account of lower depreciation charge in DGEN on account of one-time impairment charge taken in Q4 of FY 2022 and reduction in depreciation rate in SUGEN. In total profitability of gas-based power plant is improved by INR 130 crores. So out of INR 371 crores. first gas-based power project has contributed INR 130 crores.

Moving onto the performance of distribution business due to restoration of industrial and commercial demand, which was impacted last year due to COVID-19 pandemic. There was a

marked improvement in overall contribution for the distribution business by INR133 crores. There are a couple of reasons for this increase in contribution by INR 133 crores. First reason is gain on account of reduction in T&D losses of INR 38 crores. This is mainly in franchise distribution business. Second is volume and rate gain from the franchisee distribution business by INR 41 crores. Higher ROE as well as incentive in license distribution business by INR 33 crores and we got some solar incentive of INR 21 crores in license distribution business. All four put together is has contributed INR 133 crores from the distribution business both franchise as well as license distribution business. The third reason is renewable business of the company is increasing. PBT mainly on account of two counts, first on account of PLF in solar and wind which has increased in the current quarter, which has given additional profit of INR 33 crores. Second on account of acquisitions consummated during Q4 as well as current quarter, which has given additional profit of INR 30 crores. So, all put together, renewable project has contributed about INR 63 crores additional profit in current quarter as compared with the quarter of last year. And we also made a profit of INR 15 crores in the cable business due to increase in volumes. So, all four reasons basically from gas-based power project, distribution license as well as franchisee renewable projects and cable all put together has contributed INR 371 crores of additional profit during the course of current quarter.

Moving onto the after-tax number, consolidated profit after-tax reported for the quarter INR 502 crores as compared to a profit of INR 208 crores in corresponding quarter of last year, which is higher by INR 294 crores which is an increase of 141%.

This was all about the financial performance of the company during the quarter. Now, moving on to the operational performance the company, distribution business witnessed a marked improvement in the overall company demand and surpassed the pre-COVID level of Q1 of FY 2020. Demand during the Q1 has increased by 22% year-on-year and by 5% compared to Q1 of FY 2020 i.e. pre-COVID level. The growth was mainly driven by the revival of demand in industrial and commercial segment.

This completes the overview of the quarterly financials as well as operating performance of the company. I now will give a brief update about the current project which are under pipeline. 115 MW SECI 5 project which has received extension of SCOD from February 22 to September 22. The contract has already been awarded and project is like to be commissioned during the course of FY2023. During the quarter company was also awarded 300 MW wind power projects under SECI XII tender at the tariff to Rs. 2.94 per unit. Acquisition transaction executed with Sky Power Group to acquire 50 MW solar power project under Sunshakti Solar Power Private Limited was consummated during Q1 FY 2023. That is all for this quarter. Now I request coordinator to open the phone line for a Q&A session. I wish everybody to stay safe and healthy. Thank you. Handing over to operator.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Shalini Vasanta from DSP Mutual Funds. Please go ahead.

- Shalini Vasanta:** Sir, my question was with the T&D losses for the quarter. They seem to have edged up a little and could you just tell us how you expect the T&D losses to move and is there anything to why that has changed? Thank you. That is my only question.
- Saurabh Mashruwala:** T&D losses has improved particularly in the franchise distribution area of Agra, Bhiwandi and SMK because it impacted similar quarter of last year because of the COVID second wave. So, I can brief you, give you the update about the performance, we have demonstrated in terms of the T&D losses. In terms of T&D losses of Q1 Bhiwandi case about 11.4% compared to 11.5% last year. Agra, we have a good improvement from 17.43% last year to 14.25% significant improvement in Agra we have reported. SMK it was 43.20% last year and we achieved about 38% in the current quarter. So, there is a significant improvement in T&D losses in particular in Agra and SMK area.
- Shalini Vasanta:** Okay sir and you expect the numbers will further improve going forward, I mean is there any scope for further improvement.
- Saurabh Mashruwala:** Yes, we expect further improvement going forward.
- Moderator:** Thank you. The next question is from the line of Swati Jhunjunwala from VT Captial. Please go ahead.
- Swati Jhunjunwala:** So, my first question was also about the T&D losses. So, we are seeing that the distribution licensee areas have increased the T&D losses whereas franchisee areas the T&D loss have decreased. So, is there any particular reason for that?
- Saurabh Mashruwala:** Distribution license area is particularly Ahmedabad and Surat. So, it is not strictly comparable, one has to look at the overall yearly number. So, on a quarterly basis it is not strictly comparable. So, if you look at the Q1 of current year, it is about 9.32% versus 7.7% of Q1 and Surat is about 2.99% versus 2.61% last year. So, it has in licensed distribution area has gone up, but year as a whole if you look at the last year, Ahmedabad was 4.17, so going forward it will come down because in the hot summer generally distribution loss in Ahmedabad and Surat area is bit higher than the overall average than the yearly average.
- Swati Jhunjunwala:** Second question is in Dholera, when do we expect the operations to start.
- Saurabh Mashruwala:** We expect the operations to start during the current year, there is a lot of expectation. We are awaiting the demand to come so, we expect the operation will start in the course of current year, particularly H2.
- Swati Jhunjunwala:** Third is on the Dadar & Nagar Haveli and Daman & Diu. So, in this quarter we had a T&D losses of 2.23%, I wanted to understand how low can we get, like what is the target T&D losses for this area.

- Saurabh Mashruwala:** If you look at the Dadar & Nagar Haveli and Daman & Diu most of the areas are commercially almost more than 90%. So, currently comparable with our Dahej area where distribution loss is about 0.5%. So, we are not saying it will go the that level but there is a further scope of improvement in the T&D losses of Dadra & Nagar Haveli and Daman & Diu. Because it is an industrial base not a very small percentage estimated customer.
- Swati Jhunjunwla:** And one last question. Could you give me the break-up of revenue between the distribution licensee areas and distribution franchise areas?
- Saurabh Mashruwala:** We do not have the revenue break-up at this moment. We can give the offline.
- Moderator:** Thank you. The next question is from the line of Rahul Modi from ICICI Securities Limited.
- Rahul Modi:** Just a couple of questions. If you can just throw some light on the gas sourcing as to, you know, how much do we have in already booked and post the recent LNG sale that we are doing, and just to make us understand, in terms of the spreads that we have earned in the recent LNG sales on an average for the quarter. So yes, that is those two to begin.
- Saurabh Mashruwala:** LNG sales is basically a merchant sales. If you recollect, we already always say that when we have a gas available, it is better to, we see the opportunity available in the market. At currently, we saw the opportunity of selling the gas rather than converting to electricity. So that is why we sold gas and made profit from the sale of LNG. As far as tie up is concerned it is the same status. As reported last quarter, we have about 50% tie up of gas for our beneficiary from current year FY 2023 to FY 2026. We have contracted one cargo for the merchant gas otherwise for the current year we yet to have to tie up the gas.
- Rahul Modi:** Just to ask on this, we read in some newspaper articles stated that domestic gas supplies to power sector will be curtailed because of the high LNG prices globally. So, any view on that if you heard anything on that front it is just news.
- Saurabh Mashruwala:** We are not seeing, only domestic gas available is a Reliance gas only KG-D6.
- Rishi Shah:** I understand Rahul, that news is basically for the subsidized gas which have been given to power companies. Our share from that subsidize gas is extremely low. So, it will not make any difference for us.
- Rahul Modi:** Just some more clarity on sir if you can get elaborate on the recent a couple of acquisitions that we have done in the renewable space they have been some very small ones also. Some update on that and your thought process on how do we see, on an annual basis, additions that we are targeting over the next four to five years in renewables both organic and inorganic.
- Saurabh Mashruwala:** In the recent past we did four acquisitions particularly renewable. First is the 156 MW, with CESC which is a wind assets and 50 MW with the Lightsource bp, 25 megawatt with the Visual and in the current quarter 50 MW with Sunshakti, Sky Power Group. So, four acquisitions we

did in last quarter as well as in the current quarter. So, as far as future plan is concerned, we evaluate depending on the opportunities available and a reasonable value which is available. So, it all depends on the opportunity available. So, we do not have any target in mind for making the acquisitions.

Rahul Modi: And sir, we had bid for a project at Rs. 1.99 paisa. So, are we moving ahead with that or this INR 10 crores for that project that we provided for?

Saurabh Mashruwala: INR 10 crores for that project only.

Rahul Modi: Okay so we are not going ahead with that.

Saurabh Mashruwala: As of now, that is what the plan is.

Moderator: The next question is from the line of Ankit Mittal from SBI Mutual Fund. Please go ahead.

Ankit Mittal: Few questions from my side, firstly on the distribution franchise, part just to understand if you could highlight specifically for Agra and Bhiwandi. How is the demand going? Have we crossed pre-COVID levels in these two circles? And from that perspective, how do you look at the AT&C losses for the full year for these two franchises.

Saurabh Mashruwala: Demand for franchise distribution area has crossed the pre-COVID level. For example, if you look at the demand of Q1, so which is up by about 24% as compared with the quarter the comparable quarter of last year. And if you look at the peak COVID level of demand of FY 2020 is up by about 7%. So already we are surpassed the pre-COVID level demand as far as distribution of franchises areas are concern.

Ankit Mittal: And in terms of the AT&C trajectory because I remember pre-COVID for Agra and Bhiwandi, we were closer to 12%. How do we look at for FY 2023?

Saurabh Mashruwala: In terms of AT&C loss level collect, I can give the October collection efficiency for Q1 it is almost near to 100%, Agra is 95%, SMK is also about 97%-98%.

Rishi Shah: So, Ankit, with respect to FY 2023. We do not give guidance per se for the future. But on a directional side AT&C loss we will keep on reducing as we have said earlier also that Ahmadabad and Surat are working at around 5%-6% of AT&C losses and our aim is to achieve those levels in all these areas in franchise distribution also. So, on a year-on-year basis, there would be an improvement, because of this COVID that process got delayed. But now I think we are on track to achieve reduction in AT&C.

Ankit Mittal: Second question was on the renewables front. So, at a group level, if I look at, we now have about 1,070 MW of renewable assets. Quite a few of this has been acquisition led. Since I look at this portfolio, on an annual basis, what would be the steady state revenue and EBITDA for these assets?

- Saurabh Mashruwala:** On annual basis, we do not have the number at this moment, but we can give last year, for example, but does not give the sense of last EBITDA for renewable was about INR 662 crores so definitely this year it will be much higher than INR 662 crores.
- Ankit Mittal:** Okay, I was just trying to look at ...
- Saurabh Mashruwala:** Because the acquisitions have added PLF is better in Q1.
- Ankit Mittal:** No worries I can take in that later. The other question was just to understand the Dadar & Nagar Haveli what has been the profit contribution for the quarter?
- Saurabh Mashruwala:** We have started in April 1st. So, it will take some time to stabilize so, yes, we can get a profit in the course of Q1. But that is not significant, I would say as compared with the overall size of the business. So, we are hoping this going forward, we will improve the efficiency, we will bring down the O&M cost also. So, it is too early to comment on Dadar & Nagar Haveli considering the one quarter performance.
- Ankit Mittal:** Last question, it is just on the fuel sourcing part. So, there are two parts to it. One is if you could highlight, what is the amount of gas that we are getting now domestically? and at what price are we getting that and secondly, for the one cargo that you have contracted? What is the price for that contract?
- Saurabh Mashruwala:** Gas, as you know, we are getting gas from two sources, first is we are getting gas from IOC and the Reliance KG-D6. These are the existing sources which is about making about 25% of requirements. Then, the cargo which we have contracted is or for our merchant requirements, we have contracted about \$21.
- Rishi Shah:** As far as pricing is concerned, both of them are linked to dated Brent. So there is no fixed price for domestic gas which we are buying from IOC and Reliance.
- Ankit Mittal:** But we are getting the 25% requirement from IOC and vendor line.
- Saurabh Mashruwala:** Yes, we are.
- Moderator:** Thank you. The next question is from the line of Mohit Kumar from DAM Capital. Please go ahead.
- Mohit Kumar:** But what is the run-off in the quarter in terms of gas, you had put in the quarter.
- Rishi Shah:** So basically, profit from sale of gas during the quarter was around INR 89 crores.
- Mohit Kumar:** So, given that the fuel and power purchase costs are very high in the quarter. What is the receivables sitting in our books right now?

- Rishi Shah:** So, I think on a quarter on quarter, it would be difficult to or it would not be right to look at receivables on a quarter-on-quarter basis, for the full year, we expect there would be some increase in the regulatory assets for licensed distribution business. But on a quarter-on-quarter basis, we may not look at regulatory assets or other receivables because typically all those receivables would get liquidated next two to three quarters.
- Mohit Kumar:** Given the high price, you do not think, you can pass it immediately, you will pass it over the next 12 to 18 months is that assumption correct.
- Rishi Shah:** So, timeline is difficult to ascertain, but it will not happen immediately.
- Saurabh Mashruwala:** It will be over a period of time.
- Mohit Kumar:** Lastly, sir on the renewables piece can you just confirm the portfolio number is 1.8 gigawatts. Out of 1.8 gigawatts, 1 gigawatt is under operation and 0.8 gigawatts is under development, is that right sir? The number?
- Rishi Shah:** Roughly, yes.
- Mohit Kumar:** Sir on the other 300 MW of wind power which you announced on the post is that it is going to cost INR 2600 crore, right? That number seems to pretty high; it is more than 8 crore per megawatt. What is the PLF you are expecting from this wind power plant?
- Saurabh Mashruwala:** 40%, PLF we are assuming.
- Mohit Kumar:** 40%.
- Moderator:** Thank you. The next question is from the line of Harsh Dole from IIFL Securities Limited. Please go ahead.
- Harsh Dole:** I had three questions. One is if you were to look at the Treasury income, we understand that there is one component but even adjusted correct one component, the Treasury income seems to be fairly high. If you could just help us understand what is the reason for that? That's number one. Number two in terms of CAPEX with respect to our annualized target, where we, or considering the revival in power demand any thoughts of reviving it upwards or downwards.
- Rishi Shah:** As far as Treasury income is concerned there was a one-off of around INR 16 crores which is clubbed in other income apart from that, if you look at the power purchase costs, major portion of the power purchase in this quarter was from merchant power or on a bilateral basis. Now, typically in those contracts, if you pay within seven days, you can avail discounts on the power purchase cost, which is now getting reflected in the other income and that is why that number is elevated compared to the corresponding quarter last year.

- Saurabh Mashruwala:** We have availed the discount and we got a discount on power purchase for early making early payment.
- Harsh Dole:** So, does this mean that this will pass-through in power purchase cost and our PBT is unaffected?
- Rishi Shah:** It will be passed on. It will not have any P&L impact.
- Harsh Dole:** Okay, so instead of showing it in the Power Purchase Cost. It is cost it is appearing in the treasury income. That is how it is.
- Jayprakash Khanwani:** Yes and that is in compliance with INDAS.
- Harsh Dole:** And on the second part, keep it upward revision.
- Rishi Shah:** INR 1500 crores of expectations, which we have given I think that looks feasible, and that is appropriate as far as current scenario is concern.
- Harsh Dole:** Okay, and if I can just squeeze one last question. So, the newspapers that, amendment to the electricity that's actually been sent to the standing committee. But theoretically, if the bill were to be accepted in totality, which of course looks less probably even but hypothetically what kind of, you know, risk, as well as we know opportunities you envisage due to passage of the bill.
- Rishi Shah:** As far as the deal is concerned. I think we look at it as on a positive side, wherein we will get opportunities to go into new distribution areas. So, I think we look at it as an opportunity rather than a risk for us.
- Moderator:** Thank you. The next question is from the line of Jiten Rushi from Axis Capital. Please go ahead.
- Jiten Rushi:** Good morning, sir. Can you give us a breakup of EBITDA?
- Saurabh Mashruwala:** EBITDA
- Jiten Rushi:** Yes, EBITDA break up in thermal renewable, licenses franchises
- Saurabh Mashruwala:** Gas-based project for the current quarter is about INR 238 crores versus INR 129 crores last year, then renewable project is INR 260 crores versus 175 crores, last year. License distribution about INR 421 crores versus INR 322 crores last year. Franchisees INR 250 crores versus INR 168 crores last year and total EBITDA is 1169 versus 764 crores last year.
- Jiten Rushi:** Before one-off, right? 1169.
- Saurabh Mashruwala:** No, this is after one-off before one-off it is 1151. Because there are very small one-offs.
- Jayprakash Khanwani:** So all the segment wise EBITDA provided are before one-off and the total number is after one-off, so the balance you can allocate as one off and other items.

- Jiten Rushi:** And sir on the wind PLF you said you are expecting for this 300 MW 40% PLF you are expecting or 30%
- Saurabh Mashruwala:** 40%.
- Jiten Rushi:** So, we have gas tie up for this year at 25% and from CY 2023 to CY 2026, we have 50%. Sir last time you said up to CY27. So is there any change in that?
- Saurabh Mashruwala:** CY 2026, up to CY2026, we have 50% tie up.
- Jiten Rushi:** So, 25% from domestic and 25% imported, right sir?
- Saurabh Mashruwala:** Yes.
- Jiten Rushi:** Sir, just on the capex. What is the capex incurred in Q1? Can you give us the break up between distribution licenses and distribution franchises?
- Saurabh Mashruwala:** Distribution licenses is about INR 438 crores, franchises INR 55 crores. About INR 500 crores capex we have incurred in licenses and franchises put together which was about INR 250 crores as comparable quarter of last year. So, we have incurred a significant amount of capex in Q1 of FY current year.
- Jiten Rushi:** And we will be doing INR 1500 crores for the full year combined.
- Saurabh Mashruwala:** Yes, that is what the target is.
- Moderator:** Thank you. The next question is from the line of Apoorva Bahadur from Investec Analyst. Please go ahead.
- Apoorva Bahadur:** Sir wanted your views on the Electricity Amendment Act given that now, instead of delicensing there will be multiple licensee? So how do you see this opportunity the size over here will be more like franchise business?
- Saurabh Mashruwala:** As earlier, explained by Rishi, it is an opportunity, we see it as an opportunity for us because we can take on more distribution. So we are seeing as an opportunity rather than threat to our existing distribution area.
- Apoorva Bahadur:** Also wanted to understand on this billing for this UNOSUGEN, understand that the Regulator has allowed cost pass-through in the tariff order. So is it like a two part billing in UNOSUGEN wherein we are billing for the entire fixed cost and only the variable cost for generation or is it that the overall entire annual amount which was allowed by the Regulator is being built?
- Saurabh Mashruwala:** Same concept through pass type all fixed costs will be passed on will be into the distribution entity and it will be recoverable from the consumer.

- Apoorva Bahadur:** Okay, two part then it is fine. Sir. Also, recently MOP floated a proposal on this high-cost DAM market, which is above the ceiling of 12 rupees. So, do we intend to participate in it, given our gas-based power bill will cost more than 12 rupees?
- Saurabh Mashruwala:** No, I see, it's basically at what cost you are generating the electricity based on that we will decide whether it is viable to participate
- Rishi Shah:** So, Apoorva it is basically a trade-off between where whether you are making more profits out of sale of gas, or you are making more profits out of sale of electricity. So, it would more of a dynamic play on a period-to-period basis. And we will have to look at that point in time, what makes more sense.
- Apoorva Bahadur:** Okay, that sounds correct. Sir, lastly on I think again, only debt availability front. If you could just enlighten me over here. The gas which we are selling is it the merchant cargo or are we selling our share of this IOCL and RIL gas and also if we are selling the domestic gas, then how are we declaring the availability for SUGEN plant.
- Saurabh Mashruwala:** As far as availability is concern it is available? SUGEN availability is 100% available, SUGEN as well as UNOSUGEN both the plant. In terms of source of gas, we will not able to comment on this at this moment.
- Apoorva Bahadur:** Okay, fair enough. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Ankit Mittal from SBI Mutual Fund. Please go ahead.
- Ankit Mittal:** Firstly, on the two renewable projects that you are undertaking, what is the pending CAPEX for that the 300 MW TPLD and 150 megawatt SECI project.
- Saurabh Mashruwala:** 150 megawatt SECI project is around INR 800 crores of CAPEX and TPLD 300 MW is INR 1250 crores to INR 1300 crores.
- Ankit Mittal:** How much of capex is pending?
- Rishi Shah:** For TPLD most of the work is pending, 115 MW, I think, around 30% of the capex is done and balance is in pipeline. But the EPC contract has been awarded. So, as and when the EPC contractor does the work, we will have to make the payments.
- Saurabh Mashruwala:** So about INR 500 crores capex which we incurred in 150 MW project out of INR 800 crores.
- Ankit Mittal:** The other question was, I think in your opening remarks, for the distribution business, you mentioned some solar incentives gain of around 21 crores, could you help me with that? I mean, what is it that's leading to this game?

- Saurabh Mashruwala:** We, there is a solar rooftop scheme available in our license distribution area. On the solar rooftops scheme government has one scheme, where if you are facilitating basic solar rooftop more than 10% incremental, if you facilitate the solar rooftop in your license distribution area then there is an incentive available. And if capacity increases, in addition in every particular year if more than 10%, then government is giving incentive to you. So, we got some incentive in our license-based area by which we have installed more than 10% capacity.
- Ankit Mittal:** What is the capacity that we have installed under the scheme?
- Rishi Shah:** We will give the number offline.
- Ankit Mittal:** And just one last question, sequentially, we have seen a decent increase in the interest expense for the company. So, if you could just highlight on that in terms of the overall debt in the finance costs or what is leading to the increase and how do you see this come across with the next one year?
- Saurabh Mashruwala:** Overall debt number average cost is about 7.25% for the current quarter, and debt is about INR 11,000 crores.
- Moderator:** Thank you. The next question is from the line of Rahul Modi from ICICI Securities Limited. Please go ahead.
- Rahul Modi:** What is the current outstanding regulatory assets?
- Saurabh Mashruwal:** Year end, it was about INR 1900 crores as on March 2022 both disputed as well as undisputed. Undisputed was about INR 1300 crores and disputed is about 600 crores.
- Moderator:** Ladies and gentlemen, we have lost the line of Mr. Modi, we will move on to the next question, which is from the line of Mohit Kumar from DAM capital. Please go ahead.
- Mohit Kumar:** So, my question is on the capex you are likely to incur in the Dadar & Nagar Haveli over next three to four years. Is that something you can give a better idea right now.
- Saurabh Mashruwala:** We have stated earlier that we have planned to spend about 1000 crores capex in next five years in Dadar & Nagar Haveli and Daman & Diu area.
- Mohit Kumar:** Given the power price is running very high. How we are tied up for our power purchase for the next eight months are we sourcing on medium term or exchanges.
- Saurabh Mashruwala:** We have some bilateral contracts available for our existing license area so it is mix of bilateral contract our own generations and something from the exchange also.
- Moderator:** Thank you. The next question is from the line of Rahul Modi from ICICI Securities Limited. Please go ahead.

- Rahul Modi:** So just a question, following up on that. What was the regulatory asset you were mentioning? It was INR 1900 crores.
- Saurabh Mashruwala:** Yes.
- Rahul Modi:** Okay and anything built up during this quarter Q1.
- Rishi Shah:** So, Rahul as we discussed, there would be some regulatory asset, which got built up during the Q1 because of elevated power purchase cost over a period. In this year, also, there are expectations, some part of it will get liquidated, but for the full year, we expect some additional built up of regulatory assets.
- Rahul Modi:** Any indicator number just to understand.
- Rishi Shah:** Difficult to suggest at this point in time, it is difficult meaning, how much volumes and at what cost will be able to procure going forward, will impact the regulatory asset number.
- Rahul Modi:** What is the current variable cost? We are generating for our gas plant on a blended basis?
- Saurabh Mashruwala:** We will give the number offline; we do not have the numbers readily available with us right now.
- Moderator:** Thank you. The next question is from the line of Devam Modi from ARDEKO. Please go ahead.
- Devam Modi:** Sir first, this Dadar & Nagar Haveli, if you can just walk through what is the exact amount that we have paid to them as of now, and if any further amount needs to be paid as the license fee or something like that, and what will be the sort of, let us say economics of the transaction, as per our understanding in terms of IRR, and all for now.
- Saurabh Mashruwala:** It is a 555 cr could be invested for 51% stake. So that is the investment made. And so basically, we look at the perpetual opportunity, rather than looking at some IRR or kind of a thing. So, it is business available on a perpetual basis. So that is what, it will during the course of next couple of years, it will give us many opportunities in nearby areas also. So, we see as a perpetual opportunity other than looking at one particular IRR.
- Devam Modi:** So, it is one time license fee of INR 555 crores is what you mentioned.
- Saurabh Mashruwala:** 51% stake.
- Devam Modi:** So basically, overall debt that has gone up by quarter-on-quarter, we see debt is gone up by almost INR 2500 crores that would majorly be for the renewable acquisitions.
- Saurabh Mashruwala:** Renewable acquisitions plus our some built up of regulatory asset also. So it is a mix basically, plus acquisition of Dadar & Nagar Haveli also.

- Devam Modi:** What will be the cash balance at our end at the end of June?
- Saurabh Mashruwala:** Around Rs. 1,500 crores.
- Devam Modi:** I actually missed out on two numbers if you can just highlight the number of EBITDA for renewables and EBITDA for Dadar & Nagar Haveli.
- Saurabh Mashruwala:** We are not sharing EBITDA numbers separately for Dadra and Nagar Haveli, for renewables EBITDA for Q1 was about INR 260 crores versus 175 of last year.
- Devam Modi:** Okay and for license distribution.
- Saurabh Mashruwala:** License distribution is INR 421 crores versus INR 322 crores last year.
- Devam Modi:** And the major difference one can assume is basically Dadra and Nagar Haveli, this space and Shil, Mumbra was already there last year, right?
- Rishi Shah:** As Saurabhi, explained in the opening remarks, there are a lot of other factors in license distribution. Typically, there were incentives, improvement on account of higher ROE, etc. So, all those put together gives us these profits.
- Moderator:** Thank you. The next question is from the line of Dharani Vijaykumar from Spark Capital. Please go ahead.
- Bharani Vijaykumar:** So on the gas availability and sales of gas as I understand, when we have profit opportunity to make by selling LNG, we buy power in the short-term market and supply to a distribution businesses and sell the LNG, am I right?
- Saurabh Mashruwala:** Yes, but is basically merchant cargo we are selling. So whatever generations available for the beneficiary SUGEN is supplying to our distribution arm.
- Bharani Vijaykumar:** Okay. And you also mentioned that there is a price point at which it becomes better to sell LNG than generate. So, what is that price point in dollars per MMBtu?
- Rishi Shah:** It is not fixed price point; it is a dynamic market. So, on a day-to-day basis, we have to decide whether to generate electricity or to sell the gas. So, it also depends on the merchant prices available for electricity and opportunity available at given point of time we have to look at.
- Bharani Vijaykumar:** Okay, and I missed out on the cargo that you had contracted on merchant basis, what is the price at which you have contracted?
- Saurabh Mashruwala:** \$21.
- Bharani Vijaykumar:** Okay, and obviously, you would be making more than that by selling in the market for LNG.

- Saurabh Mashruwala:** Yes.
- Bharani Vijaykumar:** My second question is on this Dadra Nagar Haveli. What is the gross block and debt at these assets. Has it been consolidated in this particular quarter? The numbers.
- Saurabh Mashruwala:** Yes, it is consolidated. There is no actual debt in the in the business as of now, and gross block would be around INR 250 to INR 300 crores, exact number we can give it to you offline.
- Bharani Vijaykumar:** I did not get the debt part can you repeat that?
- Rishi Shah:** There is no debt as of now.
- Moderator:** As there are no further questions, I now hand the conference over to Mr. Saurabh Mashruwala for closing comments.
- Saurabh Mashruwala:** Yes, thank you everyone for joining Torrent Power Earnings Call. We wish everybody to remain 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.