



“Torrent Power Limited
Q4 FY2021 Conference Call”

May 21, 2021



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Moderator: Ladies and gentlemen, good day and welcome to Torrent Power Limited Q4 FY2021 Conference Call hosted by IIFL Capital Limited. 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. Harshvardhan Dole from IIFL Capital Limited. Thank you and over to you Sir!

Harshvardhan Dole: Thank you moderator. Greetings everyone. On behalf of IIFL, I welcome you to the fourth quarter earnings call of Torrent Power. To discuss the ongoing quarter as well as the quarter gone by we have the senior management of Torrent Power represented by Mr. Saurabh Mashruwala, VP (Finance), Rishi Shah, GM (Finance) and Mr. Jayprakash who is Manager (Finance). I would request Saurabh Bhai and Rishi Bhai to give opening remarks subsequent to which we can have the floor open for Q&A. Over to you Rishi Bhai!

Saurabh Mashruwala: Good morning to all of you. Thank you for joining the earnings call of Torrent Power Limited Q4 FY2021. We will first take you through the performance of the quarter after which phone lines will be opened for the Q&A session.

We will first explain the performance at the PBT level and thereafter the Tax expenses will be taken up separately thereafter.

The reported PBT for the quarter stood at Rs.455 Crores as compared to loss of Rs.693 Crores, which includes provision of impairment loss of Rs.1000 Crores in the corresponding quarter last year. Adjusting for the impairment loss, reported PBT was Rs.307 Crores. Comparing reported PBT for the current quarter with the adjusted PBT there is growth of Rs.148 Crores for the quarter. Now to understand the underlying performance of the company we will take you through the nonrecurring items first, during the course of the quarter.

We will first talk about nonrecurring items for the current quarter. There are two nonrecurring items in the current quarter. First, the fuel cost under recovery of Rs.38 Crores pertaining to the Q3 which we had talked about at the time of Q3 conference call, was recovered in Q4.

Second is the economic activity at our distribution units. They have continued to show uptick in demand as witnessed in Q3 of FY2021. Year-on-year demand was up by 7% for the quarter as compared to degrowth of 3% which was witnessed in Q3. The March of the previous year was impacted due to COVID related lockdown hence numbers may not be

strictly comparable, but if we compare the demand during the January and February of this year versus that of the previous year we have almost reached the pre-COVID levels which is inline with our expectation as explained in the previous quarter.

Demand coupled with the increased vigilance activity helped us curb the commercial losses in our Franchised Distribution area which has resulted in recovery of arrears against which we had made a provision in the past quarters. Provision of about Rs.13 Crores was reversed in the course of the quarter. We expect going forward in next two, three quarters, we would be able to recover material amounts in Agra and Bhiwandi resulting in a reversal of provision made in the past quarters.

Considering all nonrecurring items, there was a net credit in P&L of Q4 to the tune of Rs.51 Crores. We had similar nonrecurring item in Q4 FY2020 also. There are about four non-recurring items in Q4 FY2020. The first item is Rs.1000 Crore's impairment provision on carrying value of 1200 MW of DGEN power projects we have made last quarter Q4 FY2020. As discussed during our last year call, this is non-cash adjustment as per applicable accounting standard. This has led to reduction in depreciation for the current as well as future years by about Rs.80 Crores per annum.

The second item is that we have made a provision of Rs.51 Crores towards potential damages and other project related costs related to SECI V wind projects, due to expected delay in setting up the wind power project. The third item is about Rs.48 Crore's provision for doubtful debt we had made in Q4 FY2020 for our franchised distribution business which were due to COVID lockdown. The last one is on the positive side, which is about 22 Crores we have accounted for as a regulatory gap on receipt of favourable order from the regulator in our licensed distribution area. Considering these four nonrecurring items there was a net charge in P&L of Q4 FY2020 of Rs.1077 Crores.

Adjusting for above one-off items of Q4 for current quarter as well as for the comparable quarter of last year, adjusted PBT for the quarter stood at Rs.404 Crores as compared with Rs.384 Crores in corresponding quarter of last year. PBT is up by about Rs.20 Crores. Adjusted PBT is higher by Rs.20 Crores in the current quarter mainly because of following reasons. The first reason is that there is gross reduction in finance cost by Rs.59 Crores attributable to the lower rate of interest as well as reduction in average debt for the quarter. We have made prepayment of about Rs.350 Crores in the quarter apart from the normal repayments. We have not taken any new borrowing during the course of the quarter. The average interest rate for the quarter was lower by 150-basis points as compared with the corresponding quarter of the last year.

On overall basis, year as a whole we have in fact reduced our gross debt by more than Rs.1000 Crores. The saving in finance cost has been partially offset by reduction in treasury income by about Rs.8 Crores. This is mainly because of carrying lower treasury balance as well as lower yield on the treasury portfolio. The third item is we have made a gain on sale of excess RLNG, and we have made a profit of Rs.50 Crores out of sale of LNG. The fourth item, in case of wind power project, there is a subdued generation due to lower wind resource impacting the profit by about Rs.21 Crores. The fifth item is higher T&D losses, in our distribution business in Q4 FY 21 as compared with Q4 FY20 resulting into lower T&D savings incentive impacting the profitability by about Rs. 23 Crores. And franchised distribution area we are reporting higher T&D losses as compared with the comparable quarter of last year which has impacted the profitability by about Rs.38 Crores.

However, there is substantial improvement in operational performance of the quarter on a quarter-to-quarter basis reflecting improving condition of the economy, this can be substantiated from the fact that the demand growth for our company in Q4 was higher by 11% on year-on-year basis. Of which, license distribution has grown by 13% and franchise distribution has gone up by 7%. This as compared to the YOY growth of Q3, has shown remarkable improvement as there was a degrowth in Q3. In licensed distribution there was degrowth of about 1% and franchise distribution degrowth of 3%.

Moving on to the PAT number. PAT reported for the quarter was Rs.408 Crores as compared to loss of Rs.290 Crores in corresponding quarter last year, which is higher by about Rs.698 Crores. Tax numbers of Q4 last year has one time accounting of deferred tax assets as we had recognized un-utilized MAT credit during the course of last year.

This completes the overview of the quarterly performance. Now I request the participant to raise any questions which they have on performance of the company in Q&A session. We wish everybody to stay safe and live healthy. Thank you. Handing over to the moderator.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Bhavin Vithlani from SBI Mutual Fund. Please go ahead.

Bhavin Vithlani: Thank you for the opportunity and congratulations for good set of numbers. My first question is on the distribution circles all the four Ahmedabad, Surat, Bhiwandi, Agra, if you could help us with what is the percentage contribution from the commercial and industrial consumers on the volumes and how are we seeing the volume traction over the last two months April and May till date?

Saurabh Mashruwala: In terms of composition of volumes, Ahmedabad industrial and commercial in FY21 was about 58%, as compared to 62% last year FY20, so there is 4% reduction in commercial as

well as industrial consumption in case of Ahmedabad. While in case of Surat also similar pattern was there, 75% is the industrial consumer in 2019-2020 and current year it is about 71%, so there is a reduction of about 4% in Surat also. In case of Bhiwandi, industrial and commercial was 91% and Agra was 43%, no change in composition as compared to last year. Bhiwandi and Agra there is not much change, but Ahmedabad and Surat there is about 4% change in the composition of the consumer.

Bhavin Vithlani: How are we seeing the volume behavior in the last one-and-a-half months of April and May?

Saurabh Mashruwala: Q4 if you look at in licensed distribution business we have reported about 14% rise in the volume and 7% in case of franchise during Q4 FY21.

Bhavin Vithlani: Given the way we have the second wave which has hit how are you seeing the year ahead and lastly if you could also help with the capex plans for FY2022 and if you could break that into various sub-segments?

Saurabh Mashruwala: I can give you the update about the capex which we have incurred for the current year. We were impacted by COVID, but overall capex was pretty good I would say. License distribution business we have incurred more than Rs.1000 Crore's capex for the current year, franchise we have incurred about Rs.200 Crore's capex and some other areas we have incurred about Rs.100 Crores odd capex. So capex was pretty good. I would say it has picked up in H2 and we maintain our same guidelines about the capex for FY2022 also i.e. Rs.1200 Crores for license distribution business and about Rs.250 in franchise distribution area.

Bhavin Vithlani: Thank you so much for detailed answers.

Moderator: Thank you. The next question is from the line of Mohit Kumar from DAM Capital. Please go ahead.

Mohit Kumar: Good morning Sir. Is it possible to share the breakup of EBITDA asset wise for FY2021 and Q4 FY2021?

Saurabh Mashruwala: I can update PBIT number of FY2020 you want, so quarter wise or full year wise?

Mohit Kumar: Quarter wise.

Saurabh Mashruwala: Q4 I can give it to you. Q4 gas generation PBIT of Rs.143 Crores and our renewable generation about Rs.88 Crores, license distribution of Rs.183 Crores, franchise Rs.154

Crores and total PBIT we have made about Rs.557 Crores. This is before Q4 one-off items. So one off items are two (i) Rs.38 Crores we have accounted as a gain fuel cost adjustment the charge we have taken in the last Q3 which got reversed in Q4 and (ii) Rs.13 Crore's net debt provision we have reversed in our franchise distribution area, so we have recovered more in current quarter, so this is without these two one-off items. Net Finance cost was about Rs.153 Crores, so this is the breakup about the PBIT business segment wise for the Q4.

Moderator: Thank you. The next question is from the line of Aniket Mittal Motilal Oswal. Please go ahead.

Aniket Mittal: Thank you for the opportunity. Sir, my first question on the franchise business itself obviously the things normalizes if you could provide a median outlook for FY2022 what sort of AT&C losses can be look at from a full year perspective as well as power demand in these two circle, how do you look at that for the second quarter?

Saurabh Mashruwala: As far as franchise business is concerned, if you look at the COVID in Q1, Q2, Q3, Q4, there was a good progress we have made in franchise distribution area. I can give you in Q1 Bhiwandi T&D loss was about 25% and we ended the year with average loss of 16%, so there is a fairly good progress we have made, though it was not comparable with the last year. Last year it was 12% in case of the overall T&D losses, but we made a good progress in terms of T&D losses in case of Bhiwandi. In case Agra also we have started the year with the COVID, T&D is about 23% and we have ended at about 13.5%, T&D losses with the Agra also. So Agra also we made a good progress during the course of the year in terms of the T&D losses, so it was not comparable, last year full year T&D losses was about 12.5%, so it is 1% higher as compared with the last year. But even though the current situation because of the COVID, we have made a good progress in terms of T&D losses also. In terms of collection efficiency in Q3 and Q4, we are clocking more than 100% collection efficiency both in case of Bhiwandi and as well as in Agra and that is why we are making the past recovery of the bad debt provision which we have made up to H1.

Rishi Shah: Just to add I think to your question for FY2022 outlook so as such we do not provide any outlook per se, but if you look at the trend in which we have progressed in terms of quarter, so Q4 have been much better quarter and that also gives you an highlight of how FY2022 should look like. So our aim would be to reduce AT&C losses or T&D losses going forward on a gradual basis. COVID now being thing of past as of now, we expect that it should improve going forward and we should be back in the trajectory of reducing the AT&C losses.

Aniket Mittal: Even from a demand perspective let us say in neutral, things sort of normalized?

- Rishi Shah:** The lockdown in March for example Bhiwandi, there would be some impact, not material impact like we saw the lockdown in the month of April 2020 and May 2020, so some impact will be there, but not material I would say.
- Saurabh Mashruwala:** Aniket, there was lockdown, but then industries are still running to some extent, there was impact on the commercial segment but not much on residential and industrial segment.
- Aniket Mittal:** The final in terms of let us say AT&C losses, would it be fair to assume that even FY2022 will it be more of a normalized number to what newer in FY2020?
- Rishi Shah:** The idea is to keep on improving on the past numbers FY2020 being the base, as far as projects and the forecast are concerned, we will not be able to share those outlook numbers.
- Aniket Mittal:** In that maybe collection part is there, if I remember correctly, over the past few quarters we have done a provisioning of somewhere close to Rs.150 Crores? We have recovered Rs.43 Crores if I am not mistaken. So the balance we had said that to come in this year as well?
- Saurabh Mashruwala:** Balance if you look at the composition, we have three franchise distributions, Agra, Bhiwandi and SMK, so we are expecting the Bhiwandi and Agra will be fully recovered, SMK being a new area, so it will take some time for recovery.
- Aniket Mittal:** So some amount of this could be for SMK?
- Saurabh Mashruwala:** Yes. But Bhiwandi and Agra we are hoping that we are able to recover in the next two, three quarters.
- Aniket Mittal:** That is very helpful. My next question was actually on the interest cost, it is a very sharp reduction that you are seeing the cost of borrowing and if you could one just highlight what is the average cost of borrowing right now and are there any further resets that we can expect in FY2022?
- Saurabh Mashruwala:** Borrowing interest rate is about 165-basis points down compared with the last Q4, so we have significant reduction in terms of rate of interest, our average borrowing cost is about 7.75% as on Q4 and I think interest rate is stabilizing, so it would be around that level also, it is about 7.75%.
- Aniket Mittal:** Thank you. I will join back in the queue.
- Moderator:** Thank you. The next question is from the line of Bharanidhar Vijayakumar from Spark Capital. Please go ahead.

- B Vijayakumar:** Good morning gentlemen. Can you give the split of EBITDA for FY20-21 like you give for gas, renewables, license distribution and franchise distribution?
- Saurabh Mashruwala:** We gave it for PBIT numbers we have shared that should be okay. We shall give it for FY 2021 also full year.
- Saurabh Mashruwala:** I will give the PBIT numbers of full year, so gas was about Rs.362 Crores, this is other than one-off item, this is normalized PBT we are talking about, so renewable about Rs.374 Crores.
- B Vijayakumar:** How much gas?
- Saurabh Mashruwala:** Rs.362 Crores, renewable Rs.374 Crores, license distribution Rs.838 Crores, franchise is Rs.478 Crores. Total is about Rs.1992 Crores about close to Rs.2000 Crores.
- B Vijayakumar:** Okay and after one-offs?
- Saurabh Mashruwala:** After one-off is the PBT number Sis about Rs.1552 Crores.
- B Vijayakumar:** So how does this compare with FY2020 numbers, the same PBIT Sir, same four numbers? Same comparison.
- Saurabh Mashruwala:** Gas was Rs.288 Crores, renewable Rs.430 Crores, license is Rs.954 Crores, franchise was Rs.761 Crores and total was Rs.2374 Crores and PBT numbers reported is about before impairment Rs.1,475 Crores. After impairment of Rs.1,000 Crores, it is Rs.475 Crores, so comparable number PBT reported number is about Rs.1552 Crores for the current year FY2021 and last year it is Rs.1475 Crores before impairment.
- B Vijayakumar:** According to you this Rs.1992 Crores PBIT in FY2021, so how much can this be for FY2022 or say without an impact due to COVID in FY2023, for example how much can it go back to?
- Saurabh Mashruwala:** We can give the historical number, but we cannot give the guidance about FY2022.
- B Vijayakumar:** The profit that we earned this quarter in the same of LNG so that is part of which segment that you mentioned here as a part of the gas?
- Saurabh Mashruwala:** Yes gas based project.
- B Vijayakumar:** Okay and this is of course higher than above Rs.50 Crores of profits you earned in selling merchant power?



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- Saurabh Mashruwala:** Merchant power is very small amount, but the gas contribution is much higher this quarter.
- B Vijayakumar:** What is your view on how this will move this sale of LNG number, because now prices are again firming up?
- Saurabh Mashruwala:** It depends upon opportunity available.
- B Vijayakumar:** Can you broadly give a sense of our endeavours in the new areas where say distribution, privatization or franchisees, opportunity opening up, so how would our efforts and strategy be going forward in terms of bidding, winning, etc?
- Rishi Shah:** Government is very keen to privatize union territory first and I think state government will see the benefit of the privatization and they will also start doing it that is our perception . The government has started with Daman, Dadra and Nagar Haveli, Daman and Diu, so Chandigarh also, we are L1 in Daman area, this matter is currently subjudice. And we have bid for Chandigarh, but the financials bid has not yet opened, so we are seeing that the government is opening up Union Territories so we are participating in the bidding.
- B Vijayakumar:** Okay and how about our efforts in renewable space and in transmission space?
- Saurabh Mashruwala:** Renewable case to case is we are bidding the project like we won about 300 megawatt with TPLD. In Andhra Pradesh also we won 300 megawatt, currently it is subjudice, so on a case to case basis we are evaluating, and we are participating in the bidding.
- B Vijayakumar:** Okay, so the current 800 megawatts in renewables any outline strategy numbers we have in mind as to we will reach so much in the next three to five years in terms of capacity?
- Rishi Shah:** We do not have any outlook numbers per se in terms of renewables as Saurabh said we keep on looking at each and every bid and then decide whether to build or not, but we do not have any specific targets in mind that we want to reach particular target of our renewable generation in five year hence as of now.
- B Vijayakumar:** That is it from my side. All the best.
- Moderator:** Thank you. The next question is from the line of Anuj Upadhyay from HDFC Securities. Please go ahead.
- Anuj Upadhyay:** Thanks for the opportunity. You gave breakup for the T&D loss of the franchise segment, Bhiwandi and Agra, can we get it for other subsets as well, Ahmedabad, Surat, and Kalwa and Shil area for FY2021?

Saurabh Mashruwala: I will give Ahmedabad number. Ahmedabad T&D loss last year was about 4.98% and this year we ended up with 6.03%. So there was some increase in T&D losses mainly because we lost industrial consumption in H1, which has impacted overall T&D loss for the year. In case of Surat also last year it was 3.43% for the full year and the current year as we ended up with 4.06%. And Dahej also it is very small amount 0.31% in the last year and current year is 0.49%.

Anuj Upadhyay: 1.31% last year and 0.49% this year right Sir?

Saurabh Mashruwala: 0.31% last year and 0.49% this year.

Rishi Shah: Anuj these number are already there on the presentation which we have uploaded.

Anuj Upadhyay: You mentioned about the growth in licensee and franchisee at 11% and 7% respectively, can you give breakup us and how much percentage Ahmedabad, Surat and subsegments in the franchisee as well?

Saurabh Mashruwala: Ahmedabad Q4 it is 12%, Surat it has grown by 15%, Dahej is about 25%, Bhiwandi about 7%, Agra is about 8% and SMK is about 4%.

Anuj Upadhyay: This was for Q4 right Sir?

Saurabh Mashruwala: This is for Q4 yes, so license distribution overall 13% growth for the current quarter as compared with the comparable quarter of last year and franchise about 7% because overall we grown by 11%.

Anuj Upadhyay: Can I get the similar 11% for Q4 last year as well FY2020?

Saurabh Mashruwala: Number I have given as compared with the last year Q4 numbers, growth numbers.

Anuj Upadhyay: Fair enough, I got it.

Moderator: Thank you. The next question is from the line of Noel from Ashika Group. Please go ahead.

Noel: Most of my questions have already been answered, but I just wanted to clarify one figure, so the segmental EBIT for the distribution franchise business is about Rs.478 Crores for FY2021?

Saurabh Mashruwala: FY2021, Rs.478 Crores, yes.

Noel: And the previous year was what figure?



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- Saurabh Mashruwala:** Rs.761 Crores.
- Noel:** So this is attributable primarily due to the COVID impact in the current year?
- Saurabh Mashruwala:** Yes, primarily in H1, mainly it is because of the COVID and most of the loss we have incurred is in H1.
- Noel:** That is only query that I asked. Thank you.
- Moderator:** Thank you. The next question is from the line of Subhadip Mitra from JM Financial. Please go ahead.
- Subhadip Mitra:** Good morning and thank you for the opportunity. Just a clarification on that FY2021 PBIT numbers I think for the gas based plants, what is the number for FY2021 and FY2020 that you mentioned?
- Saurabh Mashruwala:** PBIT for the full year is Rs.362 Crores for the current year FY2021 and for FY2020, it was Rs.288 Crores. This is basically before the one-off adjustment which we just mentioned.
- Subhadip Mitra:** These are net off the one off adjustment that is what you say right?
- Saurabh Mashruwala:** Yes.
- Subhadip Mitra:** So the largest impact in PBIT on a Y-o-Y basis if I have to look at is primarily on the franchise part of it whether there has been larger different because of the COVID impact, am I right?
- Saurabh Mashruwala:** Absolutely.
- Subhadip Mitra:** So on this asset looking at the second wave and other thing I know you mentioned that industrial activities have not been as badly impacted as last year, but overall let us say in April and May, is there any sense of what kind of demand disruption that you may have seen in franchise can you give us a sense?
- Saurabh Mashruwala:** Some reduction will happen because lockdown and restrictions. **Subhadip Mitra:** Any ballpark range?
- Saurabh Mashruwala:** One can assume about, April 2020 we can't compare it with affected number, about 5%, 6% reduction would be possible as compared with April 19 numbers. ,ballpark.

- Rishi Shah:** I think you will have to understand these are only April numbers and once we move forward May and June and if thing starts improving, I think we can see reversal.
- Subhadip Mitra:** You can make up on the rest of the year that is what you are saying.
- Rishi Shah:** Exactly.
- Subhadip Mitra:** Valid point. I understand that. In terms of the merchant related profits that you would have made for full year FY2021 versus FY2020, would you be able to share?
- Saurabh Mashruwala:** I can share with you. Last year, we sold about 1600 MUs and we made about Rs.153 Crores profit from the merchant and this year about 1500 MUs, Rs.70 Crores profit we have made.
- Subhadip Mitra:** So the reduction because I think the volume numbers are not very different, but the profit numbers have changed quite a bit and this is despite the fact that I think merchant prices were on the upswing in the current year, so any particular reason why the profit number has halved?
- Rishi Shah:** Basically Subhadip all these merchant power sales happened in H1 of this year and typically that is how the things work in terms of our merchant sales. So if you see H1 of this year there was drastic reduction in merchant power rate, comparable gas power rates were also lower and that is why you think that we have made profits even after such a low rates in H1 on merchant basis.
- Subhadip Mitra:** I understand. Lastly on the Daman, Dadra and Nagar Haveli, the franchise, which is currently subjudice, is there any progress there or any update on that you can share?
- Rishi Shah:** We can expect some hearing to happen somewhere around June, July, so we are waiting for the hearing to happen.
- Subhadip Mitra:** That is it from my side. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Sumit Kishore from Axis Capital. Please go ahead.
- Sumit Kishore:** Good morning. Thanks for the opportunity. For the solar PPAs which have been signed so for 400 megawatt, what is the capex you expect to incur there, in this financial year and could you also comment on the expectation on IRRs especially in light of the fact that policy compared to some of the Chinese players that we would like to negotiate on by the local developers in India? That is my first question.

- Rishi Shah:** As far as the capex is concerned all put together for the 400 MW, we are expecting around Rs.1600 Crores to Rs.1700 Crores roughly Rs.4 Crores on a ballpark number. As far as cost of modules are concerned I think in GUVNL we are trying to see what we can do in terms of utilizing the contingency which were there and we expect that we will be able to maintain the low teen IRRs which we had given, but we are trying to look at the situation right now. As far as another 300 MW of TPLD is concerned we are slightly better off in that because the tariff discovered is 2.22, so that we will maintain a low teen IRRs there.
- Sumit Kishore:** What is the capex that we incur this year and what exactly if this contingency which you are talking about, could you please elaborate?
- Rishi Shah:** When we bid a project we keep certain amount of safety margin, so I am talking about dipping into that contingency or the safety margin, which would have kept. As far as capex amount for this year is concerned, you can assume 50% to 60% of the total project cost will be incurred this year and balance should get deferred to the next year.
- Sumit Kishore:** My second question is could you give us a sense on what the EBITDA and net loss contribution from DGEN in the last financial year is and what would be your medium term outlook strategy for this project. I know your presentation also mentioned the possibility of flexible generation to self ITC Power with renewable and gas, if you could please elaborate on the roadmap for DGEN and performance in FY2021?
- Rishi Shah:** Your first question is in terms of EBITDA?
- Sumit Kishore:** EBITDA and net loss contribution from DGEN?
- Rishi Shah:** We will have to look at the depreciation and interest cost as a net charge on the P&L, so if you combine that it would be roughly around Rs.400 Crores because merchant sales we look at on a company level basis rather than looking at on a plant on plant basis.
- Sumit Kishore:** So Rs.400 Crores for the full year?
- Rishi Shah:** Yes, full year.
- Sumit Kishore:** What could be your medium term outlook and strategy for this project?
- Rishi Shah:** As far as DGEN is concerned, on a short-term basis or medium term outlook, it will have to be dependent on the merchant sales which we keep on doing on a year-on-year basis. If you look at COVID being a difficult year apart from that we have been able to improve the PLF of DGEN on a year-on-year basis, around 8% to 9% PLF in DGEN. So on an incremental

basis we look to improve the utilization of DGEN on merchant basis, but on a long-term basis, we will have to look at the long-term PPAs to be signed, which are very far and few to come as of now.

Sumit Kishore: Thank you. My last questions could you provide an update on regulated equity based for distribution business that you have and any change in the regulatory assets as of FY2021?

Saurabh Mashruwala: Regulatory equity as of March 2021 for our distribution business is about Rs.2772 Crores.

Sumit Kishore: Breakup between Ahmedabad and Surat and others?

Saurabh Mashruwala: License distribution I am talking about. Ahmedabad is about Rs.2032 Crores, Surat is Rs.697 Crores and Dahej about Rs.44 Crores.

Sumit Kishore: Amgen would be over and above?

Saurabh Mashruwala: Amgen is about Rs.427 Crores over and above distribution.

Sumit Kishore: Sir regulatory asset?

Saurabh Mashruwala: Regulatory asset we have about Rs.1500 Crores out of which recognized is about Rs.1100 Crores.

Sumit Kishore: What is the total regulatory equity break and regulatory assets at the end of FY2020?

Saurabh Mashruwala: 2020 was Rs.1658 Crores, regulatory assets.

Sumit Kishore: Regulatory assets at the end of FY2020?

Saurabh Mashruwala: FY2020 is Rs.1658 Crores.

Sumit Kishore: Regulatory equities?

Saurabh Mashruwala: We will give to you in some time.

Sumit Kishore: Thank you so much.

Moderator: Thank you. The next question is from the line of Mohit Kumar from DAM Capital. Please go ahead.



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- Mohit Kumar:** Thanks for opportunity once again Sir. What is the kind of existing gas tie-up we have for FY2022 and the prices at which we are locked in currently?
- Saurabh Mashruwala:** We have booked about eight cargoes and gas price is about \$4.36.
- Mohit Kumar:** Does it make sense for us to not participate in some of the bids, which happened in the domestic gas sales? Do you think it makes sense for us to tie up in longer term?
- Saurabh Mashruwala:** Yes we are participating in the domestic gas bids.
- Mohit Kumar:** Sir what is the receivables for franchisee area right now and what is the amount written back for entire FY2021. I think you spoke about it and I missed it out and this number?
- Saurabh Mashruwala:** Bad debt provision, which we made up to H1 is about Rs.150 Crores, Q4 as well as H1 after which Rs.31 Crores we recovered in Q3 and Rs.13 Crores recovered in Q4, so net amount would be Rs.105 Crores as March 31, 2021.
- Mohit Kumar:** Understood Sir and Sir what is your thinking of coming up MYT regulation is that postponed right now?
- Rishi Shah:** It is postponed by one year.
- Mohit Kumar:** Thank you.
- Moderator:** Thank you. The next question is from the line of Aniket Mittal from Motilal Oswal Financial Services. Please go ahead.
- Aniket Mittal:** Thank you for the opportunity once again. My questions have been answered just one question on the wind part, we again have seen in your despite a higher capacity addition, the wind PLF being a bit lower in Q4 as well and that I think have been, some media articles highlighting that the wind patterns PLF then cells may not necessarily be what one was expecting. Just heading into FY2022 just wanted to understand your sense of over here, the reason for let us say decline in the PLF of Q4 as well, and how do we see it going forward?
- Saurabh Mashruwala:** It is mainly because of wind lower this year so this is abnormal situation in the current year. We hope that the situation will normalize going forward.
- Aniket Mittal:** Certainly, if anything has changed because we have been hearing a lot of people, changes environment that has actually impacted by the pattern happening for wind itself?

- Saurabh Mashruwala:** This is one off kind of a situation for the current year that is what one can say. It is too premature to say anything as of now on that. To make a conclusion after one year.
- Aniket Mittal:** My next question, I wanted to understand this LNG trading income that you got just to clarify that it is entire amount in Q4 itself or is it more like an FY2021 phenomenon the RNLG profit that you mentioned?
- Saurabh Mashruwala:** In Q4 only.
- Aniket Mittal:** Okay so this is over and about Rs.38 Crore's recovery that you have got.
- Saurabh Mashruwala:** Yes exactly.
- Aniket Mittal:** There is Rs.38 Crore's recovery, there is Rs.50 Crore's profit on RNG and then there is Rs.14 Crore's recovery of arrears as well, so that is understanding is correct? These would be the three one-offs?
- Saurabh Mashruwala:** It cannot be treated as one-off because we keep on doing it. So Rs.50 Crore's gain cannot be treated as one off items.
- Aniket Mittal:** Okay what would be that number for the full year?
- Saurabh Mashruwala:** Rs.50 Crores only.
- Aniket Mittal:** Why has it been particularly come in from this quarter I mean is Rs.50 Crores if you could just explain that to me?
- Saurabh Mashruwala:** Because it was a good opportunity and we sold it.
- Aniket Mittal:** Just few more questions one is on the solar projects that you have actually bid for could you help me with how the scale for those two plants can look like, which will be 100 megawatt, typically seen at the plant? What sort of PLF have we looking it?
- Rishi Shah:** Aniket right now as per our last estimates we had said that it would be roughly around 28%-29%, we are reworking on that but as of now it should be around 28%.
- Aniket Mittal:** Reworking are you looking at different modules?
- Rishi Shah:** We look at deploying different strategy there but not decided as of now so I think we should work right now at 28%.

- Aniket Mittal:** Just an update on the Andhra Pradesh bid that you have done, I think you also L1 over there so any update on that part?
- Rishi Shah:** It is subjudice.
- Aniket Mittal:** Thank you.
- Moderator:** Thank you. The next question is from the line of Bhavin Vithlani from SBI Mutual Fund. Please go ahead.
- Bhavin Vithlani:** Thank you for the opportunity again. Sir this question is relating to the provisions that we need for SECI dates. If you could give us an update have we seen cash outflows there or is it still provision?
- Rishi Shah:** It is provision. So there is no cash outflow so far. On a conservative basis we have made provisions for two projects last year about Rs.213 Crore's provision we have made last year so there is no cash outflow as of now we have incurred.
- Bhavin Vithlani:** What stage are we any possibility of outcome in this financial year?
- Rishi Shah:** We have to wait and watch whether the government is giving extension and there is any feasibility of revamping it, I think we will have some more clarity going forward.
- Bhavin Vithlani:** Last question is December 2022 was the set deadline for Amgen timing so any update on that and there was quantum of reduction in that PPA? How is the distribution circle? Can be tie-up with DGEN or they would have to call competitive bids?
- Rishi Shah:** We have to call competitive bid as per the regulation. So appropriately we will take it up with the regulator as we approach the date.
- Bhavin Vithlani:** Any change in that December 2022 deadlines for retiring?
- Rishi Shah:** I think government has come out with that companies can continue with some additional cost for 0.25 paisa per unit cost one has to be paid to the government.
- Bhavin Vithlani:** How long is that you can continue generating from Amgen?
- Rishi Shah:** There is slight complication here in terms of Amgen is concerned. It is part of islanding capacity also for Ahmedabad so it is not that simple r. We are in discussion or will be discussing this with GERC over the period of time but whether they allow us to decommission the plant or they ask us to continue with this plant will depend on the

discussions which we have so right now it is too early to comment anything on that plant as of now. So even though deadline has been extended by paying some paisa per unit it is difficult to tell as of now when decommissioning is imposed or whether we will be decommissioning that plant. It is similar to kind of Dahanu Plant in Bombay. We are still operator as of now because of high lending capacity of Bombay.

- Bhavin Vithlani:** Thank you so much for taking my questions.
- Moderator:** Thank you. The next question is from the line of Mohit Kumar from DAM Capital. Please go ahead.
- Mohit Kumar:** Sir one clarification, Sir what is P75 EBITDA for our renewable portfolio for the full year, P75 EBITDA for our current portfolio of renewable?
- Saurabh Mashruwala:** For full year basis I can give PBIT number.
- Mohit Kumar:** P75 EBITDA expected EBITDA for the entire portfolio?
- Rishi Shah:** I think it is difficult to give you that number per se. We will be doing the forecast as of now but P75 EBITDA and then I will have to get that number we do not have that number as of now.
- Mohit Kumar:** But how much generation could have been higher given expecting normal year let us say from the current emission?
- Saurabh Mashruwala:** See if you look at PLF for example last year average PLF was about 24% roughly and this year we got about 21% so that is what the difference is.
- Mohit Kumar:** Understood Sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Anuj Upadhyay from HDFC Securities. Please go ahead.
- Anuj Upadhyay:** Thanks for the opportunity again Sir. One clarification on the capex front in the initial remark, you mentioned the capex would be tune of Rs.1400 Crores bifurcated among Rs.1000 Crores, within the license segment, Rs.200 Crores Franchise and Rs.100 Crores others and later on you mentioned that of the solar of 400 megawatt of solar under construction project, we would be incurring around Rs.1600 Crores of capex which would be pan out over the next two to three years of which 40% to 50% could be incurred



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correctly so it is my understanding correct that including renewables the capex would be to the tune of Rs.2000 plus Crores?

Saurabh Mashruwala: Yes.

Anuj Upadhyay: Thanks Sir.

Moderator: Thank you. As there are no further questions I would now like to hand the conference over to Mr. Harshavardhan Dole from IIFL Capital closing comments.

Harshavardhan Dole: Saurav Bhai I had couple of questions from my side if you do not mind, first is LNG prices has been substantial escalation in few months and we had certain term contracts, which gave us a favorable input price. What is going to be our gas sourcing strategy in such volatile LNG price environment that is number one, and number two, in case there is going to be sustained volatility would are trading contracts give us similar hedge going forward?

Saurabh Mashruwala: We are watching the situation though yes; we agreed that the price has gone up, what our view is that medium term basis the gas will be oversupplied so we are hoping that the price will come down, so it is temporary situation that is what currently our view is.

Harshavardhan Dole: Are we planning to call any long-term basis of now which will cover beyond FY2021 calendar year?

Rishi Shah: We are waiting for the right time to come for the bidding and anyway if you go for a very long period, it will always be a quantity contracts other than price contract so you cannot go much beyond the specific time.

Harshavardhan Dole: Second part was in terms of divided payout, related to the cash flows I think do you think that there is scope for the payout to increase here on or you would prefer to raise capital?

Saurabh Mashruwala: Our normal dividend policy is 30%, this year we have increase it to 40% We are keeping the balance between the growth and dividend. Basically, earlier policy was 30%. We strive to pay a dividend of 30% of consolidated profit that we have slightly increased it to 40% from 30%.

Harshavardhan Dole: That is great to know. Thank you. That is it from my side. On behalf IIFL, I would like to thank the management for giving us an opportunity to host the call. I also thank you all the participants for logging into the call. In case you have any further questions, drop me a line I will forward them to the management and get it answered. Thank you.

Moderator: Thank you. On behalf of IIFL Capital Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.