

TORRENT POWER LIMITED
20th Annual General Meeting
July 30, 2024
Chairman's Address to Shareholders

Dear Shareholders,

A very good morning to everyone. I welcome you all to our 20th Shareholders Meet.

[Tribute]

2024 marks the birth centenary year of my father Shri UN Mehta – the legendary Founder of the Torrent Group. Let me begin the 20th shareholders meet by quoting Shri U N Mehta. “It is pardonable to aim high and miss, but it is not pardonable to aim low”. These words continue to define the Torrent Group.

Now, I shall take you through initiatives undertaken during last year and growth plans going forward.

[Portfolio growth]

This year marked a year of significant growth not only in terms of increase in market capitalisation but also for portfolio growth in terms of planned renewable capacity addition and high demand growth supporting our distribution and generation businesses.

At our Generation business, we commissioned 115 MW of wind Capacity power project at Gujarat and 35 MWp of solar capacity. Besides this, we won the following projects by participating in auctions with high CUF requirement entailing higher installed capacity as compared to contracted capacity:

1. Solar project of 306 MW from MSEDCL at Nashik in Maharashtra
2. Wind project of 100 MW from SECI at Kukunoor in Karnataka
3. Hybrid project of 100 MW from REMCL at Beed in Maharashtra
4. Hybrid project of 450 MW from our own discom at Bhogat in Gujarat

Further, considering the increasing electricity demand, we are setting up a 200 MWp Hybrid project to cater to merchant demand. Besides this, we have also increased our presence in the C&I segment with total capacity reaching 435 MW at various stages of development.

In summary, we now have approx. 3 GWp of renewable capacities under construction involving a total capex outlay of approx. Rs. 18,000 crores. With this, our total renewable capacity is expected to reach ~4.3 GW over the next 3 to 4 years; nearer to our medium-term stated goal of 5 GW. We aspire to achieve 10 GW of green power generation capacities from current 4.3 GW.

Further, we also intend to make investments into the green hydrogen and pump storage businesses. We have made initial progress by being awarded 18 KTPA capacity under Gol's PLI Scheme for Green Hydrogen and have identified project sites with potential for ~8.4 GW of pump storage hydro capacity in the states of Maharashtra and Uttar Pradesh. Besides this, our pilot project of blending Green Hydrogen with natural gas in city gas distribution at Gorakhpur is progressing well and is expected to be commissioned shortly. It is one of the largest blending projects in the country, marking a pivotal milestone in our GH2 initiatives.

We are also expanding our Transmission business, with two projects under development at Khavda in Gujarat and at Solapur Maharashtra involving investment of approx. Rs. 1,300 Crore.

[Financial Performance]

Moving now to Financial performance of the Company for FY 24. The Profit After Tax for the year stood at Rs. 1,882 Crores, which was lower by 13% as compared to the previous year. Last year profit was higher mainly due to high merchant sales including sale of RLNG. Adjusted for such one-time gains of Rs. 672 Crore, Profit After Tax registered a growth of 27%. The key operating parameters improved and contributed to increased profitability for the year:

- A. Thermal PLF improved on the back of increase in demand,
- B. Renewable business saw higher profits due to better wind speed and capacity additions,
- C. The licensed distribution business performed better with higher RoE due to new capex as well as other parameters being better than normative parameters and
- D. The franchised distribution business witnessed reduction in distribution losses.

We continue to maintain best in class return ratios with ROE of 14.48% along with healthy debt profile with Net debt to EBITDA of 2.25x and Debt to Equity ratio of 0.9x.

During the year board declared dividend of Rs. 16 per share.

Your company delivered CAGR returns of 43% and 33% during the last 5 years and 10 years respectively and in FY24, delivered highest returns amongst Private Distribution Utilities and amongst top 5 in BSE Power Index.

I shall now cover how each of our businesses performed during the year:

The licensed distribution business, which includes the areas of Ahmedabad, Gandhinagar, Surat, Dahej SEZ, Dholera and Dadra & Nagar Haveli, and Daman & Diu, saw sales growth of 4.7% as compared to the previous year due to increased demand mainly from industrial and commercial consumers. I am pleased to share that the distribution loss in our licensed distribution business was at a very impressive 2.7%, one of the best performances globally. Our performance on reliability indices continues to be the best in India reinforcing our position as India's benchmark Power Utility.

Similarly, the Franchised Distribution Business witnessed sales growth of 2.9% as compared to the previous year. We were able to further reduce the distribution losses at Shil, Mumbra and Kalwa area to reach 30%. Bhiwandi and Agra continued to maintain losses below 10%, which I consider remarkable considering that these are some of the most difficult areas to operate in the country. The collection efficiency at all franchised units is nearly 100%.

Thermal Generation segment performed well on the back of increased demand. PLF of AMGEN reached 91% and PLF of gas-based plants improved to 25% as compared to 6.5% in the previous year. This year the Ministry of Power also announced a tender for supply of power from gas-based plants during crunch period, which should help both our DGEN and SUGEN plants report even better performance in FY 25.

Lastly, coming to the Renewable Segment; with commissioning of 115 MW wind power project & 35 MWp C&I solar capacity, the total operational renewable generation capacity of the Company reached 1,236 MWp (315 MWp Solar and 921 MWp Wind).

Due to improved wind speed, increased plant availability and addition of new capacity in high wind areas, Wind PLF of approx. 27% in FY24 was higher by ~2.38% than in FY 23. Solar PLF at 18% was slightly lower due to lower irradiation, annual module degradation and stabilization period of new C&I projects.

[CSR]

In sync with the philosophy of our Founder Late Shri UN Mehta, we continue to undertake various CSR initiatives in and around our areas of operations. During FY24, we have spent Rs. 41.99 Crores on CSR initiatives; details of which are available in the Annual Report.

As I mentioned earlier, 2024 is an important milestone for the Torrent Group since it marks the birth centenary of our Founder Shri UN Mehta. I am pleased to share that to honour the enduring legacy of Shri U.N. Mehta and to celebrate his birth centenary year, the Mehta family has pledged to donate a sum of Rs. 5,000 Crores over the next 5 years to the UNM Foundation which is the CSR arm of Torrent Group. This philanthropic donation will be in addition to the statutory CSR contributions of the Torrent group companies. CSR initiatives shall be carried out across the areas of Healthcare, Education, Ecology, Arts, Culture and Social well-being.

[Future Outlook]

Considering the current power demand scenario, all our thermal plants especially the gas based plants are expected to operate at decent PLFs. Given the softening in prices of LNG and the power demand outlook, we have already tied up 7 LNG cargoes for FY 25.

Our focus on growing our Renewable portfolio remains steadfast and we intend to have presence across the renewable energy chain by participating in utility scale solar & wind, hybrid projects and also supplying RE power to C&I customers. We are open to both greenfield as well brownfield opportunities. Furthermore, with a commitment to a sustainable future, the Company is also exploring new avenues in the green energy segment, covering Pumped Hydro Storage, Green Hydrogen and Green Ammonia as explained earlier.

We also look forward to growing our Transmission and Distribution portfolio depending upon available opportunities for privatisation or franchising.

Before concluding, I thank all the stakeholders including Shareholders, Lenders, Suppliers, Customers as well as the Government for their consistent and resolute support. I express my sincere gratitude to our employees for their dedication in achieving organisational goals. I thank my fellow colleagues on the Board for their valuable guidance from time to time.

Thank you.
