



“Torrent Power Limited
Q3 FY2023 Earnings Conference Call”
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Moderator: Ladies and gentlemen, good day and welcome to the Torrent Power Limited Q3 FY2023 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 “*” then “0” on your touchstone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Lalit Malik, CFO, Torrent Power Limited. Thank you and over to you, Sir!

Lalit Malik: Thank you. Good evening to all of you and thank you for joining earnings call of Torrent Power for Q3 FY2023. First, I will take you through the performance of the quarter, after which phone lines will be open for question-and-answer session. I will explain the performance of the company at PBT level first and will take tax expense separately thereafter. Reported PBT for the quarter stood at Rs.977 crores as compared to Rs.509 Crores in the corresponding quarter of last year, increase of Rs.468 crores that is 92% on reported basis. There are no nonrecurring items in both the current quarter and corresponding quarter of last year.

I will now take you through key highlights on improvement in the PBT by Rs.468 crores for the current quarter. The improvement in the operating profit is mainly coming from, one, improvement in profitability of gas-based power plant on account of two factors. First is the net gain of Rs.397 crores coming from sale of LNG, which as discussed in earlier calls with elevated LNG prices, it makes commercial sense to sell LNG instead of converting it into electricity. Second is the gain of Rs.35 Crores on account of lower depreciation charge in DGEN on account of onetime impairment charge taken in Q4 of FY2022 and reduction in depreciation rate in SUGEN. Therefore, in total, including above major factors, profitability of the gas-based power plants improved by Rs.435 Crores.

Second, moving on to performance of distribution business. Pursuant to restoration of industrial demand, which was impacted last year due to COVID-19 pandemic, there was marked improvement in overall contribution from the distribution business by Rs.122 crores, major factors of which are given below; (a), gain on account of reduction in T&D losses of Rs.45 crores (b) volume and rate gains from franchisee business of Rs.19 crores (c) higher ROE and incentives in license distribution of Rs.26 Crores and (d) higher contribution from new acquisition of DNH and DD of Rs.32 Crores.

Next, renewable business of the company witnessed an increase in contribution mainly on account of three factors. One, profit booked on account of acquisitions consummated during last three quarters amounting to Rs.21 Crores. B, partially offset by lower contribution of approximately Rs.3 Crores from existing plants, mainly on account of lower PLS and nonavailability of 50 MW of SECI I wind power project for part of the month owing to

EHS tower failure. Therefore, in total, profitability of renewable power plants has increased by Rs.22 Crores. Next, increase in finance cost of Rs.71 Crores, which is mainly due to increase in average borrowing by approximately Rs.2700 Crores, increase in depreciation and amortization expense by Rs.18 Crores and increase in other miscellaneous expense Rs.15 Crores.

Moving on to after-tax numbers. Consolidated profit after tax reported for the quarter is Rs.695 Crores as compared to PAT of Rs.369 crores reported in the corresponding quarter last year, which is higher by Rs.326 crores that is 88%. This was all about the financial performance of the company during the quarter.

Now moving on to the operational performance of the company. Distribution business witnessed a year-over-year improvement of approximately 3% in overall demand. While the T&D losses for nine months ended December 2022 at Ahmedabad, Surat, Dahej and Bhiwandi have remained stable losses at Agra and SMK have remarkably reduced mainly due to continued focus on loss reduction and recovery activities. This completes the overview of the quarterly financial and operating performance of the company.

Now moving on, we will give a brief update on current projects, which are under pipeline. One, commissioning of 150 MW of SECI V has been slightly delayed owing to delay in construction of EHV line due to factors beyond control and same is expected to get commissioned by April 2023. Necessary application for extension of SCOD has already been made to SECI. Second, TPLD 300-MW solar project, on the other hand, has picked up some pace due to recent reduction in module prices. LOA has been issued for procurement of modules. MNRE has also issued a notification to extend the SCOD, up to March 2024, for all projects bid before March 2021. This will allow us sufficient time to execute the project.

Next, 300 MW of SECI XII wind project maintained status quo. The project was won by the company in Q1 FY23 and LOA for the same has already been received. PPA is expected to be signed in due course. Next, moving on to distribution segment. The company has made an application for grant of parallel distribution license in various areas of Maharashtra including Thane and Palghar, Pune and Nagpur. MSEDCL is the incumbent licensee and will continue to remain a licensee. Once the license is granted, the consumers will have an option to choose any one of the licensee for power supply. That is all for this quarter. Now I would request coordinator to open lines for Q&A session.

Moderator

Thank you very much. We will now begin the question and answer session. The first question is from the line of Mohit Kumar from DAM Capital. Please go ahead.

Mohit Kumar: Good evening Sir. Congratulation on the good set of numbers. Sir, first question is, can you please share the duration of contracts for the LNG, which we have right now? And how much is there for the fiscal? And is there something which are available for the next fiscal also?

Saurabh Mashruwala: Mohit, I am Saurabh. So as updated, during the last quarter, since LNG prices are higher, there is no further contract we executed in the last quarter. But on overall basis, we have an existing contract with IOC and Reliance Gas, where about 25% of the capacity is contracted for our gas-based SUGEN and UNOSUGEN powerplants. Another three cargoes we have booked every quarter for the next four years, which will cover another 25%. So overall, SUGEN and UNOSUGEN for the 50% of that capacity for the next four calendar years, we have contracted.

Mohit Kumar: Understood and secondly, can you please share the EBITDA contribution of the businesses during the quarter?

Saurabh Mashruwala: Gas based power projects, the EBITDA for the current quarter is about Rs.678 Crores versus Rs.300 Crores for last year, increase of Rs.378 Crores. As we explained Rs.395 Crores on account of the LNG, Rs.397 Crores on account of the sale of gas. And the renewal currently is Rs.161 Crores versus last Rs.114 Crores, so increase of Rs.57 Crores. License distribution business EBITDA is about Rs.427 Crores versus Rs.352 Crores about the increase of Rs.75 Crores, which include Daman & Diu also, new area which was not there last quarter. Then the franchise distribution of Agra, Bhiwandi and SMK have contributed about Rs.255 Crores in Q3 of current year as compared with Rs.206 Crores of last year, an increase of about Rs.49 Crores. Overall reported PBT EBITDA, I would say, is Rs.1528 Crores, which Rs.1000 Crores last year. It is increased about Rs.528 Crores, about 53%.

Mohit Kumar: Understood. Lastly, Sir, what has changed in the last couple of quarters that various private companies like us, they are trying to apply for parallel distribution licensee. Is there something of understanding a change of the Electricity Act?

Saurabh Mashruwala: No. We find the opportunity because Maharashtra is a fairly good area and it is quite regulated area. The regulator is quite good, I would say, same like Gujarat. And the demand, if you look at the three areas, which we have applied for the second license, like Palghar and Thane and Nagpur and Pune. So those are the areas where we find industrial demand is almost 50%. So we find this area is attractive and the regulatory mechanism is well placed in Maharashtra, I would say. So we find a good opportunity there to expand and set up our network there and slowly, slowly, we want to capture the market in these three area also. These three areas, if you look at the, almost some areas larger than Ahmedabad.

For example, Pune, we have already City Gas Distribution license in Pune. So we have a good presence in Pune also. And plus Palghar and the Thane because of Bhiwandi and SMK area and it is very near to our area. So there is a synergy, I would say, in case of Palghar and Thane as well as Pune also.

Lalit Malik: We can also add our efficiency through our past experience, which will be beneficial for the consumer.

Saurabh Mashruwala: It is a basically a two part tariff, there is cost plus tariff basically on top of it. So it is not like franchisee kind of distribution area. So those, T&D losses in the current distribution area is not like our franchisee area, this is lower. It is a two part tariff is available, cost plus tariff is available. That is one other advantage to us.

Mohit Kumar: Thanks and all the best Sir.

Moderator: Thank you. The next question is from the line of Girish Achhipalia from Morgan Stanley. Please go ahead.

Girish Achhipalia: Thank you for the opportunity. Just one question on this acquisition news on renewables. So there was discussion about 350 solar and 750 wind where are we right now in terms of this development happening or not happening? Or have you called it off? Can you just provide some color on this?

Saurabh Mashruwala: Which acquisition you are talking about?

Girish Achhipalia: The Renew power, 1.1 GW.

Saurabh Mashruwala: Yes, it is in NBO stage. So further progress needs to be made, but currently it is in NBO stage right now.

Girish Achhipalia: Fair enough. Thank you.

Moderator: Thank you. The next question is from the line of Anshuman Ashit from ICICI Securities. Please go ahead.

Anshuman Ashit: Thank you Sir for the opportunity. Sir, my question on the LNG trading, which we have done. So, the profits which we are booking from the LNG sales, are we adjusting it into a regulated business because you are buying the power from the market? So how is this adjustment being made?

Saurabh Mashruwala: It is basically merchant LNG, so it is basically independent of the regulated things basically.

Anshuman Ashit: Okay. So it is not included in our regulated business, but the gas which we were procuring for SUGEN and UNOSUGEN, so I am just trying to understand because the contracts that we have is generating for a regulated business. But the sale, which we are making through the trading, that we are not booking or adjusting in our regulated business.

Saurabh Mashruwala: It is a merchant LNG we are using basically.

Anshuman Ashit: Okay, sir. We are not using the allocated. Sir, going forward as well, so this run rate of around Rs.400 Crores for the quarter, because we currently have around three cargoes booked for every quarter

Saurabh Mashruwala: Three cargoes for the calendar year, not every quarter, calendar year 2023.

Anshuman Ashit: Okay. So will this run rate continue to be on similar levels from LNG sales as indicated?

Saurabh Mashruwala: It depends on the opportunity available. So as you recollect, the spot price of LNG was pretty high in last nine months. So we find it actually good to sell LNG rather than generate the power and as you noticed, the LNG price is coming down. So it depends on the opportunity available.

Lalit Malik: It may not continue the same way. It all depends upon the pricing and availability.

Anshuman Ashit: Sir, what is the threshold price below which we will go for generation instead of trading?

Saurabh Mashruwala: It is a dynamic situation, so at what price we are getting LNG and what is the market price. We cannot put any threshold on LNG business. So basically, it is a dynamic situation. We have to see the opportunity coming in and then accordingly, we have to work.

Anshuman Ashit: Okay and Sir, how has been the receivable situation? So could you give us the number at nine months?

Saurabh Mashruwala: Which number?

Anshuman Ashit: Receivables, sir.

Saurabh Mashruwala: Receivable numbers, we do not have right now. So we can give off-line, if you want.

Anshuman Ashit: Okay. Sir, the capex number for nine months?

Saurabh Mashruwala: That, we can provide. I think the capex numbers for YTD nine month is around Rs.2298 Crores of total cap.

Anshuman Ashit: Okay. So the number which you had told for the next year, so the license distribution business around Rs.1200 Crores and Rs.300 Crores was the distribution franchise business?

Saurabh Mashruwala: Yes, that is a valid number.

Anshuman Ashit: Thank you so much Sir.

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

Nikhil Abhyankar: Thanks for the opportunity. Congrats on the good set of numbers. Sir, can you just first tell me what is the renewable capacity that we have and what is the under construction capacity?

Saurabh Mashruwala: Renewable capacity, commissioned capacity, I would say, 1068-MW and as we updated in the call, we have about 750 MW capacity under construction.

Nikhil Abhyankar: Okay. Sir, is there any conscious effort on our part to acquire asset rather than developing new assets?

Saurabh Mashruwala: Yes, we are working on the opportunities. As you recollect last year, we did some acquisition of about 235 MW kind of things, 281 MW. So it is basically we are continuously evaluating the opportunity as far as acquisitions are concerned as well as new projects are concerned.

Nikhil Abhyankar: So we would not be developing any projects on our own?

Saurabh Mashruwala: No, we are developing, 750MW capacity is under construction.

Nikhil Abhyankar: Sir, can you just give us the RPO obligation for all distribution license areas that we have?

Saurabh Mashruwala: The obligations. We can come back to you on RPO obligations.

Nikhil Abhyankar: I am sorry, Sir, I did not get the last thing.

Saurabh Mashruwala: We will come back to you, we will give offline.

Nikhil Abhyankar: Sure, Sir and then just regarding the parallel licensing. Now that you have applied for the license at three, four places, so what are our plans? Will we be setting up a new infrastructure? Or will we be using it with the current distributor?

Saurabh Mashruwala: No. Second license concept is you have to set up the new infrastructure, like Dahej. Dahej is an example where original license is for state DISCOMS. So we have put up a new network there in the Dahej SEZ and we capture all the customers at the Dahej SEZ. So it is with us rather than the state DISCOMS. So similar thing, we have to set up the new network basically.

Nikhil Abhyankar: Understood, Sir and just a final question. Suppose if we have given the second parallel license. So what time line will it be required to cover the entire city area to develop our infrastructure?

Saurabh Mashruwala: It is a long term thing, I would say. It cannot happen in a very short period of time. So may be five years plus period is required to set up the network.

Nikhil Abhyankar: Okay, understood Sir. That is it from my side.

Moderator: Thank you. The next question is from the line of Rahul Modi from Nippon India Asset Management. Please go ahead.

Rahul Modi: Good evening Sir. Thank you for the opportunity. Sir, just to understand the previous person's point of discussion. So when you are setting up a new license, when you are setting up a new network, so does it fall under regulatory regime or this will be our capex and how will be the risk mitigation in terms of, obviously, the target will be to be more efficient and have a much better power supply mechanism. So how does the capex be, means how will it function under the regulatory regime, if you can explain?

Saurabh Mashruwala: It is a regulatory regime only like what we have in Ahmedabad Surat kind of areas.

Rahul Modi: For example, if there is someone who invested Rs.1000 Crores already, they have got an asset base and you set up another Rs.300 Crores. So the customer gets charged on this Rs.1300 Crores?

Saurabh Mashruwala: Based on our regulatory filings, what we have is same procedure, what we undertake in the Ahmedabad and Surat area. So we have to submit the ARR and then the tariff will be determined by the regulators, same process.

- Rahul Modi:** Sir, is there any overlap in the network line? How does it work? Because I am just trying to understand a little better than you are all...
- Saurabh Mashruwala:** There will be overlap because there will be parallel networking, like state DISCOM network could be there, our network to be there. Parallel network will be there.
- Rahul Modi:** Okay. Sir, now this cost that gets loaded, for example, what is the incentive of the regulator to allow that? Is it city like Pune, for example, which may be not so inefficient? So to have a parallel licensee and loading up the cost, because this is not only happening in Maharashtra, you are doing in Maharashtra, but it is happening across India. So just to understand this concept a little better, that will it lead to higher tariffs eventually and obviously, better quality of service. Is that the right way to understand?
- Saurabh Mashruwala:** Better quality of service, lower cost of power. Those are the benefits consumer will have.
- Rahul Modi:** Okay. As you mentioned that you got an IOCL tie-up for 25%, another 25% you got with RIL, so what would be the approx cost that we are getting at the current crude slope?
- Saurabh Mashruwala:** It is linked with the brent to IOC and as for Reliance are linked with the brent slope basically, so we will not actually update you about the slope, but it is basically linked with the brent.
- Rahul Modi:** Got it. So just to understand currently, today, we have to use this power, what would be the tariff?
- Saurabh Mashruwala:** We will not comment on this right now.
- Rahul Modi:** Okay, sure. Just last question from my side is, Sir, your 4000-plus MW target of renewables remain and when are you planning to achieve this through organic and inorganic?
- Saurabh Mashruwala:** So we set up about 2025, 2026 to achieve this kind of capacity.
- Rahul Modi:** Okay. That is 4500 or 4000, if I am not wrong.
- Saurabh Mashruwala:** Yes. You are right.
- Lalit Malik:** It is around 5000 is what we were looking at in the next three to five years.
- Rahul Modi:** Okay. Thank you.

- Moderator:** Thank you. The next question is from the line of Akhilesh Bhandari from ICICI Prudential AMC. Please go ahead.
- Akhilesh Bhandari:** Thank you for taking my question. My first question is on the parallel distribution network. So MSEDCL already will have some PPAs they are using to supply power to the areas. So how will the allocation of PPAs now work? Do you get to pick and choose some of the PPAs? Or do you go out and sign fresh PPAs? How does that work?
- Saurabh Mashruwala:** It is independent So what you said is the parallel licensing. So we do not have to use their PPA. We have to do our own arrangement for the distribution for procurement of power. This is not a kind of a sharing of network. We will have a separate network. So their PPA will be independent of our power purchase arrangement.
- Akhilesh Bhandari:** It is like you have your telecom channels. You can have RIL, you can have Vodafone, you can have this. So you had a parallel infrastructure.
- Saurabh Mashruwala:** We are not sharing their networks. We have planned to set up our independent network.
- Akhilesh Bhandari:** Just a general question on the entire thing because the duplication of network and duplication of PPAs for the same area, has the potential to make the entire system more inefficient. You are adding more cost structure in a fixed cost environment. So to get the approval, do you have to show, let us say, some benefit, some fixed benefit to the user in terms of a tariff reduction in order to get the approval? What are the merits or ways in which this is decided for the regulator? Just your thoughts on that.
- Saurabh Mashruwala:** We have demonstrated lower tariff, lower T&D losses, better services. It is kind of a tangible thing we have to demonstrate.
- Akhilesh Bhandari:** Understood. Got it. 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. A few questions. The Rs.395 Crores EBITDA from the LNG, what was this corresponding period last year? If you could also help us with the data for nine months for this fiscal and the previous ones, please.
- Saurabh Mashruwala:** Nine month number is about Rs.641 Crores.
- Bhavin Vithlani:** Sure and corresponding period previous year, please?

- Saurabh Mashruwala:** It was about Rs.107 Crores last year.
- Bhavin Vithlani:** Okay. The second question is we have seen a sharp reduction in the AT&C losses at our franchisee. You have earlier in the call communicated about a rule of thumb. Is there a change now for every percentage reduction in the AT&C at the franchisees? Or what is the incremental profit that come flows through to the EBITDA or PBT?
- Saurabh Mashruwala:** There is no change in their assumptions right now. The same assumption can continue.
- Bhavin Vithlani:** Sure. The third question is the continuation of the previous participant. So in Ahmedabad, we have about 350 square kilometers of our license areas and over time, cities have expanded many fold. Are you also applying for the extended version of the city, which like in theory it could be the easiest one to try because you are already present?
- Saurabh Mashruwala:** So currently, it is too premature to talk about this. But yes, city is growing. We are expanding, demand is increasing by 5%, 6% every year.
- Bhavin Vithlani:** No, the question was in terms of as the city expands beyond your license area and which may in turn fall in the state DISCOMs avenue, is that also an opportunity that, in theory we could assume that can come to us?
- Saurabh Mashruwala:** It is an opportunity, yes for us.
- Bhavin Vithlani:** Last question from my side. There have been news reports on promoters bidding for NCLT with Reliance capital. Now historically, our track record has been impeccable in terms of new related party transactions. Can we assume the same to continue?
- Saurabh Mashruwala:** We are not able to comment on the Reliance Capital at this moment.
- Rishi Shah:** Bhavin, Rishi here, I think your question is more on any Torrent Power linkage with Reliance Capital?
- Bhavin Vithlani:** No. The question is the related party transactions till date has been pretty clear. There is no loans, the only related party receives dividends or the remuneration. Can we expect the same to continue or like can entity be used to...
- Saurabh Mashruwala:** Absolutely.

- Rishi Shah:** Absolutely. So this transaction is being envisaged at the parent level, not at any operating company level. That discipline would definitely be maintained going forward also, which we have seen for the last 20 years.
- Saurabh Mashruwala:** That is independent of the Torrent Power. This transaction is independent of Torrent Power, now where is it connected.
- Bhavin Vithlani:** The question was only for Torrent Tower with the related party that is very reassuring. Thank you so much. These are my questions.
- Moderator:** Thank you. The next question is from the line of Harsh Dole from IIFL. Please go ahead.
- Harsh Dole:** My question is actually on the parallel distribution licensing. While it is good to know that we are going quite aggressive in terms of new areas, have you heard anybody applying for license or parallel license in our bread and butter Ahmedabad and Surat businesses. In case somebody applies, what is going to be our strategy to ensure that the incremental growth is not lost? Second part is basically, what time lines can we expected terms rollout of the network? what regulatory approvals are necessary and at what stage are we? Thanks.
- Saurabh Mashruwala:** If you look at the scenario, we in Ahmedabad and Surat kind of area, we are efficient, okay? Our services are better, tariffs are competitive, T&D losses are lower. So this kind of a parallel licensing will be more attractive where the state DISCOMS are operating. Like, for example, whatever area we applied is MSEDCL, they are operating, which are inefficient area. So there is no point, for any distributor will come in efficient area and compete with us because they will not be able to compete with us, because of our efficiency of the private sector players. So this kind of a model will work only where the state DISCOMS are operating and they are inefficient basically, I would say. Their tariffs are inefficient., their tariff is higher, T&D losses will be higher. So those kind of areas, this kind of a model will work, not in Ahmedabad or Surat kind of a model, I would say.
- Lalit Malik:** I mean Ahmedabad and Surat, we are at the lowest in terms of the T&D losses also. So therefore, further efficiency on that will be limited for anybody to look at. On the other hand, with the government, there would be opportunity.
- Saurabh Mashruwala:** So this will be a differentiating factor between private power sector players and the public sector state DISCOM, I would say.
- Harsh Dole:** Understood. Very well appreciated. If you can comment on the time line and what regulatory approvals are necessary and at what stage are we?

Saurabh Mashruwala: Time line, it is difficult to say because we have applied for it. So normal process MERC will do. Like, for example, they invite public comment and they will hear the objections. So all those public, standard process, they will undertake and accordingly they will do the public hearing. And they will consider all factors, technical capability of the new comers basically, financial capability of new comers and all this factors, they will evaluate and then they will take the decision.

Harsh Dole: Appreciate it and if I can squeeze in one more question?

Saurabh Mashruwala: Yes, you can.

Harsh Dole: So in general, we have seen that the capital costs for the renewable projects have gone up and the interest rates are what they are. Now in your opinion, do your tariffs or in general view projects which have been bid out, those have adequate margin of safety to adhere to our capital allocation norm or there is some rethinking in that bidding strategy?

Saurabh Mashruwala: No. As we told all the years, we are expecting low teens in IRR for these three upcoming projects. So that assumption is continuing. Like, for example, 300-MW TPLD project, model size went up to, say 28 kind of a thing. Now this coming to 19 kind of a thing. So we have contracted it. We have contracted because it is reaching our IRR range. So we have contracted with the model for the 300 MW and we are going ahead with the implementations. So things are coming back to the normal level, I would say. So that is why we are exiting in these projects.

Harsh Dole: Thank you very much.

Moderator: Thank you. The next question is from the line of Bharani Vijay Kumar from Spark Capital. Please go ahead.

Bharani Vijay Kumar: Good evening. Sir, how much of this LNG sale will happen in the upcoming quarters? Will we be able to see this merchant LNG from the three cargoes we have won?

Saurabh Mashruwala: We will not able to give any future guidance for it.

Bharani Vijay Kumar: So what I am asking is, in this particular quarter, are we continuing to do it?

Saurabh Mashruwala: We will not able to give future guidance. It depends all opportunities available to us at a given point of time.

Bharani Vijay Kumar: So right now, there is 50% gas available for generation, right, Sir?

- Saurabh Mashruwala:** For this calendar year, yes, 50% gas is available for SUGEN and UNOSUGEN project.
- Bharani Vijay Kumar:** The three cargoes imported that we have booked that is available until December 2026, correct?
- Saurabh Mashruwala:** Three cargoes which we booked is basically to target our summer requirements. So it is for the Q1 of the next year, we are targeting, every year it will be. So every year, three cargoes available to next four years, three multiple by 12 cargoes, I would say. But the current year, three cargoes is for meeting the summer requirement.
- Bharani Vijay Kumar:** I am not able to understand. So can you clearly tell for how much capacity of gas, do we have gas for FY24, FY25?
- Saurabh Mashruwala:** So 50% gas is available for our SUGEN and UNOSUGEN requirement for the license distribution area.
- Bharani Vijay Kumar:** Okay. This is the IOC, Reliance gas plus the imported gas?
- Saurabh Mashruwala:** Yes, exactly.
- Bharani Vijay Kumar:** Okay and we are free to sell the imported gas if we do not convert it to electricity?
- Saurabh Mashruwala:** Yes, that opportunity is available. It depends on what is the cost of the gas versus what kind of tariff we are getting. So it basically depends on the opportunities available.
- Bharani Vijay Kumar:** Okay. Next question is on the parallel distribution licensee. How much of capex will be required to create this parallel infrastructure, for example, say, in the city of Pune over the next five years?
- Saurabh Mashruwala:** Five years, I would say one can put the numbers about Rs.4000 Crores, Rs.5000 Crores capex would be there for Pune kind of a city, I would say, for next five years.
- Bharani Vijay Kumar:** So regulated equity would be, say, about 30% of it?
- Saurabh Mashruwala:** Yes.
- Bharani Vijay Kumar:** Okay. Final question is on the EBITDA. So can you give the EBITDA from the new distribution franchisee areas like Dadra, Nagar Haveli separately?

Saurabh Mashruwala: We are not able to give you. We have given the combined numbers, so combined license, this is the number of EBITDA we have given, which we say that it will be at Rs.75 Crores, Rs.427 Crores current quarter versus 364 compared to quarter of last year.

Bharani Vijay Kumar: Okay. Thank you Sir.

Moderator: Thank you. The next question is from the line of Rahul Modi from Nippon India Asset Management. Please go ahead.

Rahul Modi: Sir, can you help me with the amount of regulatory assets that have been approved and pending approval? And now how are you getting comfort with the regulator in terms of liquidation?

Saurabh Mashruwala: About Rs.1500 Crores is approved one.

Rahul Modi: Sir, any liquidation targets of this and the unapproved part?

Saurabh Mashruwala: Unapproved is the disputed one, it is under disputed one, I would say.

Rahul Modi: Sir, what would be the amount?

Saurabh Mashruwala: Rs.600 Crores.

Rahul Modi: Okay. And Sir, any regulators indicated? Any liquidation plans for this?

Saurabh Mashruwala: We are working with the regulator. So we are hoping that it should be over the next two, three years' time.

Rahul Modi: Okay. So sir, how is the trend? Will it be flat? Have they been increasing or it has been slightly declining?

Saurabh Mashruwala: It is increasing a little.

Rishi Shah: Just to add on to that, if you remove last year or this year, there has been a decreasing trend in the regulatory assets. So basically, regulatory assets were going down. But this year, because of higher gas prices and higher all over electricity prices, the regulatory assets have gone up. So it is difficult to tell you up to what time we will be able to liquidate these regulatory assets. But if you look at to remove this year, then it was a decreasing trend.

Rahul Modi: Okay, perfect. That is all from my side. Thank you.



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Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Lalit Malik: Thanks. We wish everybody to stay safe and healthy. We thank you and hand over the call to the operator.

Saurabh Mashruwala: Thank you.

Moderator: Thank you. Ladies and gentlemen, on behalf of Torrent Power Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.