



“Torrent Power Limited
Q4 FY '26 Earnings Conference Call”
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**MANAGEMENT: MR. SAURABH MASHRUWALA – DIRECTOR AND CHIEF FINANCIAL OFFICER – TORRENT POWER LIMITED
MR. RISHI SHAH – GENERAL MANAGER, FINANCE – TORRENT POWER LIMITED
MR. JAYPRAKASH KHANWANI – ASSISTANT GENERAL MANAGER FINANCE – TORRENT POWER LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Torrent Power Limited Q4 FY '26 Earnings Conference Call. From the management team, we have with us, Mr. Saurabh Mashruwala, Director and CFO; Mr. Rishi Shah, GM Finance; and Mr. Jayprakash Khanwani, AGM Finance.

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 this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Saurabh Mashruwala. Thank you, and over to you, sir.

Saurabh Mashruwala: Thank you so much. Good morning to all of you, and thank you for joining earnings call of Torrent Power for Q4 FY '26. First, I will take you through the performance of the quarter, after which we would welcome questions. We'll explain the performance of the company at PBT level first, and then I will take you through the tax expenses separately.

Reported PBT for the quarter stood at INR547 crores as compared to INR619 crores in the corresponding quarter of last year, a reduction of INR72 crores. PBT for the current quarter includes nonrecurring provisions of INR171 crores arising due to capping of power purchase cost for UNOSUGEN power projects in the FY 2024-25 true-up order. A similar restriction had been imposed in earlier year as well, which was contested by us and subsequently approved in our favour. As a result, a credit of INR273 crores was recognized in P&L in the previous quarter of the current year.

Considering prudence, provision has been recognized in the current quarter. Based on the past precedent, we are reasonably certain that the current matter will be also approved in our favour. Adjusted for the one-offs, PBT for the quarter stood at INR718 crores as compared to INR619 crores in the comparable quarter of last year, an increase of INR99 crores, that is 16% on an adjusted basis.

Tax expenses were lower during the corresponding quarter of last year due to noncash reversal of deferred tax liabilities of INR637 crores and the deferred tax liabilities is not comparable. Business-wise, factors contributing to the performance are as follows: first, receipt of favorable orders from the regulators approving the carrying cost of previous year of INR186 crores, receipt of incentive for installation of solar rooftop in Ahmedabad and Surat by INR58 crores, reduction in T&D saving in license distribution units due to significant reduction in normative parameters by regulators, partially offset by improved T&D losses in distribution franchisee business by INR15 crores.

Additionally, the contribution from the license distribution business was supported by the increase in ROE and ROCE on account of capitalization of assets and higher rate of return on equity as per the new tariff regulations and other incentive increase of INR15 crores. We would like to take this opportunity to appraise certain pertinent changes in the tariff regulations with respect to allowance of ROE and ROCE on assets capitalized. There are two situations. One, of course, is for assets capitalized on or after 1st April '25. Returns are now allowed on a return on capital employed basis, wherein the underlying return on equity is permitted at a base ROE of

13%, which can go up to 15% based on the achievement of incentive milestone stipulated. This is compared to the fixed ROE of 14% in the previous regime.

For the asset capitalized prior to 1st April '25, the situation is, method of allowing of the return on equity on the regulated equity base continues as under the earlier framework. However, regulator has allowed incentive to be accrued on these assets also based on achievement of incentive milestone, which in effect has increased the effective ROE from 14% to 15%. It is pertinent to note that the performance-based incentive, -- included within the ROE are over and above the incentives which were available -- which were already allowed in the form of savings in controllable expenses. This effectively has probability to improve ROE by 1% on an annual basis, depending on the performance of the licensed distribution business.

Further, the regulatory gap for the company has been reduced by almost INR800 crores, backed by better operational efficiency as well as lower power purchase costs with FPPPA remaining the same as last year.

Contribution from thermal generation business adjusted for nonrecurring items decreased by INR90 crores, mainly on account of two factors. First, additional O&M expenses incurred in the quarter on account of scheduled maintenance; and second, reversal of certain provision made during the corresponding quarter of last year under the thermal generation segment. The third reason is contribution from the renewable generation reduced by INR20 crores on account of income from generation-based incentive on account of exhaustion of statutory threshold or time line allowed for the incentive.

The other factor contributing to lower profitability was on account of the increase in expenses and depreciation, which was on account of higher capitalization, mainly in the renewable segment and the increase in finance costs led by the higher capitalization and related borrowing. This completes the explanation of the financial performance in the quarter.

Moving on to the project update. The progressive commissioning of 367 megawatt MSEDCL project, aggregate installed capacity -- generation capacity of the company stood at 5.1 gigawatt as on 31st March '26, comprising of 2.7 gigawatt gas, 2 gigawatt of renewables and 362 megawatts of coal-based capacity. Khavda Transmission project got commissioned during the quarter. For implementation of 1.6 gigawatt thermal project in MP, activities are underway, wherein following major milestones have been achieved.

First, powerful agreement executed with MP Power Management Company Limited; second, letter of award issued for boiler, turbine, generator and balance of plant and environmental clearance received for the project. The second project update is on account of hydro, pumped storage hydro project. For implementation of 3 gigawatt pumped storage hydro capacity, activities are underway where the following major milestone have been achieved.

Energy storage facility agreement with MSEDCL executed; second, letter of award issued for the civil and hydro mechanical package as well as electrical and mechanical package; and third, environmental clearance received for the project. Regarding Nabha Power acquisition, CP

compliance are underway right now and transaction is expected to complete in the current quarter.

Apart from this, renewable projects of 4 gigawatts and transmission project of Solapur are under implementation. Further details of the pipeline projects have been summarized in our latest investor presentation available in our website. That's all for this quarter. Now I would request coordinator to open the line for Q&A session. We wish everybody to stay safe and healthy. Thank you so much. Handing over to the operator.

Moderator: Thank you very much. The first question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.

Mohit Kumar: Good morning, sir. Thanks for the opportunity. My first question is, sir, can you please help us again with the one-off in the quarter in generation and explain the nature of these one-offs? I think we missed -- I think you mentioned in opening commentary, but I missed -- but I could not understand it.

Saurabh Mashruwala: So one-off item is basically UNOSUGEN power purchase cost, which we have kept it for FY 24-25 and true-up was due by March in the last quarter of -- we got a true-up in the last quarter of March. So, in the last part of March, they have kept the power UNOSUGEN power purchase costs particularly, and they have made a disallowance of INR171 crores. That is one-off the items for the UNOSUGEN power projects.

But as we highlighted, we informed that in the earlier quarter, similar allowance was given by INR273 crores. We made a provision earlier, which was allowed by the regulators in the previous quarter. So, we are hopeful that this will also will get approved in due course.

Mohit Kumar: Understood. And this order came in the March quarter. Am I right?

Saurabh Mashruwala: March, yes. Before March. Before 31st of March '26.

Mohit Kumar: Understood. My second question is can you help us with the gas availability and clarify about whether the earning risk to the others, any availability risk of the gas for our gas-based power plants in FY '27?

Saurabh Mashruwala: So yes, as we informed earlier also, we have contracted 3 cargoes for making the summer demand so that we are getting those cargoes. We are not being impacted because of the war situation between the US and Iran. So, summer cargo -- for meeting the summer demand, we have contracted 3 cargoes, out of which 2 cargoes, we have already received it. The next cargo is expected come in the month of June, so for meeting the summer demand.

So that situation remains same. And the situation going forward as price has gone up a bit, what we expect, of course, things will stabilize in some time and supply will start -- the supply will flow in, I would say, from the Strait of Hormuz.

And as far as supply is concerned, our view is that gas -- there is ample amount of gas available in the market, though the price -- because of the current situation, price has gone up. But as far

as supply is concerned, it's not a major concern, I would say. So, availability is not the issue. We will continue to get the recover the fixed cost based on availability of gas. Price is, yes, a bit higher. It will take some time to stabilize.

Mohit Kumar: And my last question on the capex, which you did in F '26. Can you help us with the number and also the segment-wise capex and your expectation of capex in '27?

Saurabh Mashruwala: So, in terms of -- can I give the full year details or the quarterly details you want?

Mohit Kumar: Full year details. F '26 full year details, yes.

Saurabh Mashruwala: Yes. So, license distribution and franchisee, we incurred almost INR1,600 crores capex for the full year. Transmission, since the one project, Khavda project, has got commission & Solapur under construction right now., we spend about almost INR550 crores in transmission projects. Thermal project, particularly the coal-based project, we spent about INR700 crores capex. And renewable is a substantial chunk, close to INR6,500 crores capex we spend for the renewables.

Mohit Kumar: Understood. And the capex number for F '27, sir, expectation, how much?

Saurabh Mashruwala: It will be definitely higher than this. So, I would say definitely much, much higher than this amount.

Mohit Kumar: Is it right to say it's 2x of this number?

Management: So, Mohit, we will not be able to give you any guidance, per se. But investor PPT, we have uploaded, project-wise, a SCOD date. Guidance would be difficult to give. But what we can say is that current year capex, the next year capex would be higher than what we have incurred in FY '26.

Mohit Kumar: Thank you.

Moderator: Thank you. Next question is from the line of Sumit Kishore from Axis Capital. Please go ahead

Sumit Kishore: My first question is around gas again. Good to hear that 2 cargoes of gas out of 3 have come. What are source countries from which you're getting gas now? And the LNG sourcing agreement, which was with BP JERA, I think which kicks off in 2027, was that from Middle East countries? Or is sourcing not specified in the contract?

Saurabh Mashruwala: So, the cargo with 2 cargoes, we have got, it's not coming from the Strait of Hormuz. It is other than Strait of Hormuz. So, we are getting the cargoes. Third cargo also, we expect we'll get it. So, it should not be an issue. That is what currently we foresee. In terms of the supply starting from FY -- current calendar year '27, yes, it is on with the BP and JERA. So -- and hopefully, things will be normal by that time, should not have any material issue, I would say, in getting the supply in calendar '27 onwards.

Sumit Kishore: BP JERA will be how many cargoes in the next financial year?

Saurabh Mashruwala: So, in total, both of them combined, around 10 cargoes per calendar year.

- Sumit Kishore:** So that's a lot for gas. So this is only for Torrent Power or for Torrent Gas also?
- Saurabh Mashruwala:** Something will be, we have to allocate for the Torrent Gas also.
- Sumit Kishore:** How much is the Torrent Power, which is relevant for us?
- Saurabh Mashruwala:** Five cargoes for Torrent Power.
- Sumit Kishore:** Got it. And sir, is the pricing in the contract for the 3 cargoes customer demand this year is around \$10 is my understanding.
- Rishi Shah:** So Sumit, we'll not be able to give you exact pricing, but these are all fixed cargoes, and hence, they are not high as what we see at the spot pricing. So they are lower than that.
- Sumit Kishore:** The second question is on the T&D segment. So you explained a couple of nonrecurring items during the quarter. But what I'm more interested in is that after the shift in the return framework, on a like-for-like basis, if you would have calculated your sort of return under the new regime versus the old regime, is that proving to be ROE accretive, and to what extent? So if you can sort of help explain this particular point.
- Rishi Shah:** So yes, let me take that question. So basically, if you look at it, the ROE regime, which was earlier was 14% flat, now it has been shifted to ROCE. But assets which were capitalized pre 01.04.2025, those will also get incremental incentives if we are able to perform. So if I look at it current year, the ROE is better than what we would have earned under the earlier regime. Now the incremental incentives will depend on the performance-based incentives, which means if you are able to manage that or if you're able to get that, you will have a higher incremental ROE.
- Assuming that we'll be able to achieve those performance-based parameters, ROE definitely will be higher than what we got under the earlier regime.
- Sumit Kishore:** Rishi, you are already one of the best operating DISCOMs in the whole country. I mean, the AT&C losses are 2.5%, if I remember. So what better can you do? What is the performance?
- Rishi Shah:** Yes. So it's not only T&D losses, Sumit. It is a host of factors, which also takes care of your availability of network. It also takes care of your smart meters, how are you achieving that. It also talks about definitely T&D losses and all.
- Saurabh Mashruwala:** It also talks about our collection efficiencies. So there are milestones being given. So we hope to achieve the most of the milestone. That is what the current expectation is.
- Sumit Kishore:** Got it. Then the last question on the renewables segment. So there was a year-on-year decline in PBDIT in the quarter from the renewables segment. So are you also getting impacted because of the curtailment issues? And how are you placed in terms of evacuation for the 4.3 gigawatt peak that is under implementation?
- And so how would you phase out the capacity addition after a rather lack lustre year, if I may say so, in terms of capacity addition for Torrent Power at 250-megawatt plus? What is it looking

through FY27, FY28? And what is the phasing? How much will come in first half and second half of the year, if you can give some colour?

Saurabh Mashruwala: So we are not impacted by this scenario, I would say. And we are backed by PPA. So we are not worried about all the open capacity, very miniscule open capacity. So there is no curtailment, I would say, in our renewable power project in supply. So we are not impacted.

And we don't expect there will be some impact going forward also because of the curtailment.

Rishi Shah: So as far as phasing is concerned, Sumit, so effectively, we expect that next year, there should be 1.2 to 1.4 gigawatt of commissioning. If you look at the phasing, if you look at our investor PPT, we have broadly given which projects are expected to come along with months which are expected to come. So you can refer to that phasing.

Sumit Kishore: Yes I think that information is there. Thank you.

Moderator: Thank you. Next question is from the line of Satyadeep Jain from Ambit Capital. Please go ahead.

Satyadeep Jain: Hi, thank you. Just a first clarification on the one-offs. So if I understood correctly, generation reported EBITDA loss is INR39 crores. You're saying there's a one-off of INR171 crores, so that gets added. But still, that's still maybe INR120 crores, INR130 crores of adjusted EBITDA, which is typically lower than the EBITDA you generate on the regulated assets. So what is driving that?

Or is there anything else we are missing? And secondly, on the one-off would be just clarifying. So INR1,110-odd crores is the transmission distribution EBITDA, you're saying there is INR186 crores of one-offs, right? Just clarification on the one-offs.

Saurabh Mashruwala: So generation, as you rightly said, the INR171 crores was the charge we have taken in the generation business, which has integrated the generation EBITDA. Removing that, there is about INR90 crores reduction mainly because of 2 factors. One is the higher O&M expenses because of the scheduled maintenance. And we've made some certain provisions last year, which we have reversed certain provisions last year, which is not the case this year. That is both have impact on the generation EBITDA.

In terms of distribution, we got the carrying cost order in the month of March, and we have booked distribution income of INR186 crores. And this is a routine feature, I would say, it's not basically, we don't see as a one-off because every year, we are getting carrying cost because of the regulatory assets we have built up so far. So it will be a routine feature and we keep on getting this kind of orders as and when the certain items will be accrued in our favour.

Satyadeep Jain: Okay. Second, on the gas business. You mentioned there are 10 cargoes you have contracted and some will be Torrent Gas and Torrent Power. I just wanted to understand how do you have to show availability? Because 7, 8 cargoes for Torrent Power will not be sufficient for showing 80%, 85% of availability.

What do you have to show to get the full carrying cost? Just understanding how that process works? And also at the current gas prices, do you see any potential at all for selling into XTAM? Are you seeing any demand in XTAM? Or do you see any LNG trading in possibility at the current slope levels?

Saurabh Mashruwala: See 10 cargoes which we have booked from the next year onwards is, we have contracted 10 cargoes. But always spot market or as and when required, we can buy basically. It's not, these are the cargoes available only. So always opportunities available to buy more cargoes also as and when the demand. So we see the demand coming in and the prices are reasonable. So yes, procurement will go up based on the demand and the price going forward.

Rishi Shah: And Satyadeep, just to add, effectively, if you look at it, last 4 or 5 years, my PPA-based, gas-based thermal power plants, their average PLF has been around 30% to 35%. If I assume that kind of PLF going forward also, 6 to 7 cargoes are sufficient enough to take care of that. Effectively all these cargoes are take-or-pay contracts.

So if you assume that 85% PLF and book your cargoes and if that is not lifted by the DISCOM, then you are looking at the take-or-pay penalties or take-or-pay premiums to be made. So what you try to do is manage the flexibility of gas based on the DISCOM demand. And as Saurabh rightly mentioned, that we anyway have spot available if there is a need for cargoes.

Saurabh Mashruwala: And gas is available. So demonstrating the availability is not at all an issue, which we have demonstrated earlier also while reporting about 35% PLF. So demonstrating availability is not an issue. We will always demonstrate availability because ample amount of gas is available in the market.

Satyadeep Jain: So you try to show availability based on maybe anticipated PLFs. And in case the demand is higher, because the availability has to be in sync with the schedule. In that case, you would just book cargoes on spot and show availability. Is that, otherwise, there will be under recoveries if there is.

Saurabh Mashruwala: It's always available. So it's a question of pricing, like at what price gas is available. So if price is reasonable, we always import the gas, and that is what we did previously also. And we have a fair amount of coverage available next year onwards. So demonstrating availability, we don't foresee any issue.

Satyadeep Jain: And so the possibility of maybe XTAM at all at current prices or LNG trading at current scope, are you seeing anything in the near term?

Rishi Shah: Look, so I think at current prices, that would be very difficult to sell power on the merchant prices at current \$20 or \$16 sort of gas prices. If prices go down, LNG prices, and demand considering what we've seen in last 2 months, if that remains, then there could be a possibility going forward. But for that, LNG prices in the international market should come down.

Satyadeep Jain: And LNG trading, anything slope given the current slope? Are you?

- Rishi Shah:** So right now, we don't have many cargoes booked. So there is no inventory right now with us for trading business.
- Satyadeep Jain:** Okay. Just last, very quickly on the leverage. You've obviously exercised the optionality by using capital for Nabha Power and also for MP. Given the leverage that you're looking at right now, is there potential, are you looking at deploying more capital on any new thermal bids or any other opportunity? Or for now you think you're comfortable with the leverage and maybe execute the projects you already have?
- Saurabh Mashruwala:** No. So see, if you look at the power sector are in an investment phase right now and our leverage ratio is quite comfortable. And with the committed capex also, we don't see that the leverage will exceed beyond our reach, I would say. So there is enough cushion available within the balance sheet to take up more projects, if we are getting the good project at the good returns also. So there is no restriction, I would say, in terms of leveraging to take up any further opportunities for investment.
- Rishi Shah:** And Satyadeep, all these thermal projects are typically 5, 6 years sort of investment cycle, which you see. So right now, the capex cycle or the committed capex, which we have goes till FY31, FY32. And if you really look at based on current profitability and the new projects coming in, the leverage is under control. And once the project commissions, it falls off significantly once EBITDA starts coming in. So we feel that there is still room for us to take on incremental projects as far as thermal is concerned or renewable is concerned, considering that new projects will start giving us EBITDA or cash flows as soon as they commission.
- Saurabh Mashruwala:** The capex phasing, and current capex phasing is well balanced. So we will be able to manage any incremental project coming in to fund those kind of capex.
- Satyadeep Jain:** Okay thank you so much sir.
- Moderator:** Thank you. The next question is from the line of Sucrit D Patil from Eyesight Fintrade. Please go ahead.
- Sucrit Patil:** Good morning to the team. I have 2 questions. My first question to Mr. Saurabh is, in your point of view, how is Torrent Power preparing to capture future opportunities in renewable and distribution areas, while addressing challenges such as regulatory uncertainty, fuel cost volatility and capital intensity. What strategic levers will you be putting into place that we will see in the coming quarters that will help you to sustain the growth and keep the profitability stable? That's my first question. I'll ask my second question after this.
- Saurabh Mashruwala:** So in terms of our investment plan, as you know, we have already announced investment of renewable, we are at 4 gigawatt of capacity with INR28,000 crores capex. Coal also, 1.6 gigawatt with INR23,000 crores capex. Pump storage 3 gigawatt, we have investment plan about INR14,000 crores.
- Distribution capex keep on happening every year, it's a gradual capex in all, across all our distribution area. And yearly, we expect about INR2,000 crores capex at least for 4, 5 years going forward.

And we are doing this Nabha acquisition. So in terms of capex plan, we have a fairly good capex plan, and we are looking then at Torrent Power sector per se is on an investment phase, good opportunities are available, good projects are available. So always, we are ready to pay and our balance sheet is very strong, under leveraged balance sheet. So ample room is available for further investment also. So we are quite comfortable, I would say, in terms of our investment strategy.

Sucrit Patil: My Second question to Rishi Shah is what improvement in financial reporting and analytics are being implemented to enhance the decision-making and investor confidence? How do you see technology and automation contributing to faster, more accurate financial operations in the coming quarters? Thank you.

Saurabh Mashruwala: So, in terms of decision making and all those things, as I explained in my earlier remarks also that power sector is on investment phase, good opportunities are available for players like us and the leverage ratios are also comfortable. So, it's not -- and demand is also going to be strong.

If you look at the last 10 years CAGR of the power demand, it's about 6% CAGR. And same thing will -- we will see that the same momentum is continuing. Since we have a very balanced portfolio of license distribution, franchise distribution, the generation we have a two-part tariff available for our key projects basically key plants. And you have some open capacity. So, all kind of a levers available to achieve good performance going forward.

Moderator: Next question is from line of Sunny from Avendus Spark.

Bharani: Yes. Am I audible? This is Bharani from Avendus.

Management: Yes.

Bharani: So, what is the adjusted EBITDA for 4Q FY '26, sir, given the adjustments that we will be making in the generation segment and in the Transmission and Distribution segment. After you adjust for that, what would be the adjusted EBITDA?

Saurabh Mashruwala: So, for the quarter, EBITDA reported is INR1,220 crores. And one-off is INR171 crores we have charged. So, we had INR171 crores in the reported EBITDA. That's what the adjusted EBITDA for the current quarter.

Bharani: So, we adjust even the INR186 crores in the Transmission and Distribution segment?

Saurabh Mashruwala: So, I explained. So, it's basically normal since we are carrying regulatory asset, it's bound to happen that we are going to get the carrying costs as and when on most of the orders coming in. So, it's a normal feature, I would say. It's not -- may not be considered as a one-off. That is what our take is. So, it's a normal feature. It's all, I would say, not only to us with all the distribution company because they are carrying a regulatory asset, and they will approve the carrying cost every year.

Rishi Shah: So, Bharani, we are not considering that as a one-off, as Saurabh bhai explained.

- Bharani:** Okay. When it comes to the Generation segment, when I'm adjusting for this INR171 crores, we reported minus INR39 crores. So, the adjusted EBITDA comes to INR132 crores plus side compared to INR233 crores for FY'25 same quarter, that is the fourth quarter. So, this drop you are telling is because of what reason, sir, that I missed?
- Saurabh Mashruwala:** So, the first drop is on account of some scheduled maintenance in our gas-based power during the course of the quarter, which has costed us additionally, I'd say, INR40 crores. And there was some reversal which we made in the last -- similar quarter of last year, which is not the case in the current quarter, which has impacted the performance of the generation business.
- Bharani:** Okay. And usually, there is some LNG gain or merchant gain in this segment? I'm assuming there is no such number in this particular quarter?
- Saurabh Mashruwala:** Q4 is always a winter month. Winter quarter would be less merchant sales and LNG sales. So, if you look at the both quarter comparable quarter last year & the current quarter, there were no material, I would say, gains to be reported, I would say. Some gain will be there, but not material, I would say, which we can talk about.
- Bharani:** Okay. And one final clarification on this UNOSUGEN power purchase cost, which is resulting in this INR171 crores number. So, is it because the regulator is yet to approve this INR171 crores of extra cost incurred in FY'24?
- Saurabh Mashruwala:** They have put a cap on the cost basically. The -- Upto certain amount they have approved. Beyond that, they said the -- as of now, they are not approving it. But we will -- similar situation, had happened earlier also. And in the last quarter in Q2, they have approved -- they have removed the cap and approved full power purchase cost. So, we expect that we will file appeal and decision will come in our favor going forward.
- Bharani:** Okay. And coming to the Renewables segment EBITDA, which is at INR186 crores. This is flattish to even lower compared to last year's same quarter despite capacity additions. So how should we read that?
- Saurabh Mashruwala:** Yes, it's a flattish number. Some reduction is there because of the GBI even one of the projects is getting expired, means it's over. So, we -- there is -- there was -- mainly this is because of the mainly reduction in the GBI income. So that has impacted the EBITDA for the current quarter.
- Bharani:** Sorry, I didn't get. What is the GBI income?
- Saurabh Mashruwala:** Generation-based incentive which government give for the renewable project for a certain period of time, 7 to 10 years, that has expired. Facilities that benefit was completed. So that was not available for the current quarter. That has affected the profit of the Renewable segment.
- Bharani:** Understood, sir. So, when would we have Nabha Power numbers getting consolidated?
- Saurabh Mashruwala:** We expect in the month of June, we'll be able to complete the transaction because currently, the Nabha L&T is in the process of complying the CP, condition precedent. So, which once it will

happen, we will consummate the transaction before -- in the current quarter. We expect the June numbers with Nabha Power project.

Bharani: Okay. That is 1Q '27 we'll have consolidation of Nabha?

Saurabh Mashruwala: Yes, that is what is currently we expect.

Bharani: Okay, sir. And final question is on gas supply. If my understanding is right, we have 3 cargoes from IOCL and Reliance and 3 cargoes for the summer demand. And we also have that Japan cargo that we have booked from calendar year FY'27. So, if my understanding is right? With all these cargoes would we be able to first have the availability for SUGEN assured for FY'27 plus also generate power during the summertime in the next one year also.

Saurabh Mashruwala: Your understanding is not right. I would say in terms of first point about the IOCL and ONGC and Reliance Gas, it's not a 3 cargoes. IOCL currently in the force majeure because it was -- they were getting that gas for the Qatar, which is the force majeure. So, nobody is getting that gas from the IOCL right now. In terms of ONGC and the Reliance gas, which is a domestic gas, that it was -- as government has pooled the cargo, pooled all the gas so that they can supply to the priority sector requirement like CGD and the fertilizer kind of a thing.

So power sector comes later. So that gas is not available to the power sector. So, we are not getting the gas because the Government has pooled the gas of Reliance and ONGC. So that is not available. In terms of your second point about 3 cargoes, yes, the 2 cargoes we have received.

One cargo is expected to get in month of June. Any further requirement we can meet from the spot purchase or maybe short-term contract we can able to do during the course of the balance period of the year. And in terms of cargoes coming in from the Japan and the BP basically, we will keep on getting from the next year onwards, so that will continue.

Bharani: So right now, with the 3 cargoes that we are getting from summer demand, we are meeting the availability of SUGEN and UNOSUGEN. And also, will be able to generate if required from DGEN plant, if the understanding right, sir?

Saurabh Mashruwala: So, 3 cargoes we are -- is available for our distribution. We are optimizing our distribution requirement and supplying meeting the availability criteria. Any additional gas available through this optimization will be used for the merchant sale.

Bharani: And you mentioned in one of the replies that at \$16 to \$20, it's difficult to make money in the merchant market. Just wondering, given it will come to variable cost of around INR9, INR10, the high-priced DAM market will have merchant prices higher than that. So just wondering, why would you say that?

Saurabh Mashruwala: No, we are not saying that it would be difficult. So, what we are saying is on an RTC basis it would be difficult. But on the peak market, which is our target market, we are able to do something about the peak market, not on the RTC basis...

- Rishi Shah:** But Bharani, you can't buy a cargo only for the peak market. So, you need some basic demand for RTC wherein you then book the cargo and then supply. So, on a -- it is not just peak market for which you buy a cargo. So, there are logistical issues also involved.
- Saurabh Mashruwala:** So, with our peak cargo, we are optimizing our overall demand requirement and then doing it.
- Bharani:** So final 2 questions. With the Japan and BP Cargo coming from next year, would we have enough comfort for the full year instead of relying on the summer cargo? Will that be the right understanding?
- Saurabh Mashruwala:** Yes. With the JERA and BP cargo, yes, some -- and additionally, we can always buy the spot cargoes or do the short-term contracts will be enough to demonstrate the availability for SUGEN and UNOSUGEN.
- Bharani:** Last question on the 3 summer cargoes, you said we got 2. So, does that mean that this is coming from the non-Persian Gulf source?
- Saurabh Mashruwala:** Yes, you are right.
- Bharani:** The last cargo that we are expecting in June would also be non-Persian Gulf, so it may not be impacted. Is that understanding right?
- Saurabh Mashruwala:** Yes, you are right.
- Bharani:** Thank you so much and all the best.
- Saurabh Mashruwala:** Thank you so much.
- Moderator:** Next question is from the line of Anuj Upadhyay from Investec India. Please go ahead.
- Anuj Upadhyay:** Yes, hi. Thanks for the opportunity, sir. Just one clarification on the capex guidance which you mentioned. So roughly, you mentioned it's around INR28,000 crores for Renewables, INR26,000 crores for Coal and INR14,000 crores was for the PSP. That takes the total to roughly INR68,000 crores plus your normal distribution capex to the tune of INR1,500 crores or INR2,000 crores per annum. That takes the total to INR80,000 crores over a period of 5 years. Is this a fair assumption if we assume that annually that number could range in the range of INR15,000 crores to INR20,000 crore?
- Saurabh Mashruwala:** Coal, you said INR26,000 crores, which is about INR23,000 crores. Only one correction.
- Anuj Upadhyay:** Yes, yes. INR26,000 crores. So total INR80,000 crores over next 5 years. Is that a fair assumption?
- Saurabh Mashruwala:** Yes, you can take this kind of assumption. We are working with this kind of assumption.
- Anuj Upadhyay:** Okay. And I know if you just want to phase it out, I believe probably second or third year onwards, it would be heavy capex depending upon the milestone which we are achieving on the

construction phase. And secondly, sir, on the connectivity part. So, can you just mention how the connectivities are placed for the upcoming renewable projects?

Saurabh Mashruwala: So, connectivity in most of the projects are in place right now. So, connectivity is not the issue. But upcoming transmission line, which has to come in on-time so that we can execute our -- implement all our renewable projects on time as per the expected schedule, I would say. So otherwise, connectivity is not an issue for our renewable projects available for the almost most of the project, I would say.

Anuj Upadhyay: Okay, sir. And lastly, on any development on the parallel licensing?

Saurabh Mashruwala: No further development at this moment.

Anuj Upadhyay: Thank you, sir. That's all from my end.

Saurabh Mashruwala: Thank you so much.

Moderator: Next question is from the line of Shirom Kapur from Jefferies India. Please go ahead.

Shirom Kapur: Just had a question on your merchant LNG gain. So, you said, of course, 4Q was not material, but for the full-year, could you maybe quantify how much was the overall gain during the year and how many merchant units were sold?

Rishi Shah: So, we don't bifurcate it between LNG sales and merchant. If I look at the total gains from both of them, it is -- it would be around INR675 crores for the full year. In terms of units, what we sold, it would be around 1,400 MUs.

Shirom Kapur: Got it, sir. And just to understand on your Nabha Power acquisition. So could you -- this is INR6,900 crores acquisition. How much would be the debt component and equity component? Would you have a sense of a rough split?

And secondly, how much of this could -- a second question on Nabha would be how much of this would add to your fixed asset base going ahead? And thirdly, what are the tariffs you're looking at in Nabha Power on that plant?

Saurabh Mashruwala: So, it's an acquisition enterprise value as we announced is about INR6,800 crores. And the equity value, we have about INR3,400 crores debt. The balance is the equity value. The plan to raise about close to INR3,500 crores to INR4,000 crores for funding of the project. And tariff will be a 2-part tariff basically. So variable cost is pass-through. That is what the business model of Nabha is.

Shirom Kapur: Would you able to share what kind of tariffs we are expecting at least on the fixed side?

Saurabh Mashruwala: We don't have information available right now, but we can share the information offline.

Shirom Kapur: Okay, understood, sir. Thank you so much.

Saurabh Mashruwala: Thank you.

- Moderator:** Next question is from the line of Dhruv Muchhal from HDFC AMC. Please go ahead.
- Dhruv Muchhal:** Sir, a few questions on the renewable pipeline. So, the MSEDCL project, when should we expect the SCOD?
- Saurabh Mashruwala:** So, in fact, out of 367 megawatts most of the capacity we have commissioned, some capacity is not commissioned because of the location of the land which we have got it from the government is not ideally suitable. So, we have asked for the replacement and from the government. It's a basically lease land, which was provided by the government. So, we expect the replacement of the government and we expect in next 6 to 9 months, I think it should get commissioned.
- Dhruv Muchhal:** So, you can do partial billing for the portion of the capacity that you have commissioned?
- Saurabh Mashruwala:** Commissioned, we have started the billing. So non-commissioning is the government issue because there is a scattered project, it's located various locations. Project is we have solar project in Nashik area. So once that issue is sorted out, in fact, whatever capability are commissioned, we have started the billing also.
- Dhruv Muchhal:** And sir, for the SECI 12 project, COD?
- Saurabh Mashruwala:** COD, we have mentioned...
- Rishi Shah:** So, we have applied for extension there. It will take some time.
- Dhruv Muchhal:** So, should I expect, sometime in FY'27 or '28?
- Saurabh Mashruwala:** FY'27, I think before March '27, we will get some...
- Dhruv Muchhal:** And sir, are you still going ahead with the Merchant power -- 600-megawatt merchant project? Or are there any changes?
- Rishi Shah:** So, we are doing that project. So, Dhruv if you recollect our past interactions, what we have said is that all these merchants right now it is merchant. We are commissioning those capacities. But as and when going forward, we win any tenders or bids, we will be allocating that to those bids. So effectively, it may not remain merchant for the life of the project.
- Dhruv Muchhal:** Yes. But you go ahead with the project construction and everything?
- Saurabh Mashruwala:** Yes.
- Dhruv Muchhal:** And lastly, we have seen that a lot of developers are doing the switch to batteries because you also have a lot of FDRE projects and hybrid projects. So, any configuration changes in your projects, and any cost reduction or probably improvement in IRR that you are seeing?
- Rishi Shah:** Not as of now. I think most of the projects have small batteries. So, some of our projects which are hybrid or RTC projects, they have battery component already built-in, but these are not very large. So, there will not be a significant shift in cost.

- Moderator:** Next follow-up question is from the line of Mohit Kumar from ICICI Securities.
- Mohit Kumar:** Sir, a few clarifications. One is, did you use to book Generation Based Incentive for the RE mainly in the fourth quarter. Is that understanding right?
- Saurabh Mashruwala:** No, it was across throughout the year every quarter. On one of the projects, the time period and the amount was huge basically. So that is why it discontinued from the last quarter onwards. Yes.
- Mohit Kumar:** And sir, given the wind heavy portfolio, how do you see the impact of DSM, the new regulation? And can you please help us with the current status of the new regulation?
- Saurabh Mashruwala:** Our portfolio is not a wind-heavy. I would say, it's a balanced portfolio. So, if you look at the 4 gigawatt capacity we are commissioning, almost 50% is coming from the wind, 50% is coming from the Solar. It's not a wind heavy portfolio, I would say.
- Mohit Kumar:** What about the existing portfolio?
- Saurabh Mashruwala:** Sorry?
- Mohit Kumar:** The existing portfolio has -- how do you see the impact portfolio...
- Saurabh Mashruwala:** 60% wind, 40% solar. Yes, some impact is there in terms of PLF, I would say.
- Mohit Kumar:** My third question, sir, the -- are you seeing the incremental opportunity, thermal bidding opportunity for the states? And do we -- are we looking to bid for it?
- Saurabh Mashruwala:** Yes, there are a couple of states contemplating of announcing the thermal capacity. So, we are actively looking at it.
- Mohit Kumar:** Understood. My last question on the merchant capacity, which you spoke about on the RE side. Is there any configuration between the Solar and Wind you're looking at? And are you also looking to add battery and battery to that to ensure that you get a higher tariff?
- Saurabh Mashruwala:** So, if you look at our profile of our bidding pattern of last 2 years, I would say we are more inclined towards a complex project like hybrid project, and RTC kind of a project. We are focusing more on those projects so that we can get better tariff also, better IRR also.
- Mohit Kumar:** Sorry, sir, my question was the merchant capacity of 603 megawatt, which you have mentioned in the PPT. Are you looking at Wind and Solar? And are you looking to add also battery in this?
- Rishi Shah:** So, Mohit, if you look at our 603 megawatts, it would be slightly higher on the Wind side out of -- and there is some Solar. Right now, we are not contemplating any battery usage there. Going forward, if we feel that it is required, we may add on. But as of now, we are not adding any battery because it is more of Wind, which is typically non-solar hours and where you can get better returns.
- Mohit Kumar:** Understood, sir. Thank you and best of luck, sir.

- Rishi Shah:** Thank you.
- Moderator:** Next question is from the line of Neil Ostwal from PGIM India.
- Neil Ostwal:** Sir, do you have any current capacities tied up on the C&I side? Do you plan to tie up future -- significant future capacity on the C&I side? And what is your view on the C&I segment?
- Rishi Shah:** So, I think, Neil, we currently have around 860 megawatts of C&I projects under construction. We keep on looking at tying up C&I with C&I consumers as and when they are available. So, we are open of tying up additional capacities, but as of now, we have 860 megawatts of C&I projects under construction.
- Neil Ostwal:** Understood, sir. Thank you.
- Rishi Shah:** Thank you.
- Moderator:** Next follow-up question is from the line of Nirmal from. Please, go ahead.
- Nirmal:** Sir, just wanted to understand how you are thinking about your gas-fired plant business in the long term, given that LNG as a fuel has proven expensive for India, and that's why that's one of the reasons why we have seen Indian plants running at 15%, 20% PLF. And also there was an impending -- global gas glut that was expected to come in 2027 due to increased liquefaction capacity. And due to Iran war, that has also been pushed forward. So, I just wanted to understand what PLFs are you expecting over the long run?
- Saurabh Mashruwala:** So basically, you are right, the gas glut is coming in basically, lots of gas is going to flow in. Maybe because of the Iran war, some pushback will be there in terms of timing, I would say not in terms of availability going forward. Otherwise, we don't see any change in the situation, except some timing will be delayed, I would say, more gas will be flow, I would say. So, in terms of PLF, it's difficult to predict the PLF. But yes, availability may not be the issue going forward, price. So, one has to monitor the price and then take our calls.
- Rishi Shah:** And the other thing is if you look at our portfolio, around 50% of our portfolio gas-based power plant, we have tied up long-term PPAs with our own discoms. So there, we are getting fixed-cost recovery on the availability basis, so that should not be an issue. As far as merchant capacities are concerned, we take the benefit of short-term pricing mismatches. This year, it is slightly constrained because of LNG or very high cost of LNG.
- But if you look at last 4 to 5 years, we have been able to make decent profits out of these merchant capacities, which we have. So, our expectation going forward is once all this subsidies, India as a market demand should improve and there will always be a deficit of power going forward, which will allow us to take benefit from our merchant capacities. That is the expectation right now.
- Moderator:** Next question is from the line of Sunny from Avendus Spark. Please go ahead.
- Sunny:** Yes. I just forgot to ask one question. After June of this year, what is the source of gas we have to show availability at SUGEN and UNOSUGEN.

- Saurabh Mashruwala:** It's basically short term; we have to buy from the short-term market basically on the spot is in the short-term. We are doing the short-term contracts. Gas is available, gas is not issue. Basically, at what price we are getting gas.
- Rishi Shah:** Bharani, I think the question is the price, not availability of gas. So, for demonstrating availability, we can -- gas is amply available. Now whether DISCOM is willing to take that gas and use that electricity at high rates or they can -- they are able to manage it from buying it from the merchant market, that balancing will have to be done. So as far as availability of plant is concerned, there is no shortage of gas. It is only the price which is higher.
- Sunny:** Sure. When you say spot, it would be gas from IGX, something like that or.
- Rishi Shah:** No, spot cargoes. What he's trying to say spot cargoes. Right now, domestic gas is not available as government has pooled everything.
- Saurabh Mashruwala:** We have to import the gas...
- Sunny:** Understood. So hence, when the tenders are invited, you would be able to get it in the short notice.
- Rishi Shah:** Which sort of tenders?
- Sunny:** The spot cargo.
- Rishi Shah:** Yes, yes. So, we keep on doing -- if you are procuring cargo, we generally do -- we float a tender in the international market and then we bid it out.
- Moderator:** As there are no further questions, I'll now hand the conference over to Mr. Saurabh Mashruwala for closing comments.
- Saurabh Mashruwala:** Thank you, everybody, for joining Torrent Power earnings call. We wish everybody to stay safe and healthy. Thank you so much.
- Moderator:** Thank you very much. On behalf of Torrent Power Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.