



“Torrent Power Limited
Q3 FY’24 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day, and welcome to the Torrent Power Limited Q3 FY '24 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 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, CFO from Torrent Power Limited. Thank you, and over to you, sir.

Saurabh Mashruwala: Thank you. Good morning to all of you, and thank you for joining the earnings call of Torrent Power for Q3 FY '24. First, I will take you through the performance of the quarter, after which phone lines will be open for the Q&A session. Reported PBT for the quarter stood at INR514 crores as compared to INR977 crores in the corresponding quarter last year.

The lower PBT is due to reduction in profits from the thermal generation business by INR478 crores on account of lower net gains in current quarter from the sale of LNG and less merchant power compared to corresponding quarter last year. Apart from this, this underlying business across coal generation, renewable generation, and as well as distribution business should improve -- implement in the profits.

Coming to the business side, the sector contributed the performance of the quarter. There are 3 factors: first, contribution from the distribution business improved by INR26 crores, mainly due to increase in ROE on capitalization of capex, solar as well as other O&M incentives.

Second, profitability from the renewable segment increased by about INR29 crores on account of 2 factors: first, improved PLF from wind power plant and normal availability of 50-megawatt SECI-I wind power project, which was affected in the corresponding period of last year, where for part of them are due to EHV tower failures. And second, contribution from 115-megawatt SECI-V wind project commissioned in July '23. The above gains from the distribution as well as renewables were partially offset by the higher depreciation, finance costs, and income and expenses totals to INR40 crores.

Now moving to the operational performance of the company. Power demand continued to show growth during the quarter, leading to a better power generation of the company. Demand from the distribution business witnessed a growth of 5% in the current quarter.

Thermal generation of the company witnessed an increased PLF due to increased demand from both long-term off-takers as well as merchant power. We expect country power demand to show incremental growth and merchant market in certain peak demand period like summer and pre-winter period will offer opportunity to sell gas-based power in the future, considering LNG price segment at a sustainable level.

Company has been gearing up to take advantage of the opportunity presented by the merchant market for which in addition to 2 cargoes tied up for the current calendar year in the past,

company has additionally tied up 5 cargoes to be supplied in Q4 at FY '24 and in Q1 of FY '25 at an average rate of approximately 9.6 MMBTU.

Cargoes are expected to be utilized over supply of our commitment, under existing PPAs as well as merchant market. We expect to book further LNG cargoes in view of the softening of the LNG prices. So we are ready for the meeting the summer demand by reporting more cargoes from the market.

PLF of the renewable generation was higher on account of better generation from wind power plants due to normalized wind speed compared to previous years, which is expected to be continued going forward. This completes the review of quarterly financial as well as operating performance of the company.

Coming to the performance of the update on the current project, which are under pipeline. There are: first is PPA of TPLD 300-megawatt solar project, has been extended up to April'24, and the project is likely to be commissioned by next quarter. As informed in the last quarter, the project is expected to have an improved return profile considering recent reduction in solar module prices in international market.

PPA for 300 megawatts SECI XII project wind project was executed in March '23. A Trunk EPC contract for development of the project has been awarded to Suzlon. The SCOD of the project is March '25. The SCOD of the project is likely to be extended, considering the procedural delay in adoption of tariff by CERC.

As informed in the last quarter, 175 megawatts hybrid project comprising of 125-megawatt wind as well as 50-megawatt solar project is being developed under Air Power, 100% subsidiary of Torrent Power. The project implemented is on track and plant is expected to be commissioned progressively by December '25. And the power from the project will be sold directly in the merchant market, we will start generating revenues right from first part of commissioning has connected with infrastructure is already in place.

Under the C&I portfolio, the company has 215-megawatt project under development. Out of which 13-megawatt has been commissioned during last quarter. The balance capex is likely to commission at by end of the next financial year.

Company's pilot project in green hydrogen blending with the CNG in UP, is one of the largest private sector branding project in India is progressing as per the time line and is expected to commission by March '24.

Further, the company has got an allocation of 18 KTPA of green hydrogen production under SECI PLI tender at an average PLI of Rs. 28.89 per kg. Technical feasibility has been done until business plan is under preparation. With respect to Pumped Storage Hydro project in Maharashtra, MoEF has given the terms of reference for the 2 sites, and DPR is under preparation.

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. Handing over to operator.

- Moderator:** The first question is from the line of Mohit Kumar from ICICI Securities.
- Mohit Kumar:** And my first question is, if you'd allude to the fact that you're looking to sell more in the merchant in the coming quarters, so do you have a specific tie-up right now? Or do you think that most of the sales will happen -- it has should happen going forward and a large part of it can be sold in the exchanges? Is that assumption right?
- Saurabh Mashruwala:** We are getting inquiries. So it will be we are in fact, we are gearing up for the summer meeting the summer demand. So we have started tying up the cargoes also. In the very recent past we have tied up about 5 cargoes. So, and that is what we plan for the cargoes also.
- Mohit Kumar:** Question on the PPA side, sir -- PPA side purchase?
- Saurabh Mashruwala:** Yes. So we are getting the inquiries also and the PPA files also from the various discoms.
- Mohit Kumar:** My second question is, sir, on the hydrogen production, where you won the PLI scheme, PLI incentives. So any tentative tie up where do you want to sell the hydrogen? Is it for export? And any tentative capex number or is it too early right now?
- Saurabh Mashruwala:** It's too early right now, but we are looking at both the markets, export market -- more particularly export market as well as domestic market also.
- Mohit Kumar:** My last question like is, just one clarification on the Slide #16. I think the gas, there is a -- you'd mentioned the gas plant generation in this particular quarter is 1,469 MU, while the SUGEN is at 643 MU, UNOSUGEN at 136 MU, DGEN is at 131 MU. Does it sum up? Is there something wrong, if there is something?
- Saurabh Mashruwala:** Yes. So we have corrected it.
- Mohit Kumar:** Okay. So it is lower, right? It's not 1,469 MU. Am I right?
- Saurabh Mashruwala:** 910 MU.
- Moderator:** Our next question is from the line of Swati Jhunjhunwala from BOB Capital.
- Swati Jhunjhunwala:** My first question is on the LNG gains that you mentioned that you adjusted for LNG and merchant power sales around INR278 crores. So my question is should we not treat this as an exceptional item, given that the LNG sales that we were doing were on account of high gas prices in the market, right? And we were paying penalty for not producing power at that time. So should we treat it as an exceptional item or should we treat it as a normal course of the business for the last year? That's my first question.
- Saurabh Mashruwala:** It's a normal course of business.
- Rishi Shah:** So Swati, just to clarify, it is basically we procure cargoes considering the merchant market and the prices which are prevailing. So to take benefit of the merchant prices, we typically book the cargoes as we have done this quarter also and going for the upcoming quarters, but basically because of the international prices going very high, it was economically beneficial to sell cargoes

rather than convert that into electricity. And that's why the cargoes were sold and not converted into electricity and sold in the merchant market.

So it's not an exceptional item per se, it's part of the regular business which we do. Only thing was the cargoes -- selling cargoes are much beneficial compared to converting into electricity. As far as your question is concerned in terms of penalty for non-supply, I think that was -- there is no penalty involved in non-supply. We have supply -- fulfilled all our obligations under the PPA.

Swati Jhunjhunwala: Understood. Sir, what should we assume as an approximation for a steady-state profit given that -- this quarter, we've done something around INR370 crores, but there was a PAT in the middle where every quarter we were having a very high run rate of PAT, INR500 crores, INR600 crores. So should we pay for INR350 crores to INR400 crores type of figures per quarter as a steady-state profit? Is that fair to assume?

Saurabh Mashruwala: We can't give a number. But if you look at the past history also in Q3 and Q4, the only demand is lower. So always our H1 is always better than the H2.

Rishi Shah: And I think if you look at the underlying business, apart from these LNG and merchants, the underlying business has performed very well on all the parameters. The distribution beat generation in terms of renewables is concerned. So underlying business continues to do well. As far as merchant is concerned, it is all about the merchant prices available in the market and the gas prices, corresponding gas prices. So typically, what we have seen historically is that Q1, Q2 gives good merchant prices because of which there has been higher profitability for the merchant market.

Swati Jhunjhunwala: Right. Yes, operationally, if I see T&D losses have gone down and our generation is also up, but the disconnect, sir, I am getting is that we have shown a 46% degrowth in PAT to INR370 crores. That is where actually the whole disconnect was.

Saurabh Mashruwala: Mainly because of this LNG and merchant gain of INR478 crores, is comparable for -- comparable quarter of last year.

Rishi Shah: So as we explained earlier on the last question, it was mainly because of certain geopolitical issues, which came up in Q3 of last year, because of this LNG prices increased significantly, and that's why we sold cargoes. But if you look at historically, if you go slightly in the past, Q3 has always been subdued in terms of merchant prices are concerned.

Swati Jhunjhunwala: Understood. Understood. All right. So going forward, what is your opinion on the gas? Do you expect that next 4 quarters of gas prices will be benign? Or do you expect volatility like where are you at right now on that?

Saurabh Mashruwala: See, currently, it is \$10 per MMBTU. So we expect that a similar trend will continue going forward also.

- Swati Jhunjunwala:** Got it. So is there a threshold that you can give us under -- for gas price at which you decide whether or not to produce power and whether or not to trade in it, is the threshold -- can you give me that number?
- Saurabh Mashruwala:** If you look at the current power prices on exchange, which is going very strong right now. So considering that strong power prices, we thought sub \$10 is a good price, I would say, in terms of contracting the cargoes.
- Swati Jhunjunwala:** Got it. Understood. Okay. Next question is on the distribution side. So there were talks of Pondicherry distribution coming up for bidding, so is there any update on that? And are you looking at any other areas for distribution licensing or franchising as of now?
- Saurabh Mashruwala:** We are looking at it. But as of now, there is no news about this Pondicherry distribution.
- Swati Jhunjunwala:** Understood. And lastly, on the capex front, so how much capex have we done in 9 months FY '24? And going forward, what is -- what is our capex guidance for the next 2 years?
- Saurabh Mashruwala:** See for the 9 months, we -- for example, in Ahmedabad license distribution, we incur about INR1,200 crores capex, while franchise distribution incur about INR170 crores capex. So these are the capex we incur when we license this area. And we have given the guidance also about INR2,000 crores capex we generally plan to do in the financial year -- 1 financial year. So this was the guidance. This guidance continues for the next year also.
- Swati Jhunjunwala:** Understood. And if I can just squeeze one last question. Could you give us the EBITDA breakup business-wise?
- Saurabh Mashruwala:** So in fact, we started to giving the segment-wise profit also. So for example, generation, we have given about INR229 crores EBITDA and renewables generates about INR187 crores, and transmission distribution is about INR735 crores. That is what we have reported in the results also.
- Moderator:** Our next question is from the line of Aniket Mittal from SBI Mutual Fund.
- Aniket Mittal:** Firstly, just to understand on the tie-ups that you've made, could you talk about the duration for which these 5 cargoes have been tied up? And from a long-term perspective, let's say, CY '24 and CY '25, what's the current gas tie-up that we have?
- Saurabh Mashruwala:** The tie-up is to meet the demand up to this June Q1 of the next quarter, I would say. And the long-term tie up, we are just now the price is stabilizing. So we are contemplating our booking for the longer term also. So that is what, but prices maybe depends on all gas tie-ups that being stabilized.
- Rishi Shah:** So Aniket, just to add, we have done a long-term cargo tie-up for 4 years for calendar year '24, '25, '26 and '27, where in each calendar year, we have tied up 3 cargoes, which we have done in past. These additional 5 cargoes is for this year, this calendar year, basically, which will be supplied in Q4 and Q1 of next year. So we are also looking at booking additional cargoes for future period.

- Aniket Mittal:** And these additional 5 cargoes that you've tied up, is this would this be sufficient to meet your own distribution demand? Or is there an element of you trying to do merchant sales as well?
- Saurabh Mashruwala:** It is for the both requirement for our own distribution as well as for merchant market also.
- Rishi Shah:** If you remember, we also have a long-term contract with IOCL for supply of gas -- for our distribution business. So these cargoes would be partially utilized for our distribution business and partially for the merchant business.
- Aniket Mittal:** So for our own distribution, let's say, requirement, typically, how many cargoes would we need?
- Saurabh Mashruwala:** For the full year, it is about 10 cargoes.
- Aniket Mittal:** And currently, so you've got 3 plus 5 which is 8, for the next 2 quarters?
- Saurabh Mashruwala:** 5 plus 2 already we have booked earlier. So about 7 cargoes we have right now, till June.
- Aniket Mittal:** Till June. And 3 is for the long term? Is it? Those 3 cargoes is going for long term?
- Saurabh Mashruwala:** Yes.
- Aniket Mittal:** So total 10. Okay. Just the second question was on the renewables front. From a long-term perspective, we have the same to reach about 4, 5 gigawatts. But if I look at the bidding that's been happening, particularly on the utility scale projects, our participation has not been that much. So if you could just talk about how are we looking at that market? How do we aim to reach that 5-gigawatt number, say, in the next few years?
- Saurabh Mashruwala:** If you look at -- if you look at the solar stand-alone solar and wind bidding, the price is very competitive. So our focus is more on the RE RTC solution kind of the thing, where we can have a we can provide the RTC power. And we will have a better price also. So that is what we are looking at our strategies to bid more for the RE RTC kind of solutions.
- So we are also developing the various sites. We are in process of acquiring various lands also in the state of Gujarat, Maharashtra, Karnataka, kind of thing. We are gearing up for the so land is of most important thing for any solar and wind projects. So that also activities we are doing. And so plan is to bid more on the RE RTC kind of a solution, quite kind of a projects.
- Moderator:** Our next question is from the line of Nikhil Megan from Alliance Bernstein.
- Nikhil Nigania:** My first question is regarding the pumped storage projects. Firstly, we understand from the peers that it takes about 6 years to build them. So related to that, would you agree to the time lines? And second, do you have any tie-up plans? Or is it all untied you want to go into construction and look for PPAs later? If you could share more color on the positive rich side.
- Saurabh Mashruwala:** So yes, it's 5 years to 6 years is required for the construction of the pumped storage project. And in terms of our -- we have identified the site with the Maharashtra government. So 2 sites are available. And as we mentioned in the call, the MoEF has approved the issues at TOR. We are in the process of preparing a detailed project report for the 2 sites in Maharashtra.

- Nikhil Nigania:** But on the power sales side, do you see the risk of battery is possibly becoming cheaper, which could impact because these are untied projects right now?
- Saurabh Mashruwala:** If you look at the global scenario, in fact, it's not just in India, but other part of the world. So pumped storage Hydro is a more cost effective as compared to the battery. And it will be a -- if you provide storage for a longer period of time as compared to battery. So ideally, the pumped storage is a more economical and more acceptable solution for the storage.
- Rishi Shah:** And I think the cost differential right now is pretty large. I think 40% to 50% is the differential in terms of costing is concerned. So we feel that there is still headroom available for pumped storage to be in place. And India is a place where there are still a significant opportunity in pumped storage. So before battery, I think pumped storage would also be beneficial for the country as a whole to supply RTC power, renewable.
- Nikhil Nigania:** Understood. My second and last question then is on the gas power plant side. Would you be able to give any color in terms of, if the gas power sale opportunities you guys are seeing, what kind of pricing are you seeing in the market? And in terms of costing, what is the variable generation costs, hence that's spread -- that is visible in the market?
- Rishi Shah:** So basically, if I look at \$10 as a gas price, at which I'm able to procure, typically, my variable cost would be around INR6. And basically, if I look at the merchant prices right now, which is typically a lower demand period as of now, they are hovering around INR7. So as of now, also, if I sell merchant market, I will be able to generate some profit out of it.
- As we have seen in the past, merchant prices tends to go up from March onwards when summer starts till July, August. So basically, we are looking at a high demand scenario for next 6 months, which will increase the prices in the merchant market. And that's why we are looking at selling additional merchant power in the merchant market.
- Moderator:** Our next question is from the line of Anuj Upadhyay from Investec.
- Anuj Upadhyay:** Firstly on the T&D losses and AT&C also in SMK dilution. So how that trajectory is moving? Secondly, as we are moving to a high demand kind of a sale. So our sense is that, it becomes a bit difficult to bring down the AT&C and T&D losses due to high demand kind of time period. So how do we try and manage a plan and manage to bring down the loss?
- Saurabh Mashruwala:** In SMK, our T&D loss is around 27%. So -- and every year, if you look at, we are able to achieve a reduction in at least 4% reduction every year in the last 3, 4 years. So same sale we expect to continue in SMK area also.
- And in Agra and Bhiwandi, it is AT&C loss is around 10% kind of a thing. So we expect every year, we expect AT&C losses will further improve by 50 to 75 basis points, in Agra and Bhiwandi also.
- Anuj Upadhyay:** Okay. And just a follow-up on the earlier question. We had targeted to fill up our capacity to 5 gigawatt, currently our portfolio in terms of renewable and our current portfolio will be hovering

in the range of 2 to 2.3 gigawatts. So any inorganic route as well which you are aggressively looking at.

Saurabh Mashruwala: Inorganic route also we are evaluating. We are evaluating the inorganic route also. Both organic as well as inorganic, both were, upfront we are working right now. So organic route, we are bidding for the new projects. Recently we have bid for railway project, 100 megawatts RE RTC solution. So we are the L1 leader in that railway project.

Rishi Shah: So Anuj, there is a good pipeline of projects where wherein we have bid and we are hopeful that we'll be able to get them. But since they are not in public, we will not be able to disclose, but there's a good pipeline in terms of organic and inorganic is concerned. Inorganic, of course, is opportunistic play, wherein you'll have to look at the cost and the price at which we are able to acquire. So there is -- we are focusing on getting 5-gigawatt as a capacity under the -- under operational projects, and that is doing well for us as of now.

Anuj Upadhyay: And lastly, anything on the thermal projects, which we are looking for an acquisition, because our balance sheet is one of the strongest in the industry. So any thought on that one?

Saurabh Mashruwala: No, Anuj. There is no plan to set up any thermal greenfield project. Any opportunities available for the acquisition, we are keen to look at, like SKS, kind of opportunities, SKS Power Generation opportunities. We are keen to look at.

Moderator: Our next question is from the line of Sumit Kishore from Axis Capital.

Sumit Kishore: I have 2 questions. My first question is could you give us a sense of the volume in MMSCMD instead of number of cargoes, it will help us do our calculations better. And so basically for the full year, on a full fiscal basis, from your PPA, from your off-take arrangement locally, how much MMSCMD of gas would be available on an annual basis? And how much is available via the cargo numbers that you mentioned?

Rishi Shah: Sumit, basically, 1 cargo is typically 3.2 TBTU. As far as the entire mathematic is concerned, would be helpful if we can do it offline, it will require some detailing on to that.

Sumit Kishore: Got it. So 1 cargo is 3.2 -- what is the unit you mentioned?

Rishi Shah: Trillion British Thermal Units, TBTU.

Sumit Kishore: Okay. Got it. Got it. The second question is -- can you please breakup this delta of INR478 crores into LNG and merchants separately? And what is the total merchant volume in terms of generation that was sold in Q3 and 9 months of FY '24? And correspondingly, what is the total merchant gain in 9-month FY '24 and 3Q FY '24?

Saurabh Mashruwala: See, basically, as we explained in the earlier call also that when we look at the -- whenever we look at the gas LNG, we have options of either selling the LNG or we generate the power and then sell in the merchant market. So lastly, it was better for us to economically -- better for us to sell LNG. This year, it is better for the -- to sell in the merchant. So we look at the combined not on a -- combined basis we look at both merchant and either -- it's either or basically kind of a

situation. So either we sell LNG or we sell the power in the merchant markets. So we look at it in a combined basis.

Sumit Kishore: Yes. But you would have, what is the total merchant units which were sold in 9-month period, if you can disclose that?

Saurabh Mashruwala: We will provide that offline -- details offline. Currently, we don't have the right now numbers. But we will provide the information offline.

Moderator: Our next question is from the line of Dhruv Muchhal from HDFC AMC.

Dhruv Muchhal: My question was on the demand growth. So very healthy demand growth across these. This is also visible across the country. But just wanted to understand any incremental insights that you can give on demand. How much do you think is underlying based on your internal analysis? How much is probably do you think because of weather because it seems the weather was not very helpful this time, at least from -- probably be helpful from a demand perspective. So just some incremental insights that you can share what's driving this demand?

Saurabh Mashruwala: Industrial demand is -- if you look at -- it's very good. If you -- if I can give the breakup of the demand circle wise. For example, Ahmedabad is grown by about 6%. Surat and Dahej, this is more of an industrial town, about 9% -- about 7% to 8%, 8% to 9% demand is growing. So I think industrial demand is growing pretty well. That is what we can say.

Rishi Shah: So I think, Dhruv, Ahmedabad is more of a residential whereas Surat and Dahej is more of industrial. So if I look at residential, which is Ahmedabad is around 6% and Industrial also is growing at 8%. So I mean, basically, it is both the demand -- or both the segments are performing well in terms of demand is concerned.

Dhruv Muchhal: But any sense -- so industrial is understood, but any sense, is it whether -- I mean, in your internal assessment, how much is weather playing a role in this demand? Or is it not very significant?

Saurabh Mashruwala: Definitely, weather is playing the role. If suppose in case of -- winter is not that good, I would say. I mean, Ahmedabad is reasonably not that severe as compared to the last year. So demand is strong this winter in Ahmedabad. Weather is playing the key role in for the demand.

Moderator: Our next question is from the line of Paramvir from Avendus Spark.

Bharani: This is Bharani. I just want to find out how much are you expecting as PLF from diesel in the next 6 months, that is till June with the new 5 cargoes that you have booked?

Saurabh Mashruwala: We will not able to -- means, there is -- we anticipate a very strong demand in the summer time, but exact numbers will be difficult to mention.

Rishi Shah: So Bharani, we typically don't give guidance per se on a strategic basis, as we discussed that we have booked cargoes, and we would look to book additional cargoes depending on how demand and the prices remain, but particular numbers will be very difficult for us to give.

- Bharani:** Okay. So you'll not be able to give how much megawatt this 5 cargoes can fire up from diesel. Is that possible to give?
- Rishi Shah:** No, I can tell you that 1 cargo is typically for 50 megawatts on for the full year. So basically, 1 cargo can generate electricity 50 megawatts every month for 12 months. That's the capacity of 1 cargo.
- Bharani:** If you are planning to operate only for 6 months, it can fire 100-megawatt for 6 months?
- Rishi Shah:** That's right. That's right.
- Bharani:** 100 megawatts per month for 6 months.
- Rishi Shah:** Yes, that's right. Continuously for 6 months. Yes.
- Bharani:** Correct. Okay. So this is related to the first question. So how much would be the landed cost at \$9.69 for these cargoes? And how much will be a variable cost per unit?
- Saurabh Mashruwala:** It is a landed cost, \$9.6.
- Bharani:** It will include the tax, transportation, so you're including all that?
- Saurabh Mashruwala:** Yes, it include the transportation also.
- Bharani:** Okay. Okay, my second question is on capex. So while you have been given these items of INR2,000 crores for franchise and license distribution. First question is how sustainable is this INR1,500-odd crores for the Ahmedabad, Surat license distribution over the next 2 to 3 years, is it for 1 or 2 years? Or can we expect this over more time period?
- Saurabh Mashruwala:** At least next 2, 3 years, it is sustainable.
- Bharani:** Okay. A second question on capex is how much capex would be renewables and separately hydrogen and other new areas will require in the next 2 to 3 years per annum?
- Saurabh Mashruwala:** Renewable, it depends on the project we take. For example, this 300-megawatt solar project, we -- the project cost about INR1,600 crores. That is what we are going to spend. For SECI XII project, which is going to come from before September '25, capex plan is about INR2,500 crores. So those kind of a capex we plan to incur going forward. So 175 megawatts -- 175-megawatt Air Power project cost is about INR1,000 crores.
- Rishi Shah:** So Bharani, as of now, the projects which we have under pipeline, we expect to utilize capex or to do capex of around INR2,500 crores per year for next 2 years. And depending on additional project mix, this number can go up.
- Bharani:** This INR2,500 crores per year for next 2 years is on renewables, you're talking about, right?
- Saurabh Mashruwala:** That's right.

- Bharani:** Okay. And finally, on the same capex point, how much per year on the new initiatives like green hydrogen, etcetera?
- Rishi Shah:** As of now, it is too early to comment. Since it is under conceptualization phase, it would be difficult to comment on that. As and when we take the final decision, we'll update on the capex part.
- Moderator:** Our next question is from the line of Satyadeep Jain from Ambit Capital.
- Satyadeep Jain:** Just a couple of questions, one on LNG. Just a clarification on Bharani's question also. When you say delivered cost us 9.7-something, is the delivered cost of gas to our gas plant that includes pipeline transportation, regasification, everything?
- Saurabh Mashruwala:** It is up to the port. This is \$9 is kind of a thing is up to the port level.
- Rishi Shah:** So one more thing. This is at the Dahej terminal, where we have regasification capacity. There is not much of transportation costs involved for the gas, which is landing at the Dahej port.
- Satyadeep Jain:** Okay. But this does include regasification cost, right?
- Rishi Shah:** Yes. Yes.
- Satyadeep Jain:** And is this some kind of opportunistic cargo you've been able to book compared to the port prices you see some discounted cargoes?
- Rishi Shah:** So typically, we source tenders in the international market and then we book cargoes. So it typically is based on the import -- the international market prices.
- Satyadeep Jain:** Okay. Just a second question on, any update on the progress on the application for thermal licensing in Maharashtra?
- Saurabh Mashruwala:** So we have provided all information, we replied all our queries. So we are waiting for the regulators to take it forward. So MSEDCL and regulatory has to take it forward. So we, in fact, I think, post-election some momentum we can see on this particular front.
- Satyadeep Jain:** Okay. Just very quickly on the returns you mentioned, the returns are not attractive yet on solar when despite the falling module prices and all, we're not seeing any improvement in the returns. And compared to that, when you say, RE RTC it's -- is it basically leasing some storage and then combining? Is it oversizing? What kind of RE RTC are you seeing greater returns?
- Saurabh Mashruwala:** It's oversizing. So it's oversizing thing. So -- and tariff is better for RE RTC kind of projects.
- Rishi Shah:** Typically, it depends on the location, which you've identified wherein you can get higher PLF for wind and solar, and then use that location for supplying RE RTC. So it is very specific to the locations which you have, and then you have to customize your solution for RE RTC.
- If it is a lower wind speed or lower radiation location, we will have to put some battery storage also, which would be costlier. And that's why we are identifying locations as Saurabh told earlier

in the call that we are identifying locations for which can provide better solutions for RE RTC. And that's where we are competitive on the bidding stages and our IRR/ returns are also better.

Satyadeep Jain: On the plain vanilla solar, wind and all, you're not seeing any improvement in IRR?

Rishi Shah: I think as of now, we have not seen much.

Saurabh Mashruwala: It's a low teen kind of IRR, one can see. But in the case of this RE RTC kind of a solution, one, within IR is -- within and above, within IR is also possible.

Rishi Shah: So it is an opportunity play, if you look at Torrent Power 300-megawatt projects, wherein it was tied up when the model prices were around \$0.19, but we were able to get better realization in modules because of this, the returns have improved significantly on that project. But it's more of an opportunistic player rather than taking a strategic call on that.

Moderator: Our next question is from the line of Anuj Upadhyay from Investec.

Anuj Upadhyay: What would be the regulatory asset as on date?

Rishi Shah: So Anuj, I think regulatory assets, we typically disclose only on the year-end. It will be very difficult to give on a quarterly number because it keeps on changing depending on the prices at which you book your power. It's better to look at it on a yearly number.

Moderator: As there are no further questions, I would now like to hand the conference over to the management for closing comments.

Saurabh Mashruwala: Thank you very much for joining Torrent Power's earnings call. We wish everybody to stay safe and healthy. Thank you so much.

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