torrent POWER

INVESTOR PRESENTATION

Q4 FY 2018-19

Disclaimer

This information may contain certain forward-looking statements/details in the current scenario, which is extremely dynamic and increasingly fraught with risks and uncertainties. Actual results, performances, achievements or sequence of events may be materially different from the views expressed herein. Investors/shareholders/public are hence cautioned not to place undue reliance on these statements/details, and are advised to conduct their own investigation and analysis of the information contained or referred to in this section before taking any action with regard to their own specific objectives. None of the companies described herein or any of their respective affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of the Materials or their contents or otherwise arising in connection with the Materials. Further, the discussion following herein reflects the perceptions on major issues as on date and the opinions expressed herein are subject to change without notice. The Company undertakes no obligation to publicly update or revise any of the information, opinions or forward-looking statements expressed in this section, consequent to new information, future events or otherwise.

Presentation Outline

Sr. No.	Particulars
1.	Torrent Group
2.	Torrent Power Limited
3.	Overview of Operations : FY 2018-19
4.	Investment Rationale
5.	Five Year Trend : Key Financial & Technical Statistics

1. Torrent Group

TORRENT PHARMACEUTICALS LIMITED

- A generics pharmaceutical major with strong global footprint
- Ranked in top 10 in Indian pharma market with leading position in niche therapeutic areas
- Largest Indian pharma company in Brazil & Germany

TORRENT POWER LIMITED

- Leading private sector Integrated Power Utility with presence across generation, transmission and distribution
- Lowest distribution losses in the country
- 24 X 7 power supply in licensed areas
- Excellent operational track record with delightful customer service

TORRENT GAS PRIVATE LIMITED

- New business vertical for City Gas Distribution business
- 13 CGD areas won in the 9th & 10th Round of Bidding by PNGRB
- 3 CGD areas acquired from incumbent players
- Capex plan of ~ Rs. 8200 crs over next 5 years

Torrent Group (Contd…)

Turnover $ 2805 Mn

Enterprise Value $ 7529 Mn

Spreading smiles Illuminating Lives

Market Cap $ 6563 Mn

Employees 22,000+

Torrent Pharma

Not just healthcare… Lifecare

Turnover: $ 904 Mn

Enterprise Value: $ 4513 Mn

Market Cap: $ 4776 Mn

Employees: 14500+

Torrent Power

Generating Trust. Distributing Opportunities.

Turnover: $ 1901 Mn

Enterprise Value: $ 3016 Mn

Market Cap: $ 1787 Mn

Employees: 7600+

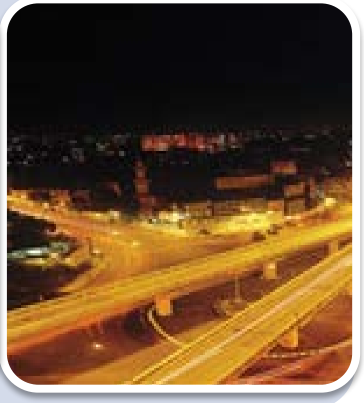
Torrent Gas

Building pan-India state-of-art city gas distribution networks in 16 GAs across 7 States

2. Torrent Power Limited







Thermal

- 2730 MW state-of-art gas based power plants
- 362 MW of coal based plant

Solar

- 138 MW operational capacity over 2 projects

Wind

- 473 MW operational capacity over 5 projects
- 850 MW projects under development

Transmission

- 355 kms 400 kV & 128 Kms of 220 KV, double circuit lines to evacuate power from gas based plants

Distribution

- Licensed distribution areas covering Ahmedabad / Gandhinagar, Surat, Dahej SEZ & Dholera SIR
- Franchised distribution areas covering Bhiwandi, Agra & SMK

ASSETS AT A GLANCE

Torrent Power Limited (Contd…)

PORTFOLIO OF ASSETS : THERMAL GENERATION

	Sugen	Unosugen	Dgen	Amgen
Capacity	1147.5 MW (3 x 382.5)	382.5 MW (1 x 382.5)	1200 MW (3 x 400)	362 MW (1 x 120 MW, 2 x 121 MW)
Plant Type	Gas-based CCPP	Gas-based CCPP	Gas-based CCPP	Coal Based
Location	Near Surat, Gujarat	Near Surat, Gujarat	Near Bharuch, Gujarat	Ahmedabad, Gujarat
COD	August - 2009	April - 2013	December - 2014	1988
Fuel	Domestic gas & Imported LNG	Imported LNG	Imported LNG	Domestic & Imported Coal
PPA	835 MW for Distribution areas of Ahmedabad / Gandhinagar & Surat, and 75 MW with MP	278 MW for Distribution areas of Ahmedabad / Gandhinagar & Surat (pending approval of Regulator)	No tie up	Embedded generation for licensed areas of Ahmedabad / Gandhinagar
Others	Contracted Storage-cum-Regasification capacity of 1 MTPA with Petronet LNG, Dahej Terminal for 20 years from April 2017			To be phased out by Dec 2022

Torrent Power Limited (Contd…)

PORTFOLIO OF ASSETS : RENEWABLE GENERATION

	Solar	Solar	Wind	Wind	Wind	Wind	Wind
Capacity (MW)	51	87	49.6	201.6	60.8	50.4	120
Location	Patan in Gujarat	Adjacent to SUGEN Plant, Gujarat	Lalpur, Jamnagar in Gujarat	Bhuj in Gujarat	Rajkot in Gujarat	Bhavnagar in Gujarat	Gulbarga & Raichur in Karnataka
COD	FY 15	FY 16	FY 12	FY 17	50.9 MW commissioned; 9.9 MW under implementation	FY 19	FY 18
Tariff (₹/kWh)	10.03	6.74	4.15	4.19	4.19	4.19	3.74
PPA	FiT with Company's Licensed Distribution business						FiT with GESCOM, Karnataka

Torrent Power Limited (Contd…)

PORTFOLIO OF ASSETS : WIND PROJECTS UNDER DEVELOPMENT

Particulars/ Project	SECI I	SECI III	MSEDCL	SECI V
Capacity (In MW)	100*	499.8	126	115
SCOD	Oct, 2018*	Nov, 2019	Jan, 2020	July 2020
Location (District, State)	Kutch, Gujarat	Kutch, Gujarat	Osmanabad, Maharashtra	Kutch, Gujarat
Fixed Tariff (₹/kWh)	3.46	2.44	2.87	2.76
PPA with	PTC	SECI	MSEDCL	SECI
Total Cost (₹ in Crore)	683	3329	918	800
Debt	444	2330	643	560
Equity	239	999	275	240
Debt : Equity	65:35	70:30	70:30	70:30

** The Project has been downsized from 150 MW to 100 MW. Also, Project has been delayed and is expected to be commissioned by May/July 2019*

Torrent Power Limited (Contd…)

PORTFOLIO OF ASSETS : DISTRIBUTION

Particulars	Licensed Distribution			Franchised Distribution	
	Ahmedabad/ Gandhinagar	Surat	Dahej	Bhiwandi	Agra
Licensed Area	~ 356 sq. km.	~ 52 sq. km.	~ 17 sq. km.	~ 721 sq. km.	~ 221 sq. km.
Peak Demand	1,906 MW	687 MW	66 MW	555 MVA	458 MVA
License validity	Till 2025		Till 2028	Till 2034	25th Jan 2027	31st March 2030
Accolades	➢ T&D loss 5.20% during FY 18-19, is amongst the lowest in the country ➢ Substantial distribution network undergrounded ➢ Consumers enjoy enviable power availability of 99.9%, which is among the highest in the country.		➢ Second Licensee at Dahej SEZ ➢ Minimal Distribution losses ➢ ~ 100% power reliability	➢ Country's first unique PPP distribution franchisee agreement with MSEDCL, now adopted as a standard model for distribution reforms in the country ➢ Reduction in AT&C losses from 58% at the time of takeover to 14.90% in FY 2018-19 ➢ Reliable power supply & improved customer services	➢ Reduction in AT&C losses from 58.77% at the time of takeover to 16.11% in FY 2018-19. ➢ Reliable power supply & improved customer services

Torrent Power Limited (Contd…)

PORTFOLIO OF ASSETS : UPCOMING DISTRIBUTION LICENSE AREA

- ✓ The Company has been awarded distribution license for **Dholera Special Industrial Region** (**Dholera SIR**) of ~920 Sq Kms for 25 years as additional licensee
- ✓ Dholera SIR is a major project in the Delhi-Mumbai Industrial Corridor (DMIC), to be developed into a global manufacturing hub supported by world class infrastructure
- ✓ ~Rs 500 Crs of capex is estimated in the licensed area over 5 years, depending on how industries come up in the area
- ✓ Cost plus ROE business model, ensuring atleast post-tax ROE of 14%
- ✓ A new state-of-art network & a large industrial base will ensure minimal T&D losses & low cost of supply.

Torrent Power Limited (Contd…)

PORTFOLIO OF ASSETS : UPCOMING DISTRIBUTION FRANCHISE AREA

- ✓ TPL has ben awarded the distribution franchise for Shil, Mumbra & Kalwa area by MSEDCL, based on competitive bidding process for **20 years.**
- ✓ The ~65 Sq Kms area is part of Thane Urban Circle of MSEDCL and is emerging as one of the preferred real estate investment destination with promising growth prospects.
- ✓ Bid Levelised input power purchase Rs. 4.87/kWh (Benchmark Levelised input power purchase Rs. 4.82 / kWh)
- ✓ ~Rs 300 Crs of capex is estimated in the franchised area over the term, of which ~Rs 150 Crs of capex is estimated to be invested in first 5years.
- ✓ Reported AT&C loss for base year 2016-17 is 47%. Expected reduction by 15th year – 12%
- ✓ P&L accretive in 5 years

3. Overview of Operations – FY 2018-19

Income Statement – Consolidated (Rs. Cr.)	Q4 18-19 Audited	Q4 17-18 Audited	Growth %	FY 18-19 Audited	FY 17-18 Audited	Growth %
Revenue from Operations	2,925	2,810	**4%**	13,151	11,512	**14%**
Power Purchase Cost	1,772	1,677		8,365	6,822	
Material Cost & Change in Inventory	66	74		240	235	
Contribution	**1,087**	**1,059**	**3%**	**4,546**	**4,455**	**2%**
Other Income	40	99		190	264	
Gen. & Admin Exp.	377	369		1,346	1,338	
PBDIT	**750**	**789**	**(5%)**	**3,390**	**3,381**	**0%**
Finance Cost	216	210		899	848	
Depreciation and amortization Exp.	313	303		1227	1,132	
Other Comprehensive Income / (Exp.)	(11)	14		(10)	21	
Profit Before Tax	**210**	**290**	**(28%)**	**1,254**	**1,421**	**(12%)**
Tax Expenses	192	59		356	456	
Profit After Tax	**18**	**231**	**(92%)**	**898**	**965**	**(7%)**

Overview of Operations – FY 2018-19 (Contd…)

The major contributors to the decrease in the reported total comprehensive income for the year are:

- ⇑ Improved performance of franchised distribution businesses primarily driven by reduction in T & D losses and better margin;
- ⇑ Higher profits from Renewables business due to increased capacity of wind power projects;
- ⇑ Reduction in tax expenses
- ⇓ Recognition of non-disputed regulatory claims on accrual basis effective from 1st April, 2018 (due to change in accounting policy in compliance with new accounting standard Ind AS 115 Revenue from contract with customers);
- ⇓ Increase in finance and depreciation costs, reflecting additional capex in distribution and renewable projects.

During the year most of the key operating drivers in Company's businesses showed a positive trend – ROEs of regulated businesses increased, sale volumes increased, contribution margin improved, T&D losses decreased & key efficiency parameters improved. The lower reported profit number is explained by the change in accounting policy effected during the year consequent to adoption of IndAS 115 Revenue from contracts with customers. Reported profit before tax is higher than proforma adjusted profit before tax of previous year (by applying the same accounting policy to previous year's numbers) by about Rs. 285 crs. (i.e. an increase of 29% over proforma adjusted profits of previous year), a reflection of above positive trends.

Dividend:

The Board of Directors of Torrent Power Limited has recommended dividend of 50% i.e. Rs. 5 per equity share in its meeting held on 15th May 2019.

Overview of Operations –FY 2018-19 (Contd…)

Accounting Policy Change:

- The Group has adopted Ind AS 115, Revenue from Contracts with Customers, from 1st April 2018. The adoption has resulted in a change in accounting policies and adjustment to the amounts recognized in the financial statements.

- Prior to adoption of Ind As 115, the Group had been recognising the Fuel and Power Purchase Price Adjustment ("FPPPA") claims as and when approved by the regulatory authorities and the truing up adjustment claims as and when these were billed to consumers subsequent to approval by the regulatory authorities.

- The Group has adopted Ind AS 115 retrospectively with the cumulative effect of initial application recognized in the Opening Retained Earnings on 1st April, 2018. The Group has in the current year recognized revenue on FPPPA claims and other true up adjustments, as per the applicable tariff regulations, management's probability estimate and the past trends of approval, by applying the guidance on variable consideration under Ind AS 115. The Group has not recognized those truing up adjustment claims which are subject of dispute with regulators and for which the company is in appeal with regulatory authorities.

- Due to the application of Ind AS 115, as at 1st April, 2018, Retained Earnings are higher by Rs. 647.12 Crore, unbilled revenue higher by Rs. 637.15 Crore and sundry payables lower by Rs. 9.97 Crore.

- Consequent to adoption of Ind AS 115, Revenue from Operations and Profit for the quarter ended and year ended 31st March 2019, are higher by Rs.121.44 Crore and Rs. 318.26 Crore respectively. Accordingly, as at 31st March, 2019, Retained Earnings are higher by Rs. 965.38 Crore, unbilled revenue higher by Rs. 955.71 Crore and sundry payables lower by Rs. 9.67 Crore.

Overview of Operations – FY 2018-19 (Contd…)

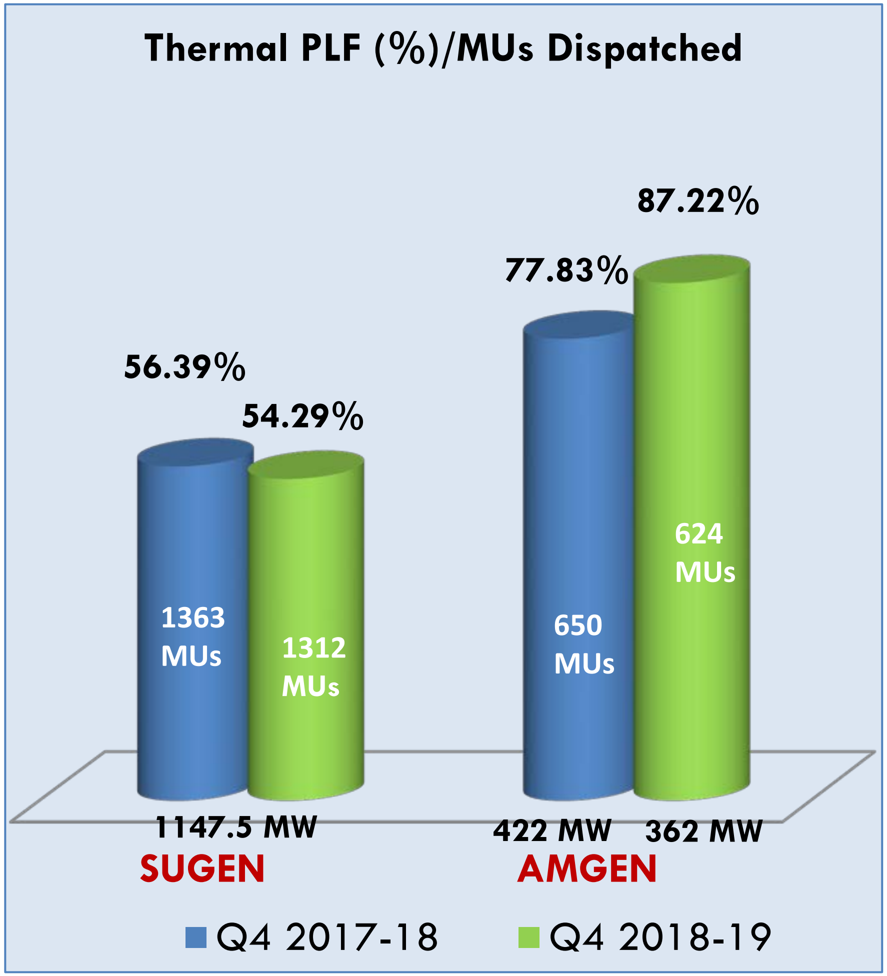
Assessment to test impairment for DGEN Mega Power Plant

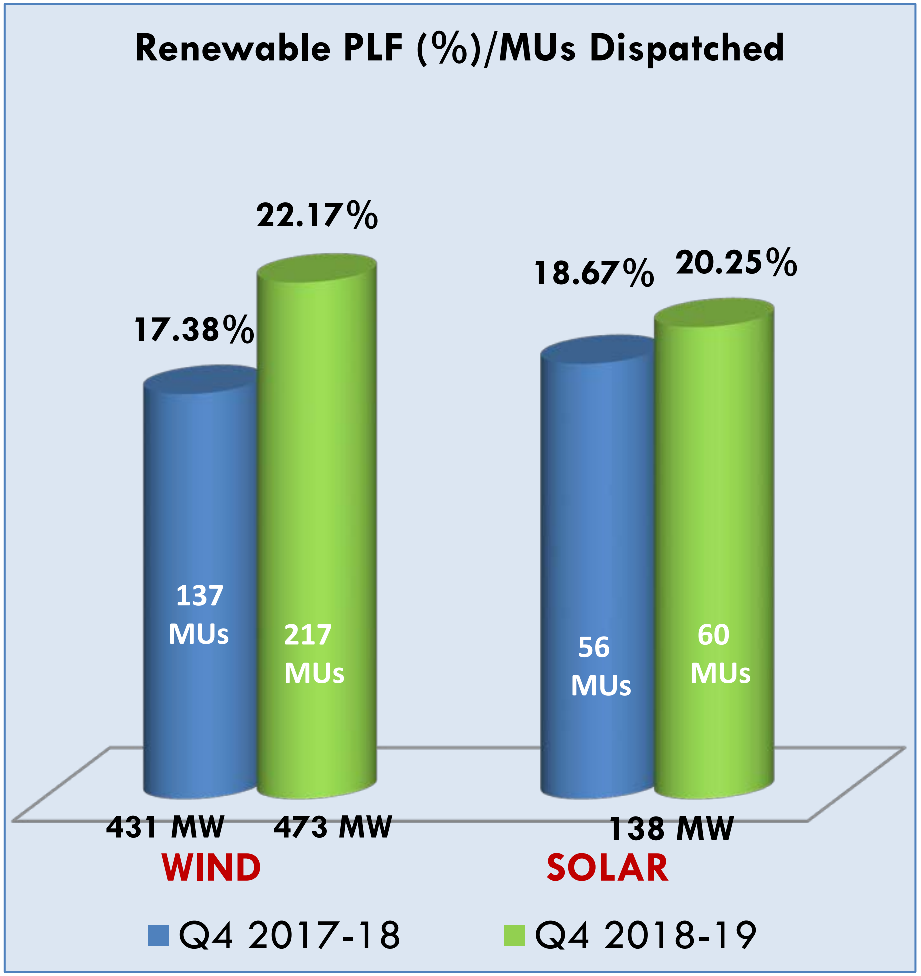
- Property, Plant & Equipment ("PPE") includes carrying amount of Rs. 4,365 Crore pertaining to 1,200 MW DGEN Mega Power Project located at Dahej, India ("DGEN"). DGEN started commercial operations from November 2014 ("COD"). Due to various factors such as unavailability of domestic gas, high prices of imported gas and non-availability of power purchase agreements DGEN was not operated after COD, except for intermittent periods during FY 2015-16. During the periods of non-operation, DGEN was maintained in cold standby mode for immediate start-up, as and when required.

- In view of above conditions, the Company carried out an assessment to test whether the carrying amount as at 31st March 2019 of PPE of Rs. 4,365 crores in respect of DGEN was required to be impaired in accordance with Indian Accounting Standard 36 ("Ind AS 36"). The assessment was carried out with the help of an external valuer ("expert"). The expert estimated value-in-use by adopting discounted cash flow method for the balance useful life of the DGEN project as at 31st March 2019 under 2 scenarios i.e the management case and an alternate case by taking varied sets of assumptions reflective of likely future operating scenarios. The value in use in both the scenarios is higher than the carrying amount of the PPE pertaining to DGEN and accordingly no impairment provision is considered necessary as at 31st March 2019.

- The assessment of value-in-use involved several key assumptions including expected demand, future price of fuel, expected tariff rates for electricity, exchange rate and current electricity market scenario which the management considered reasonable based on past trends and the current and likely future state of the industry. Management intends to review such assumptions periodically to factor updated information based on events or changes in circumstances in order to make fresh assessment of impairment, if any. Changes in such key assumptions in future may have a material adverse impact on the value-in-use.

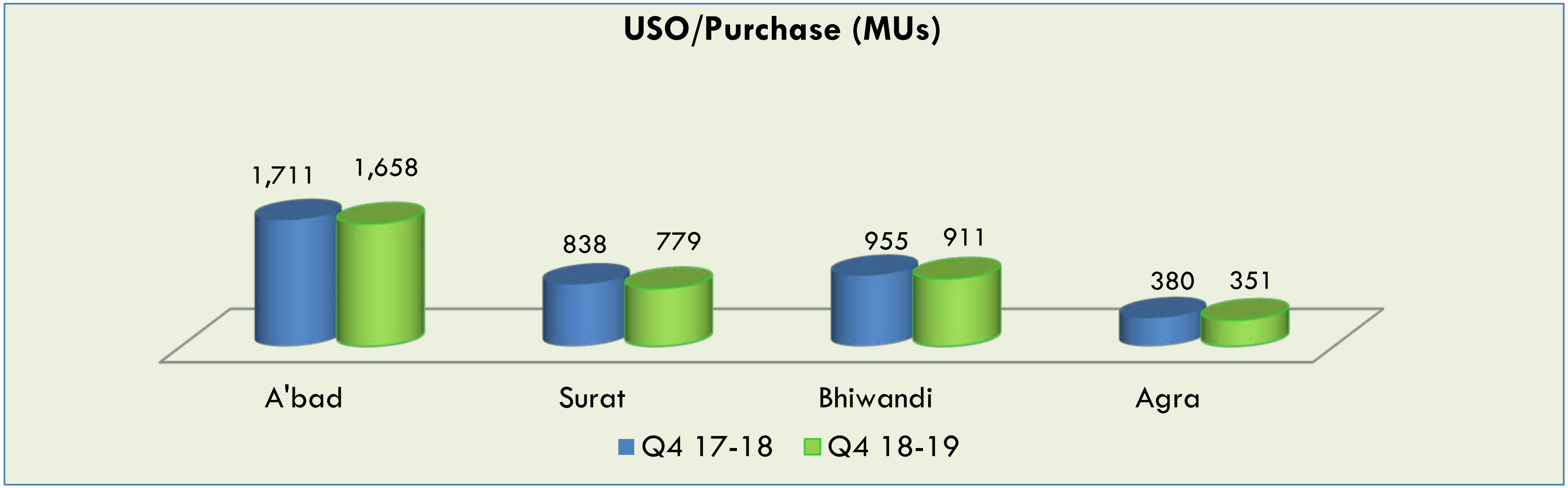
Overview of Operations – 2018-19 (Contd…)

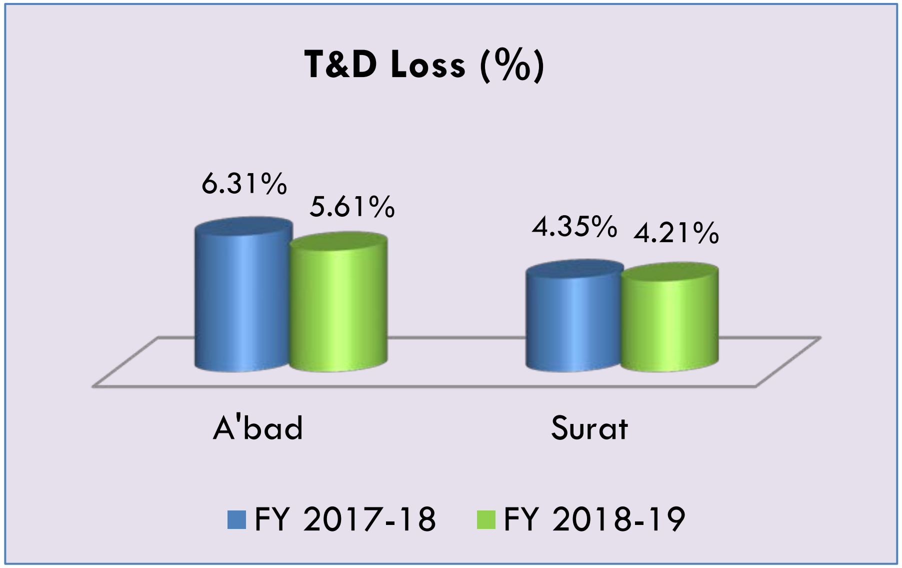


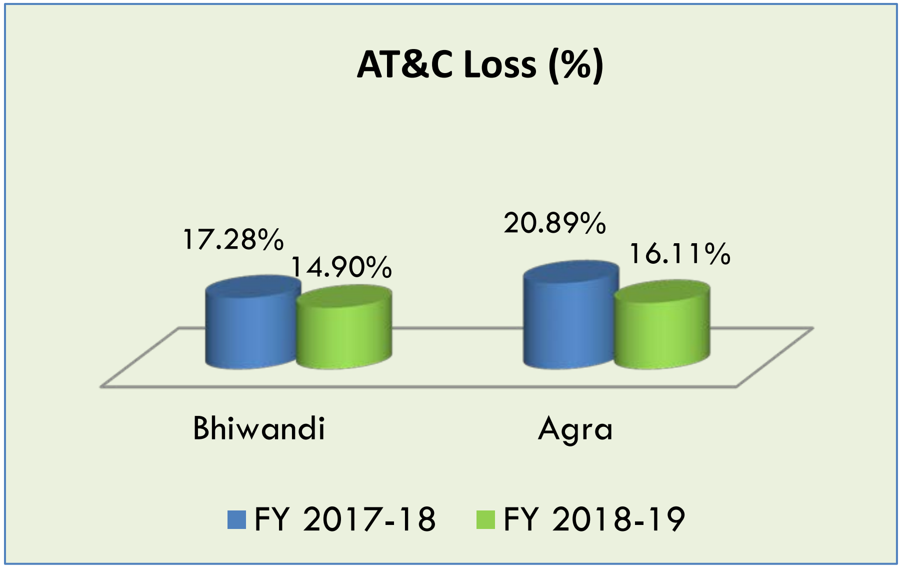


- NIL generation in UNOSUGEN and DGEN during Q4 17-18 and Q4 18-19
- 60 MW C station of AMGEN plant retired w.e.f 2nd April, 2018

Overview of Operations – FY 2018-19 (Contd…)







4. Investment Rationale

- State of the art gas based plants
- Direct import of LNG at efficient cost
- Low environmental footprint & large quantum of renew-ables in power system creates a favourable conditions for sustain-able operations of unutilised capacities
- Expected approval of UNOSUGEN tariff by State Regulator
- Govt contemplating scheme for revival of gas based plants via gas pooling mechanism

Thermal Generation

- Huge growth potential in renew-ables at returns higher than COE
- Company's right to win : strong project development, O&M & financial capabilities
- Opportunity of flexible generation to sell pooled RTC power [Renewable + Gas] at competitive cost on a long term basis

Renewable Generation

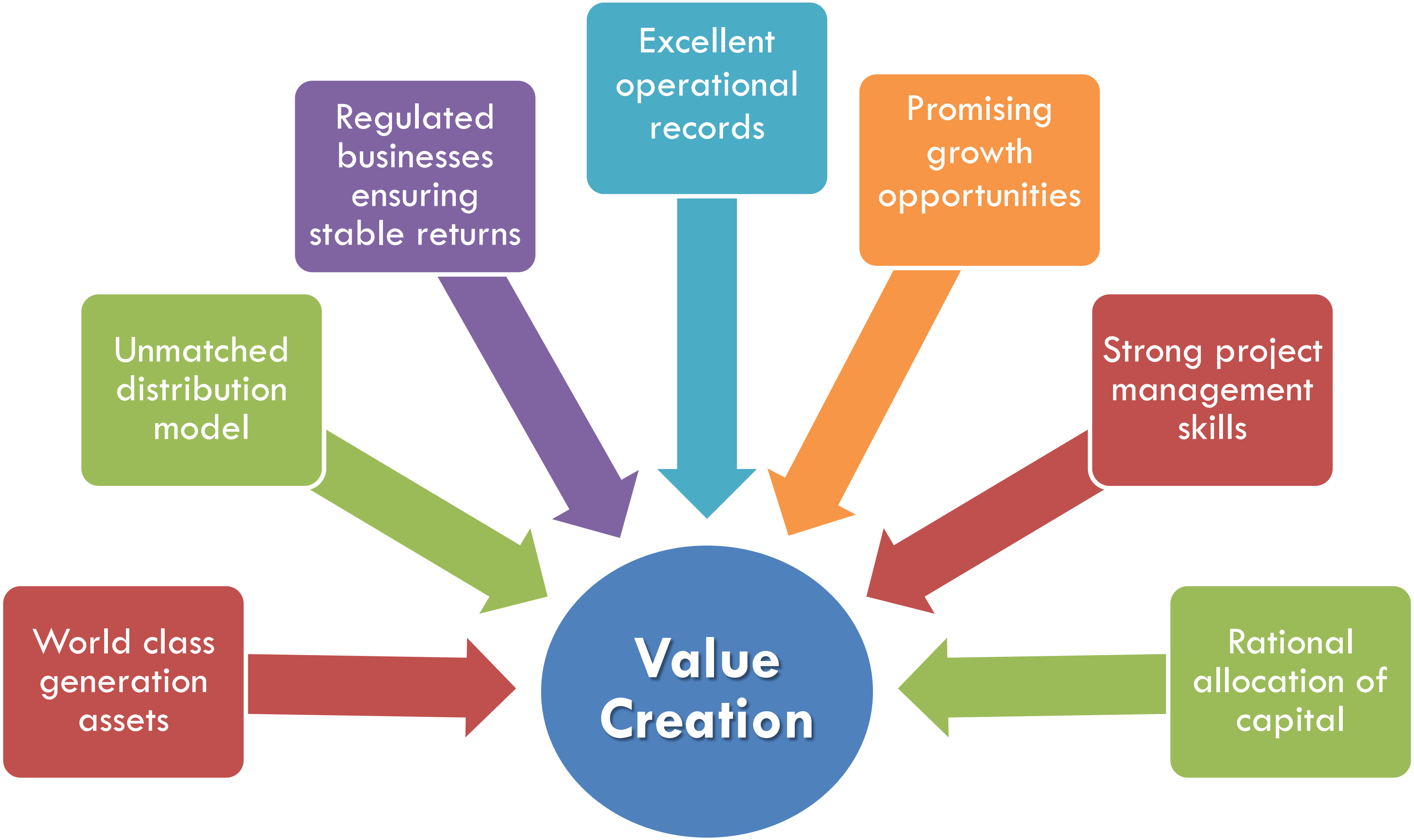
- Need for a robust grid to support huge increase in renewables capacity presents attractive opportunities for private transmission players
- Robust regulations & limited project risks
- Company's right to win : strong project development & financial capabilities

Transmission

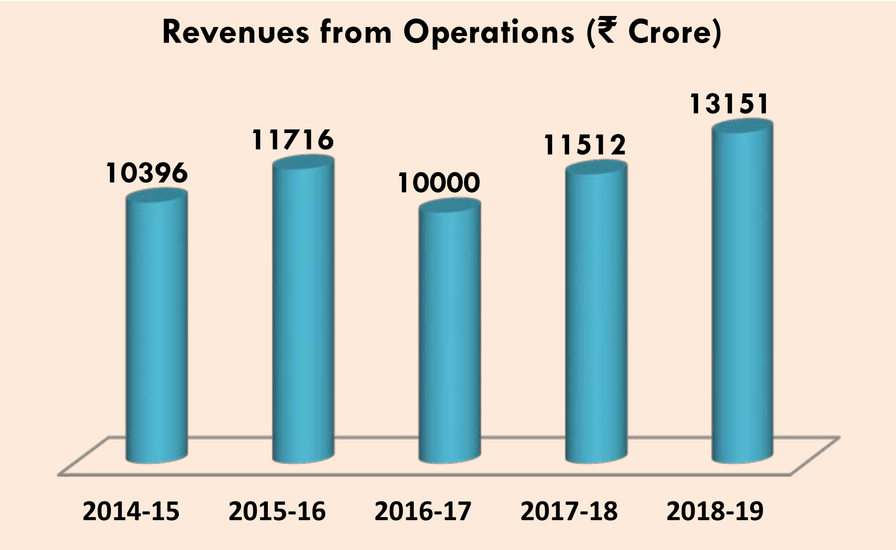
- Opportunities for private sector considering the endemic inefficiencies of the public distribution sector
- Torrent has a strong distribution platform to take advantage of upcoming Franchisee & privatisation opportunities in distribution sector

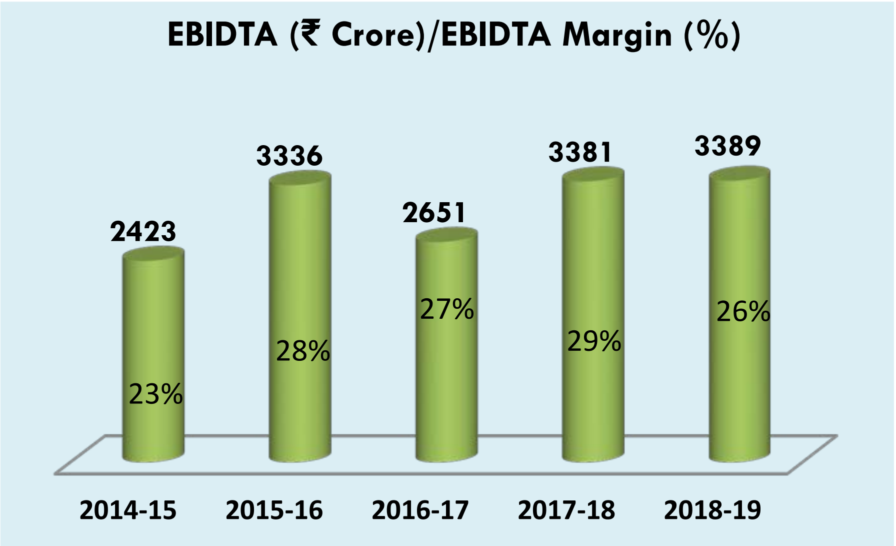
Distribution

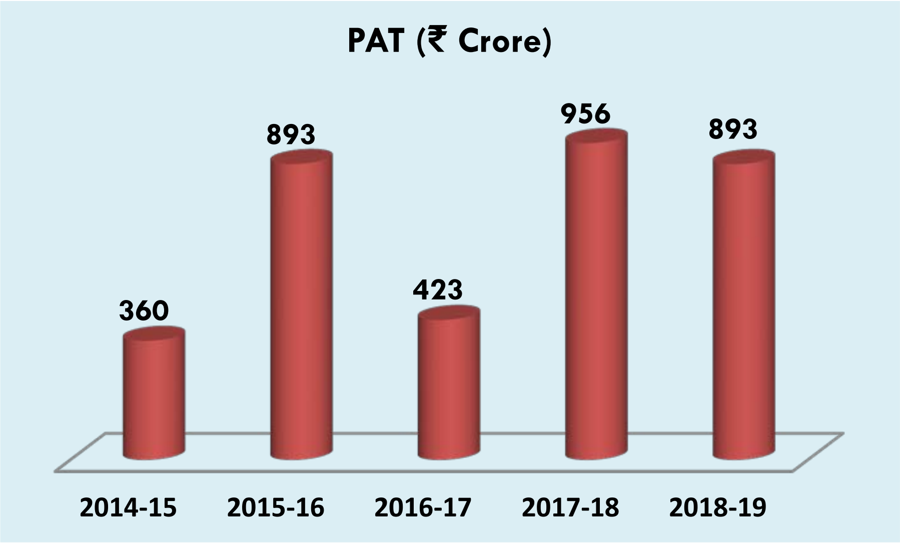
Investment Rationale (Contd…)

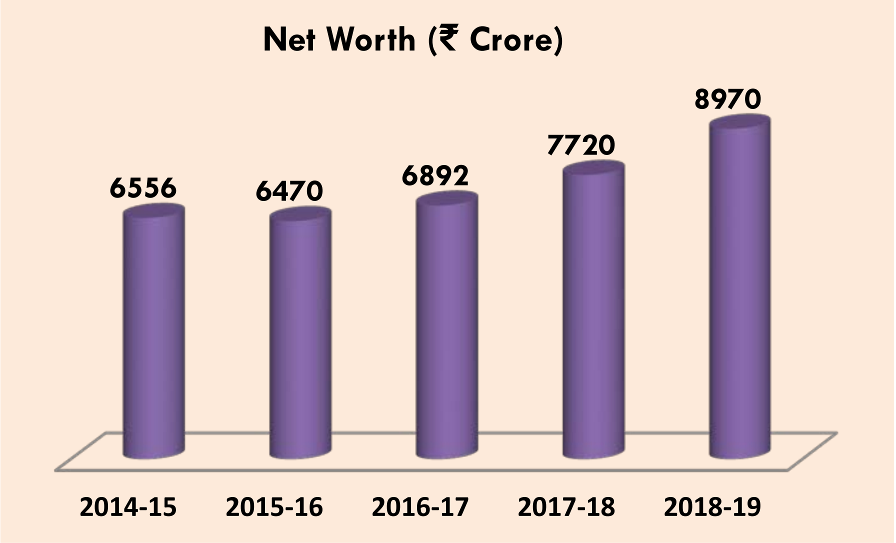


5. Five Year Trend - Key Financial Statistics



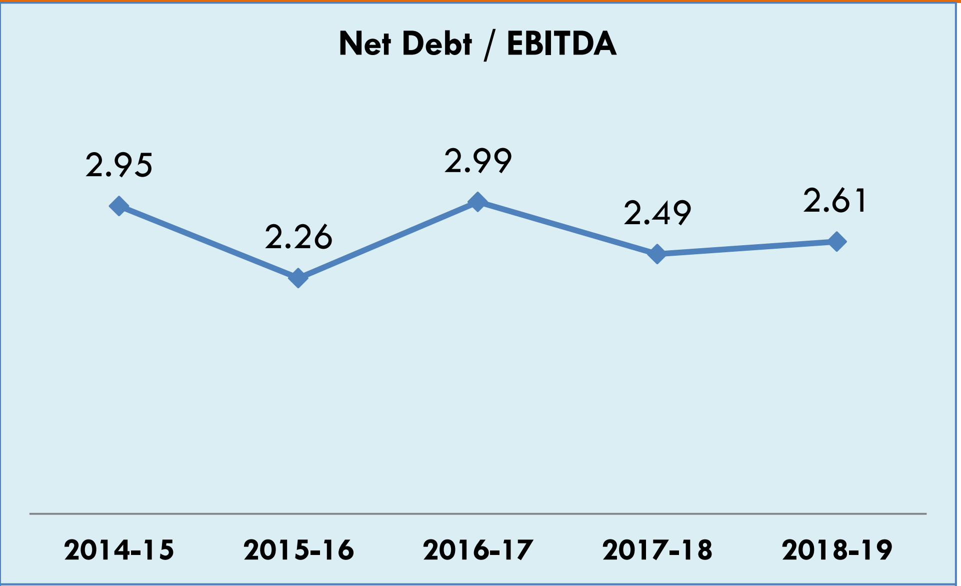


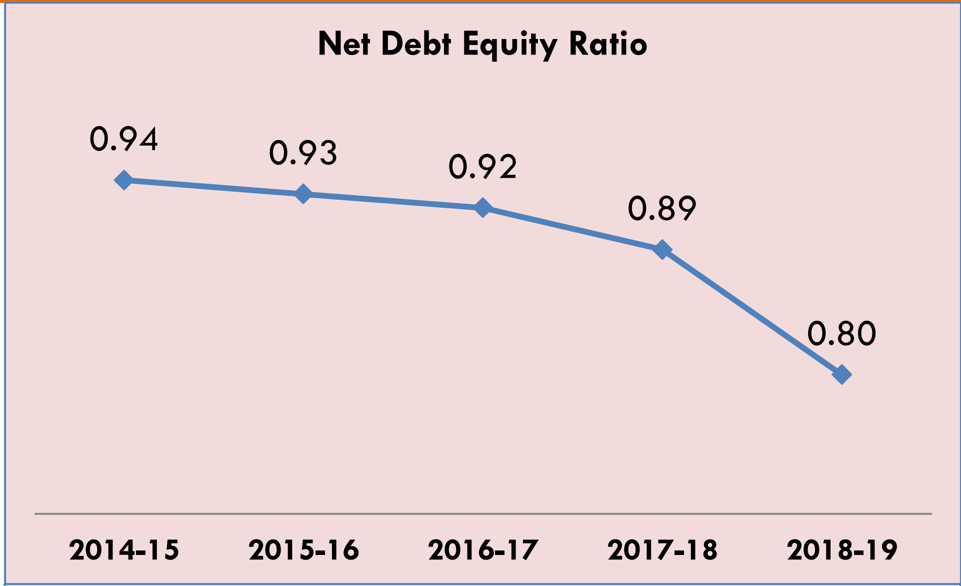


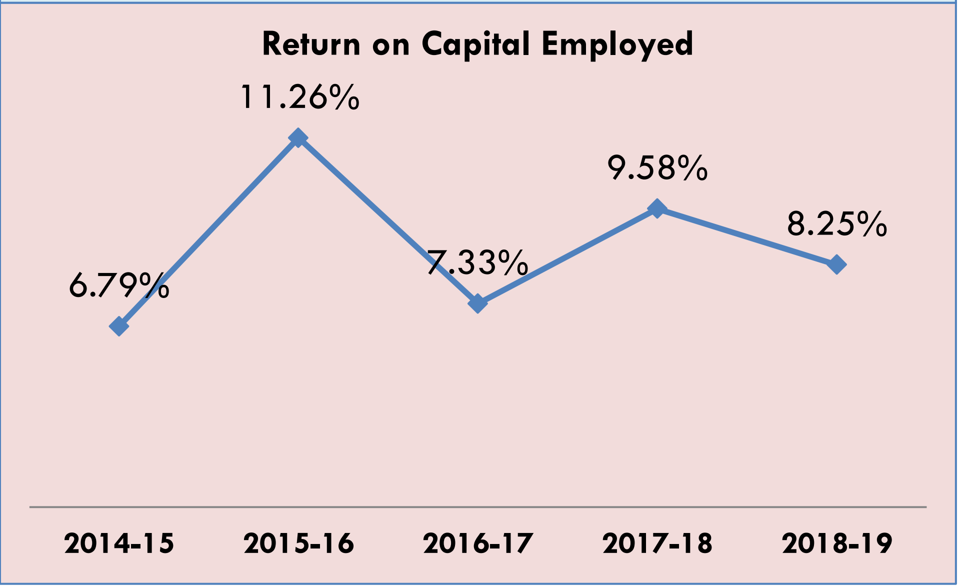


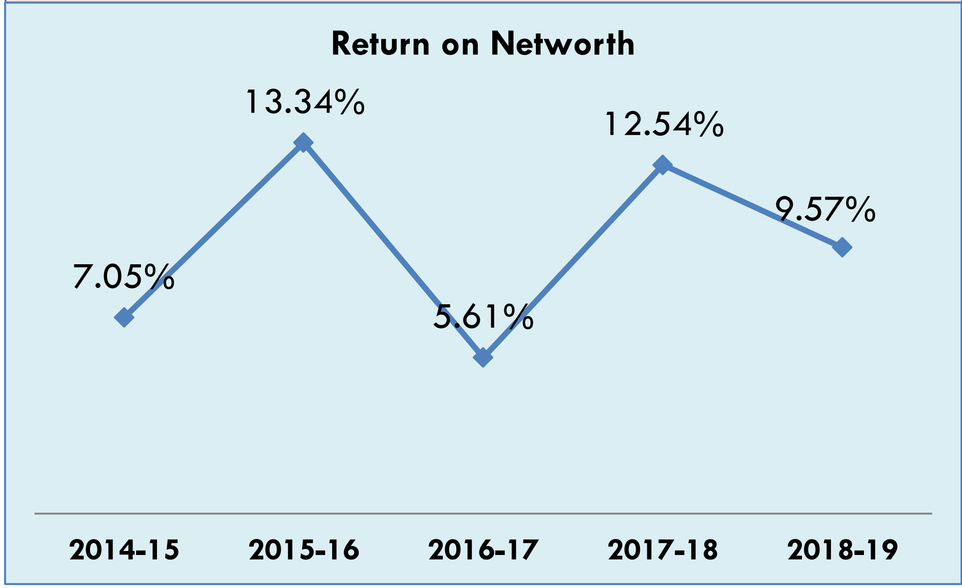
Note: FY 2015-16 onwards Financials are based on IND AS. From 1st April 2018, the Company has adopted Ind AS 115, Revenue from Contracts with Customers , hence the numbers of previous periods are not comparable.

Five Year Trend - Key Financial Statistics (Contd…)









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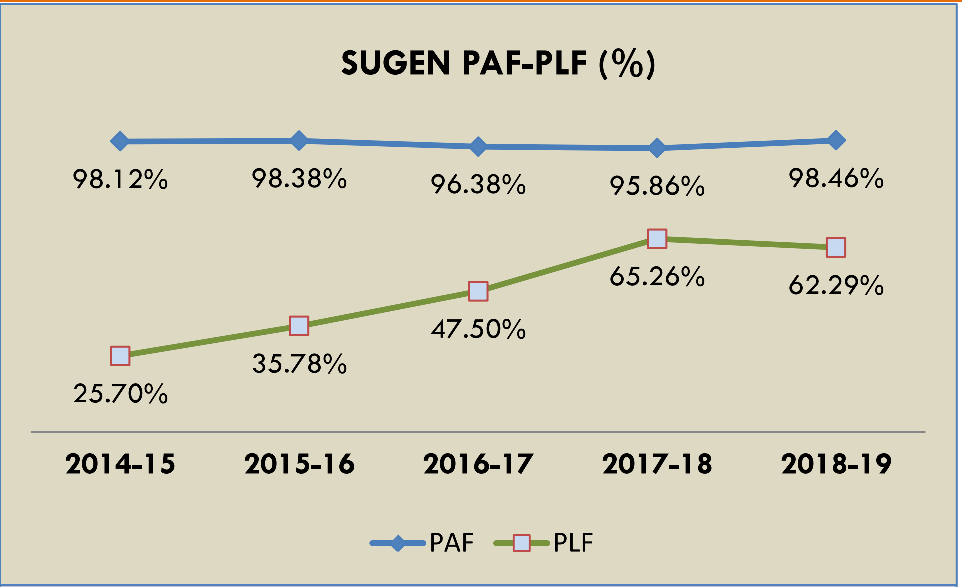
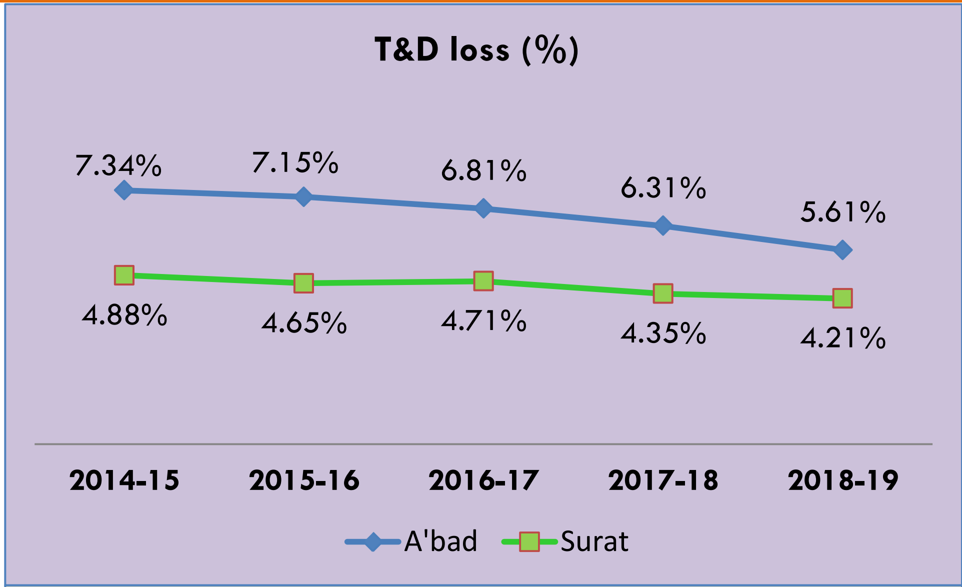
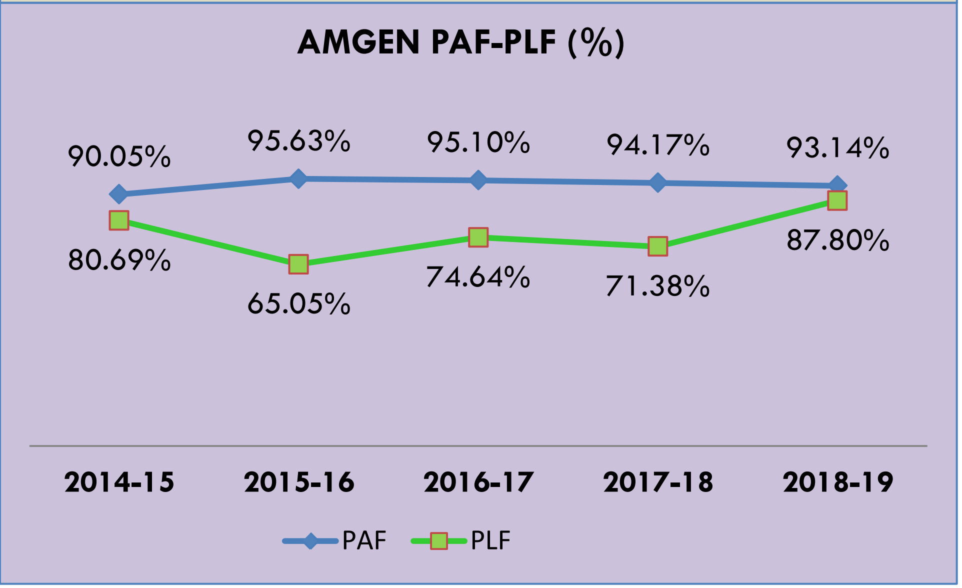
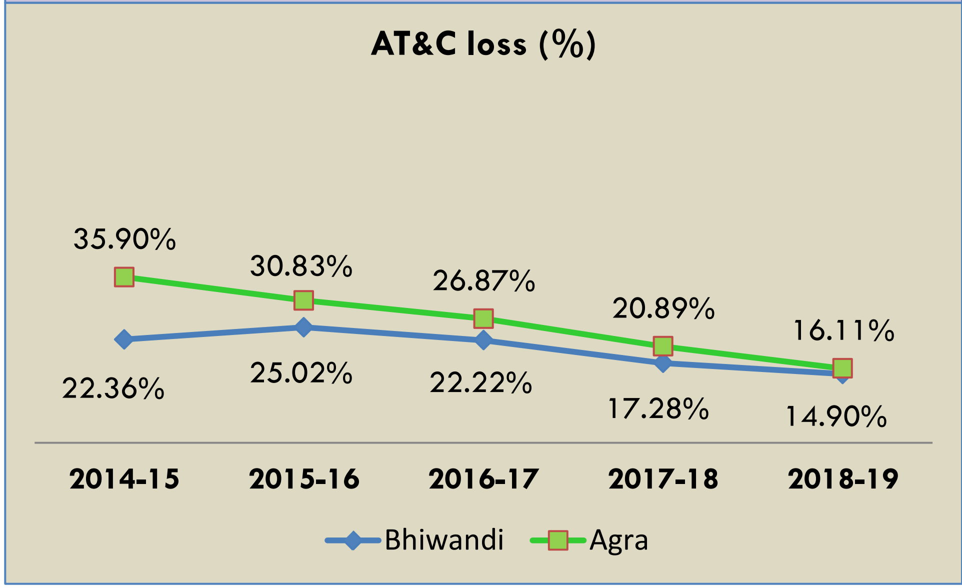
Five Year Trend - Key Technical Statistics (Contd…)









Note: PLF % in Amgen in FY 17-18 is including C Station which is being retired w.e.f. 02nd April 2018.

THANK YOU

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