Management Discussion

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
Thank you. Good evening to all of you, and thank you for joining earnings call of Torrent Power of Q1 FY '27. I will first speak to the performance of the quarter. Thereafter, we welcome the question and answer.I will explain the performance of the company at PBT level first, and then we'll take you to the tax expenses separately. Reported PBT for the quarter stood at INR925 crores as compared to INR985 crores in the corresponding quarter of last year, a reduction of INR60 crores. PBT for the corresponding quarter of the last year included a non-recurring loss of INR59 crores on account of non-cash adjustment due to foreign currency fluctuations.Adjusted for this one-off, PBT for the quarter stood at INR925 crores as compared to INR1,044 crores the comparable quarter of last year, a reduction of INR119 crores on an adjusted basis. Tax expenses during the quarter has increased by 28% as compared to 25% for the corresponding quarter of the last year. The increase is mainly on account of completion of tax for the related period availed under section 80-IA for some of the units.Business-wise factors contributing to the performance are as follows. First, contribution from the Thermal Generation business remains resilient despite elevated gas price arising from ongoing geopolitical tension in Middle East, an increase in O&M expenses. Adjustable non-recurring items in the corresponding quarter of the previous year, the business performance was lower by INR123 crores primarily on account of three factors.First, despite elevated gas price during the quarter, the company maintained healthy operating margin in its merchant power operations. However, the gains from the merchant sales and LNG trading were lower by INR87 crores. During the quarter, we have undertaken an upgrade exercise to our gas-based plant to improve the plant flexibility and availability, resulting into the increase in O&M expenses by INR51 crores.Benefit of these are being demonstrated during the quarter, whereby we were able to realize better margins on merchant power sales. While some of the upgrades are implemented, others are being progressively rolled out in our gas-based unit, which will help us improve our margin realization going forward.This will also help us manage the evolving operating environment, which has significantly changed recently on back of increased renewable energy penetration, requiring our units to operate more frequently in a cyclical mode and respond to varying demand patterns. These measures are expected to support higher availability, improve operational reliabilities, and optimization of long-term O&M costs as well as despite the -- as well as despite the increasing flexibility operating regimes.Company on 25th June, '26, consummated acquisition of Nabha Power plant, which contributed INR15 crores in the quarter. Lower contribution from the Thermal Generation was partly offset by increase in gain from distributions and Renewable segments. The second reason, on the distribution and transmission segment, in total, it has contributed 71% addition profit, driven by three factors.First, receipt of favorable orders from the regulator, approving carrying cost of INR41 crores. This is a normal course of business due to regulatory asset we have and we are getting the favorable regulatory orders. Second, improved contribution from the operations by INR19 crores, supported by two factors for increase in ROE and ROCE on account of capitalization of assets and higher rate of returns on equity as per the new tariff regulations and other incentives.The third is -- second is improved contribution from the distribution franchisee business on back of improved volumes and increased tariff. Volume across the franchisee distribution business improved by 4%. The third reason is additionally new commissioning transmission project has contributed INR11 crores incremental profit.Now coming to the renewable operations, we have -- renewable operations contributed INR19 crores positive contributions. Due to generations from newly recommissioned capacity and improved PLF across the wind and solar, both partially offsetted by gain in similar quarter in the -- similar quarter of the

previous year on account of LPS income on delayed payments.The fourth reason is other factors lowering the profitability INR90 crores. There are two main reasons. First, increase in the finance cost on back of higher capitalization and related borrowing. And second, increase in miscellaneous expenses and depreciation which was on account of higher capitalization mainly in Renewables segment. This completes the explanation of the financial performance within the quarter.Now coming to the update of the various projects and the implementations. Renewable energy project of 70 megawatts got commissioned during the quarter, taking the aggregate installed capacity -- installed generation capacity of the company to 6.6 gigawatt as on 30th June, 2026, comprising of 2.7 gigawatt gas-based project, 1.8 gigawatt coal-based project, and 2.1 gigawatt renewable capacities.First, on renewable energy projects. As on 30th June, '26, renewable energy project of 4.6 gigawatt are under implementation, which we expect to commission progressively as under. About 1.2 gigawatt capacity is expected to commission in FY -- current year FY '27. It is 1.4 gigawatt to 1.6 gigawatt capacity is expected to commission in next year, which is FY '28, and balance capacity in FY '29.Capex of INR1,550 crores was incurred during the quarter against INR1,200 crore capex in Q4 FY '26, and INR335 crores of capex in Q1 of FY '26, this is comparable quarter of the last year. Of the total capex of INR29,600 crores in RE projects under implementation, cumulative capex of INR8,800 crores has been incurred up to 30th June, '26. In FY '27, total capex of approximately INR10,000 crores is expected to be incurred for all RE projects.Moving on to the implementation under the Anuppur thermal project of 1.6 gigawatt, the update is as under. First, activity are underway wherein following major milestones have been achieved. First, Power Sale Agreement executed with MP Power Management Company Limited. Second, Letters of Award issued to the BTG as well as balance of plant. Third, environment clearance received for the project. The fourth, the project is expected to commission in next six to seven years. A total capex of INR450 crores has been incurred as on 30th June, 2026.Coming on the Pumped Storage Hydro Project of 3 gigawatt in Maharashtra, the update is activity are underway, wherein following major milestones have been achieved. First, energy storage facility agreement with MSEDCL was executed. Letter of Award issued through the Civil & Hydro Mechanical Package. And second, Electrical & Mechanical Package, Environment & Forest Clearance has been received for the project.The project is expected to be commissioned in next three to four years and total expense of INR1,130 crores has been incurred to 30th June, 2026. In terms of transmission projects, Solapur is under implementation, expected to be commissioned this year. Cumulative capex of INR330 crore has been incurred as on 30th June, 2026. Further details on the pipeline projects have been summarized in our latest investor presentation available on our website. That's all for the quarter.Now I request coordinator to open line for Q&A session. Wish everybody to stay safe and healthy. Thank you so much. Handing over to the operators.

Questions & Answers

Operator
Thank you very much. [Operator Instructions] Your first question comes from the line of Mohit Kumar with ICICI Securities. Please go ahead.

Satyadeep Jain - Analyst, Ambit Capital
Yes. Good evening, sir, and thanks for the opportunity. My question is on Nabha Power. Can you help us with the revenue adjusted EBITDA Nabha Power for Q1 and gross debt on the Torrent Power post the acquisition of Nabha?

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
The Q1, we acquired on the 25th of June. There is hardly five days of income we have booked, not for the entire quarter. So five days, I would say, EBITDA was about total -- it's very -- overall, INR15 crores profit we have booked in our result. Not material amount we have booked because it is a five days operation, we have consolidated in our books of accounts.

Rishi Shah - General Manager of Finance, Torrent Power Limited
As far as gross debt is concerned, so it is around INR6,000 crores -- INR6,500 crores of gross debt, which is added in the books.

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
Because of the Nabha Power project. About INR3,000 crores in the Nabha Power book and about INR3,800 crores in the Torrent Power book.

Mohit Kumar - Analyst, ICICI Securities
Understood, sir. And, sir, is it fair to expect that Nabha Power will add INR250 crore EBITDA per quarter going forward?

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
Yes, you are right. So on a steady state basis, around INR1,000 crores of EBITDA should be a good enough number.

Rishi Shah - General Manager of Finance, Torrent Power Limited
Yes, exactly.

Mohit Kumar - Analyst, ICICI Securities
Understood. My second question is, sir...

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
Cash flow basis. Not on the reported because they are...

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
Understood. I understand, sir. Just the...

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
Cash flow is here. Not on the reported basis because reported basis is a little lower.

Mohit Kumar - Analyst, ICICI Securities
Understood. Adjusted EBITDA. Yes, understood.

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
Yes, adjusted EBITDA. Yes.

Mohit Kumar - Analyst, ICICI Securities
The second question, sir, can you help us with the reason for lower contribution to EBITDA of renewables in this quarter despite 30% increase in generation? I am talking about EBITDA, which you reported in the segmental. Yes? I see only INR20 crore incremental.

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
Sir, differential, you can see this number, but if you look at -- recollect that the last year similar

quarter, we have income about INR47 crore of the LPS claim was available, which was not available in the current quarter. That is why you are seeing the differential number is lower. Otherwise, on a standalone basis, number is higher as far as EBITDA is concerned.

Mohit Kumar - Analyst, ICICI Securities
Just on the RE side, right, sir? RE side, you're talking about, right?

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
RE side. Yes, RE side, I'm talking about.

Mohit Kumar - Analyst, ICICI Securities
Understood, sir. My last question, sir, of course I think you spoke about your capital expenditure program for FY '27 is INR10,000 crores. But how much you incurred in the Q1?

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
Q1, we have total incurred -- so around INR1,500 crores, but in Q1 for renewable projects.

Mohit Kumar - Analyst, ICICI Securities
For the RE project?

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
For the RE project, yes.

Mohit Kumar - Analyst, ICICI Securities
We haven't spent anything on the coal, nothing on the PSP in the Q1. That's right, sir?

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
Thermal -- basically coal, we have incurred about INR125 crores.

Mohit Kumar - Analyst, ICICI Securities
Thank you, sir. Understood. Very helpful, sir. Thank you, sir. Thank you. And best of luck, sir.

Operator
Thank you. Your next question comes from the line of Satyadeep Jain with Ambit Capital. Please go ahead.

Unidentified Participant - Analyst
Hi. Thank you. First of all, wanted to understand, dissect your demand across different distribution circles. While Ahmedabad, you registered 10% volume growth YoY, the Surat, Dadra, Nagar Haveli, all these other licenses and all had very muted growth. Just trying to understand what was happening in these regions, when, overall, at the all-India level, we had very strong growth in the quarter? The AT&C losses also increased in all these -- almost all circles, AT&C losses increased substantially, both demand and AT&C losses.

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
Ahmedabad is a benchmark, I would say 10% is a growth which is comparable with the country's average, I would say. Surat, being an industrial town, always growth will be not comparable with the overall demand growth, I would say. Dahej is also an industrial area, basically. So it's comparable to the Surat growth.DNH, yes, DD, yes, there is some lower demand, is an exceptional case, I would say. It's not a repetitive kind of nature. In terms of AT&C losses, I would say, in Agra, particularly, the

last year similar quarter, we got some good realization from our Agra Nagar Nigam Limited, The past realization we got, which has reduced our AT&C loss substantially, which is not the case in the current quarter.So that is what the difference, I would say, in AT&C losses. Otherwise, DDDNH and SMK is not material different, I would say, as compared to the last year. Agra is the -- there is a substantial difference in the Agra, mainly because of the higher realization we have received in the comparable quarter of last year, which is not the case in the current quarter.

Satyadeep Jain - Analyst, Ambit Capital
Okay. And, sir, what was the -- I'm not sure if I missed it in the opening remarks. What was the merchant EBITDA and NNP EBITDA in this quarter?

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
The differential lower profit is about INR87 crore, like what we have said. And we sold about 445 MUs in the merchant market in the current quarter.

Unidentified Participant - Analyst
And this was largely in high DAM market?

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
Yes, yes.

Unidentified Participant - Analyst
Okay. Just trying to understand, how do you look at this market, given you have a large untied capacity and many players are adding battery, and given the merchant BESS installations that we see for this year and projections, do you see a case for any risk? How do you evaluate merchant gas potential for you?

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
You keep on -- If you look at the demand pattern in the country, where the peak demand and the summer demand will always be there, and now the peak demand period is also prolonging, I would say. So during the evening time and the summer time, we keep on getting this opportunity in the merchant market for our mutualized capacity, entire capacity, I would say. So when the gas price become normal, we will keep on getting more opportunities going forward, I would say.

Unidentified Participant - Analyst
Sir, lastly, on some -- there is some delay in one FDRE project, it seems, and some other projects also slight -- I know you're talking about 1.2 gigawatt in general for this year, but are you seeing delays on -- some of these are your own DISCOMs, it seems like STU. Are you seeing some delays in STU commissioning and the latest estimate you have for 1.2 gigawatt, what kind of visibility do you have for transmission availability?

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
As you know -- As you're aware that these -- all these project, connectivity, transmission line availability, basically, commissioning of the transmission and onward transmission line is bit of a issue, and some of them because of the ROW issues, which we are trying to work with the transmission utility to ensure -- see that they should come -- their project on time so that our project progress should also align with them, their timeline.

Rishi Shah - General Manager of Finance, Torrent Power Limited
Satyadeep, what we have said is after factoring in all those issues, our expectation is that we should achieve this target, what we have given. Now, if something unfortunate happens, we'll update you on a quarterly basis. But this is what we feel that is a reasonable estimate right now, looking at the current scenario.

Satyadeep Jain - Analyst, Ambit Capital
Okay, thank you so much.

Operator
Thank you. [Operator Instructions] The next question comes from the line of Sumit Kishore with Axis Capital. Please go ahead.

Sumit Kishore - Analyst, Axis Capital
Good evening. My first question is in relation to your 1.2 gigawatt peak commissioning target. What kind of phaseout are you expecting of project commissioning after 70 megawatt in Q1? Is it likely to be more Q3, Q4 heavy or is there any phaseout that we should be mindful of?

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
We expect about -- though first quarter, our commissioning was 70 megawatt, but by Q2, we expect about 400 megawatt will get commissioned, and the balance will happen in H2, I would say. That is what we are progressing.

Mohit Kumar - Analyst, ICICI Securities
Okay. So H2 will be about 800 megawatt peak and H1 is 400?

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
Yes, exactly.

Mohit Kumar - Analyst, ICICI Securities
Okay. And we were reading in the media that your AMGEN plant is supposed to be sort of shifted to another location, and in lieu of that, you'll set up a 800 megawatt replacement power plant. What is the official -- what is your version of what developments have happened so far?

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
So AMGEN power project is about 362 megawatt capacity, and it is -- we have a permission to ramp up to December '30. And what has happened that the -- since after December '30, it's not going to be in operation. So we have expressed this, and it's a, basically, plant available for the Ahmedabad distribution. So we requested state government for the coal allocations, double the coal allocation of capacity of 362 megawatt.That coal -- state government has approved the coal allocation, but they have requested the central government for the coal allocation. Once the central government approves the coal allocation for this plant, we plan to set up close to about 800 megawatt unit to replace the AMGEN power project. That is what the plan is.

Sumit Kishore - Analyst, Axis Capital
Has the land for this plant been earmarked or allocated to you?

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
No, I think it -- we are working out on where exactly to place the plant. So it may not be in Gujarat

also. So we are working on that, where this new plant will come in. So work in progress kind of a thing right now, but coal allocation has been done by the state government. We applied to the central government for the allocation. Once the allocation is available, then we firm up our plan and implement one unit of 800 megawatt to replace the AMGEN power project.

Sumit Kishore - Analyst, Axis Capital
Okay. Quarter-on-quarter, we have seen some movement in your RE portfolio, mainly around C&I project. So what is your general outlook for the year in terms of how your portfolio for RE will build up? Is there any traction that you're seeing in terms of bidding -- tendering activity for RE projects? Your thoughts here will help.

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
So we are participating in almost all the projects, but as you know of our philosophy, we restrict our bidding at some point of time so that we can at least achieve mid-teen IRR. So that is what the philosophy we continue to adopt going forward also. Our benchmark will be the IRR, not to acquire the more and more capacity. So that is our philosophy we are following, and we continue to follow that philosophy going forward.

Sumit Kishore - Analyst, Axis Capital
Okay, thank you.

Operator
Thank you. [Operator Instructions] As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
Thank you very much, everybody, who joined the Torrent Power earning call. Thank you very much.

Operator
Sorry to interrupt. Management, we have last minute registrations coming.

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
No problem. We can continue.

Operator
Thank you. Our next question comes from Apoorva Bahadur from IIFL. Please go ahead.

Apoorva Bahadur - Analyst, IIFL
Hi, sir. Thank you for the opportunity. Sir, I want to know your thoughts on a couple of things. First of all, on this increased competition from batteries. I think you touched upon this a little bit earlier as well. But where do you see the marginal cost of gas power settlement sort of heading towards, given the price at which probably batteries can supply electricity? And also, secondly, I would also like to know your thoughts if we have any plans of entering the C&I space.

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
So I think, Apoorva, there are two questions here. So if you are asking the levelized cost of energy battery versus gas power plants, right? So now, with these elevated gas prices, the cost of -- variable cost would be higher for our LNG merchant power plants. But if you look at a slightly short-term or a long-term horizon, we expect that gas prices should settle somewhere in the range

of $5 to $8 -- $6 to $8 per MMBtu.Now, if that is the scenario, your variable cost could be around INR4, INR4.5, which is very competitive, even compared to battery also because, I think, INR2, INR2.5 of solar cost plus if you add INR3 of battery cost, that would be INR5, INR5.5 of battery storage solution cost. So I think we are confident enough that our gas-based power plant, particularly in merchant markets, would be highly competitive. That is the first question, if I'm not wrong. I think on the second part, if you can just reiterate, what was the second question?

Apoorva Bahadur - Analyst, IIFL
Right. Sir, second question is on your views regarding the C&I market, the corporate market. Even for your open gas project, is there any plan to maybe tie it up with a data center to supply sort of firm power or any of those thoughts?

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
So, Apoorva, I think, as far as gas-based power plants are concerned, with C&I segment, I think C&I segment would want renewable power. Be it on RTC or anything, they would want a renewable power. So gas may not fit into that category. As far as data centers are concerned, so we are looking at those opportunities. As of now, there is nothing concrete to tell you on data centers where we can tie up our gas-based power plants.But again, data centers also are looking at more of renewable energy. So scope of that is slightly lower. And also, on an economic side or commercial side, if you look at it, I cannot hedge my gas-based prices, gas prices on a long-term basis. So if I do a PPA for a long tenure with a fixed price, there is an inherent risk which I'm taking by locking in my tariff. So I think, as of now, in a short- to medium-term, we don't see tying up gas-based power plants on a merchant, sorry, on C&I or on a data center basis.

Apoorva Bahadur - Analyst, IIFL
Sure, sir. Understood. Thanks a lot.

Operator
Thank you. The next question comes from the line of Shirom Kapur with Jefferies. Please go ahead.

Shirom Kapur - Analyst, Jefferies
Hi, sir. Thanks for the opportunity. Just firstly, on your renewable segment, where a previous participant also asked about the lower EBITDA year-on-year. You mentioned that we had some favorable claims from last year that is not available this year. Are we -- Is that -- Could you maybe quantify how much that was for the full year, and is that going to be absent for this entirety of FY '27? As in, is this a fair run -- sort of quarterly margin rate to assume for the balance of the year? Are we going to see it reduce each quarter?

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
So, Shirom, I think we will not be able to give you guidance for the full year. But if I tell you on the absolute basis, this year, the profit was higher -- our EBITDA was higher by around INR66 crores, which compared to previous year, there was a LPS income which was booked previous year, which is INR46 crores. So if you remove INR46 crores, the EBITDA is higher by INR66 crores.

Shirom Kapur - Analyst, Jefferies
Right. So, and in the entirety of FY '26 could you quantify how much was that LPS again, which might be...

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
For the full year?

Shirom Kapur - Analyst, Jefferies
Yes, for the full year.

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
For the full year, this was the number. So in Q1, the LPS was INR46 crores, and for the full year also was the same number.

Shirom Kapur - Analyst, Jefferies
Understood. Got it. And just secondly, on your -- the capacity pipeline that you shared in your presentation, for quite a few of the projects, it seems that you have maybe delayed your expectation of when the plants are going to come up. For example, SECI XII, SECI XVI wind, they've been slightly extended into FY '28 as well, similarly, for your -- some of your hybrid projects. Could you explain what is driving this delay in capacity addition plans? Is it maybe transmission infra? Is it some -- any other delays, if you could explain that?

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
So it is mainly because of transmission availability because we plan our execution based on the onwards transmission line. So it coincides with the transmission line. And transmission line, basically, large things like PGCIL and other things are developing. So we plan our execution in a way so that we can -- there will not be any capex which will be available -- capex spending not ahead of the transmission line availabilities.

Shirom Kapur - Analyst, Jefferies
Understood, sir. And just if you could share a couple of bookkeeping details here. One is, I know you said Nabha Power Plant was only operational for six days, but if you could give sort of an indicative PLF for those six days, how much that was? And just secondly, on your expenses. Basically, we're seeing your employee costs have actually come down year-on-year. So is there any reason for that, and are we expected to see employee costs further reduce year-on-year in the subsequent quarters?

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
See, Nabha, about your first question about Nabha Power PLF, quarterly, we have achieved about 85% PLF. So that is what generally the PLF level of Nabha power project. Regarding the reduction in salary costs, is maybe a one-off item. Maybe because of the capitalization, we have capitalized more salary costs. There is no other specific reason that it is continuing to go -- coming down.

Shirom Kapur - Analyst, Jefferies
Right, sir. Got it. Thank you so much. That's it. Thanks.

Operator
Thank you. Next question comes from the line of Atul Tiwari with JP Morgan. Please go ahead.

Atul Tiwari - Analyst, J P Morgan Chase & Co
Yes. Thanks a lot. Sir, on the LNG availability and pricing, what is the kind of availability you are seeing? I believe you had indicated that you had contracted a few cargoes in the last call. So are they coming through, and what is the landed price currently?

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
So three cargoes, which was contracted for the summer -- meeting summer demand was already acquired and getting used also. So as the -- for the balance period, we bank on the, basically, spot cargoes. We are banking the spot cargoes. As and when the opportunity is available, we import the cargo on a spot basis. But the next round was, yes, we have a contract of 10 cargoes available, which will be at a link with the Brent rate, not at the spot price. Spot price is higher at about $20 kind of a thing. So it is not affordable. We plan our purchase in a way that it is affordable to the consumer, and we can able to get better margin, basically. It's affordable in the merchant market also so that we can have a reasonable margin available in the merchant market also. So this year, only the merchant market we are looking at. So whatever summer demand was there, we have completed. We have honored our summer demand by importing three cargoes.

Rishi Shah - General Manager of Finance, Torrent Power Limited
And, Atul, as far as availability is concerned, there is no issue of availability. It is a question of what price those cargoes are available. So if required, we can import as many cargoes as you want, but the issue is of the price. So we keep on looking at what is the demand and what is the price which can be absorbed under our PPAs and under the merchant market.

Atul Tiwari - Analyst, J P Morgan Chase & Co
Okay, sir. And, sir, what are the capex in the first quarter? I missed that number. I think you said it.

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
About total capex is about INR2,300 crores, all put together. Out of which, renewable is INR1,550 crores, and thermal capex is INR125 crores, and transmission about INR120 crores, and distribution is about INR500 crores.

Atul Tiwari - Analyst, J P Morgan Chase & Co
Okay. Thanks, sir.

Operator
Thank you. The next question comes from the line of Harsh Singh with Sameeksha Capital. Please go ahead.

Harsh Singh - Analyst, Sameeksha Capital
All right. Thank you for taking my questions. Just one thing, sir. With respect to the franchisee distribution business, is there anything we see on the pipeline in terms of new franchisee --

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
Your voice is not audible. Your voice is not audible.

Harsh Singh - Analyst, Sameeksha Capital
Am I audible now?

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
Yes, you can go ahead.

Operator
It is still the same. If I can request you to use the handset, please.

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
Yes, exactly. It's all -- echo is coming.

Harsh Singh - Analyst, Sameeksha Capital
Am I audible now?

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
Yes.

Operator
Yes, sir. This is much better.

Atul Tiwari - Analyst, J P Morgan Chase & Co
Understood. So thank you for taking my question. Just one thing. So on the franchisee distribution side, is there anything in the pipeline in terms of any new franchisees, let's say, UP that you could partner with? Anything that you could provide there in terms of guidance?

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
So I think UP will come post election only. So they have tried to -- They have attempted to do it before election, but I think considering the agitations and all those things, I think it is going to come post election, UP election. As you know, it is a state subject. Nothing is there, but we expect something will come possibly in the State of Maharashtra. Otherwise, there is no concrete things, I would say, in the franchisee side right now.

Harsh Singh - Analyst, Sameeksha Capital
Understood. Thank you, sir. No other questions from my side.

Operator
Thank you. Your next question comes from the line of Vishal with PL Capital. Please go ahead.

Unidentified Participant
Yes, sir. Thanks for the opportunity. I think this could be linked with the previous -- one of the question a participant asked. So DGEN plant that is on imported LNG. And in this quarter, we also reported a PLF. Though it's a lower PLF, but we are able to generate and sell power. So at a $20 MMBtu, are there still buyers, takers, that's why there's a PLF? Or cargo, we are getting at a lower rate, and that's why we're able to sell. So just to get a perspective on that.

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
So if you look at $20, your variable cost will be about INR30 kind of a thing. So though -- it's very difficult, I would say, but since we have our old cargoes available, we are able to buy at a competitive rate in bits and pockets, I would say, which will help us in setting the -- targeting the merchant market, peak demand period kind of a thing. Basically, summer demand and peak demand kind of market. We are able to sell at a much higher rate and earn our contribution on those market right now. So $20 is quite challenging, I would say, at this rate.

Rishi Shah - General Manager of Finance, Torrent Power Limited
So, I think, Vishal, just to add, at $20, you can sell it high DAM market, not in the regular market, which is capped at INR10. So we have been selling in the high DAM market, and we have been getting better realization. This is doable because we have made a lot of flexibilization in our plants,

where in frequent start and stops can be done and can be run on cyclical basis. So our variable cost would be higher, but at $20, we are able to serve the high DAM, but they will not give you an opportunity to work at a very high PLFs. This is around two, three hours of -- every day, two, three hours, you can get that pricing.

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
In certain slots also, not on a continuous two, three hours basis. It's very challenging, $20 to sell power at a $20 MMBtu is quite challenging, I would say.

Unidentified Participant
Okay. And then the cargoes that you have mentioned, so at what rate we are able to get it? And are we exhausted or probably, still it's there, and then we can have still maybe mid-teens sort of PLF in quarter two and three going forward also?

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
So cargoes was mainly for our distribution business, so for meeting the summer demand. So -- but though any opportunity is available, we keep on buying in a small lot, not in a big cargo -- full cargo kind of a quantity.

Atul Tiwari - Analyst, J P Morgan Chase & Co
Okay. Sure, sir. I think that's all from my side. Thank you.

Operator
Thank you. [Operator Instructions] As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Saurabh Mashruwala - Executive Director and Chief Financial Officer, Torrent Power Limited
Thank you, everybody, for joining Torrent Power earnings call. Stay safe and healthy. Thank you so much.

Operator
[Operator Closing Remarks]