"JSW Energy Limited

Q2 FY27 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day, and welcome to the Q2 FY27 Earnings Call of JSW Energy hosted by Antique Stock Broking Limited. 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 and then zero on your touchtone phone.

I now hand the conference over to Mr. Ishan Verma from Antique Stock Broking Limited. Thank you, and over to you.

Ishan Verma: Thank you, Nisha. Good afternoon, everyone. On behalf of Antique Stock Broking, I welcome you all to the Q2 FY27 Results Conference Call of JSW Energy Limited. We have with us today from the management, Mr. Sharad Mahendra, Joint MD and CEO; Mr. Chandrasekaran Prabhakaran, CFO; and Mr. Bikash Choudhury, Head of Investor Relations and ERM.

We will begin with the brief opening remarks from the management, followed by the Q&A session. Thank you, and over to you, Sharad, sir.

Sharad Mahendra: Thank you, Ishan. Good evening, everyone, and thank you for joining us for JSW Energy's Q2 FY27 earnings call. I hope you and your families are keeping well.

At the outset, let me start with the fact, that the fundamentals of our sector have never looked this stronger. If I were to sum up this quarter in one line, it would be this: the market is moving towards exactly what we have been building. Three themes defined the sector over the last three months. Demand kept beating expectations on the back of a strong economy, energy security moved to the centre of the national agenda, and procurement shifted decisively towards firm, reliable power. Let me take each of these in turn, and then show you how JSW Energy is positioned on each.

The first is demand, and it rests on a resilient economy. India continues to be among the fastest-growing major economies in the world. Real GDP grew 7.8% year-on-year in Q1 FY27, and the RBI expects growth to remain robust at about 7.1% for FY27. High-frequency indicators point to sustained momentum: the Index of Industrial Production grew 8% year-on-year in August, PMIs rebounded in September to 55.1 for manufacturing and 55.2 for services, well within expansion territory, and GST collections rose about 7.7% year-on-year to ₹6.15 trillion in Q2 FY27.

This economic momentum is translating directly into electricity consumption. Power demand in Q2 FY27 grew about 11.1% year-on-year, building on 8.3% growth in Q1. September alone grew about 11.3%, with peak demand touching 270 GW in Q2FY27. The momentum strengthened further into October, with month-to-date demand growth of 21.2%.

Part of this is weather, as monsoon was about 13% below normal in Q2FY27 and cooling demand stayed high well into the evening. But the larger drivers are structural and, in our view, durable: industrialisation, urbanisation, rising per capita consumption, and new sources of load such as data centres and electric mobility. These support our view of a 5–6% long-term CAGR in power demand, and the last two quarters suggest that view may prove conservative.

The second theme is energy security. The ongoing conflict in the Middle East has disrupted LNG and crude flows through the Strait of Hormuz, tightened global energy markets and pushed utilities across Asia back towards coal. For India, the priority is clear: secure, domestically sourced, dispatchable power, backed by a domestic manufacturing base, is no longer optional. It is a strategic necessity.

The sharp rise in imported coal prices has significantly impacted fuel costs across the sector. API4 benchmark coal prices averaged close to US$115 per tonne in Q2 FY27, up around 28% year-on-year from US$90 per tonne. Despite this increase, our transition to domestic coal and the implementation of job-work arrangements at imported-coal plants, which shield us from fuel-price volatility, have enabled us to effectively mitigate the impact and maintain cost competitiveness.

Domestic supply has also tightened. Coal stocks at power plants fell to multi-year lows, and in October around 96 plants were classified as critical, holding an average of 6–7 days of stock against the normative 19–20 days.

Tight fuel supply, coupled with robust demand, flowed directly through to the power exchanges. Day-Ahead Market prices averaged ₹5.7 per unit in Q2 FY27. Our merchant realisation, however, stood around ₹6.9 per unit which was around 20% higher than the DAM average, driven by the strategic bilateral contracts we have entered into.

The third theme is the shift towards firm power. On the supply side, capacity addition continues at a record pace. India added about 23.9 GW of renewables in the first half of FY27, including 20.8 GW of solar, taking non-fossil capacity past 300 GW. On the thermal side, about 3.3 GW was net commissioned in H1, with about 39 GW under construction.

But the more telling signal is in the bidding. Renewables still dominate new capacity additions, yet procurement is shifting decisively towards firm and dispatchable capacity: FDRE, solar-plus-storage, standalone batteries and, notably, long-term thermal. States awarded around 17 GW of long-term thermal capacity at tariffs of about ₹5.4 to ₹6.3 per unit in FY26, and a further 18 GW of thermal tenders are currently under bidding. To us, the conclusion is simple. Renewables and thermal are not competing; they are complementary. Renewables deliver the cheapest energy, while thermal and storage keep the lights on through the evening peak.

Let me now connect each of these three themes, demand, energy security and firm power, to what we executed this quarter.

Since April, we have commissioned 1.4 GW of organic renewable capacity as compared to last full year's approximately 1.2 GW. This is also nearly half of our FY27 target of 3 GW. In Q2, we added 513 MW, comprising 301 MW of solar and 212 MW of hybrid capacity. Including the 300 MW Maruti thermal acquisition, total capacity additions since April stand at 1.7 GW, taking our installed capacity above 15.1 GW, with renewables accounting for approximately 61% of the portfolio.

On the remaining 1.6 GW, we are fully on track. Land and transmission connectivity are secured, equipment is either on site or in transit, and offtake is backed by long-term PPAs. The pipeline is substantially de-risked, and we are confident of achieving our 3 GW commissioning target for FY27, supported by planned capex of around ₹20,000 crore. Further, on our energy storage pursuits, we expect to commission about 1 GWh of projects in FY27.

We are also enthused by the sizeable C&I opportunity in the market, and particularly by the opportunity within our own Group as its companies pursue ambitious growth plans. Our installed C&I portfolio, including group captive, stands at 3.7 GW, about 25% of our total operating capacity. We expect it to grow to over 8.5 GW by 2030, with Group companies contributing a large share.

JSW Energy has long been the energy partner of choice for the JSW Group, meeting around 3 GW of round-the-clock thermal and renewable power demand across Group companies. That partnership has the potential to have a significant step-up. With JSW Steel planning to expand capacity to up to 80 MTPA, and other Group businesses scaling rapidly, the Group's RTC power requirement is expected to more than double to around 7 GW by 2032. A substantial share of this will be met through green energy, in line with the Group's decarbonisation ambitions.

We have already laid the groundwork to capture this demand. Of the 6.2 GW of MoUs signed with Group companies in Q2FY24, 4.5 GW is yet to be tied up, and 2 GW of this is under advanced discussion. This represents a large, visible and high-quality growth pipeline. JSW Energy is well positioned to serve as an integrated energy partner to the Group and to the wider industrial market, delivering reliable, round-the-clock and increasingly green power at scale. This will add a strong layer of long-term, assured demand to our growth trajectory.

Looking further ahead, our locked-in pipeline gives us clear line of sight to our 30 GW target for 2030, and our growth runway extends well beyond it. Multiple drivers support our growth beyond 2030: the Salboni thermal project; the 920 MW Punatsangchhu-III hydro project, our first cross-border generation venture, being developed in partnership with Druk Green Power Corporation, Bhutan's state-owned utility; and further thermal & C&I opportunities. Meanwhile, our sizeable pumped storage pipeline of about 26.4 GWh remains on track.

Moving ahead, As the market pays more for firm power, we have strengthened our thermal platform in two ways.

First, by buying value. We completed the acquisition of Maruti Clean Coal & Power in August at an enterprise value of ₹1,410 crore. It is EBITDA and PAT accretive from day one and lowers our net leverage. About 195 MW (net) is tied up under a long-term PPA with Rajasthan discoms with around 14 years of residual life, while about 64 MW gives us merchant exposure at a time of strong prices. In Q2, this plant generated about ₹45 crore of EBITDA in just 55 days, from our acquisition on August 6th to the end of the quarter.

Second, by building at low cost. At Salboni, Turbine Generator orders for all four 800 MW units, totalling 3,200 MW, are now in place, with the Phase II turbines ordered from Toshiba JSW in September. Site work on Phase I is progressing well, and the first unit is expected by 2030. At KSK, the 600 MW fourth unit remains on track for FY28, and the balance 1,200 MW by FY29.

On fuel, our continued shift to domestic coal has insulated us from the rise in imported prices, as I said earlier. Recently acquired Maruti Thermal Plant is also fully domestically fuelled, through a long-term Fuel Supply Agreement with SECL and linkage under the SHAKTI scheme.

Coming on to our thermal growth ambition, as you know, we raised our stake in Toshiba JSW Power Systems to 10.7% in July. The scheme to acquire GE Power India's boiler business, including its Durgapur manufacturing facility, received NCLT sanction on October 1st, and the transaction should close soon. We have placed the boiler order for the entire Salboni project with the Durgapur facility, which sits in the same state as the project. With turbines from Toshiba JSW and boilers from our own facility, we now control the critical path of our thermal build-out, at one of the lowest capital costs in the industry and on one of the shortest timelines.

The same logic applies to renewables. Our Halol wind blade facility has been producing blades for our wind projects since its commissioning in June, and the Chitradurga facility remains on track for completion in Q3 FY27.

Further, I am also pleased to share that ICRA and India Ratings have affirmed JSW Energy's long-term credit rating at AA with a Stable outlook. This recognises our larger and more diversified operating base, our high share of contracted capacity, and the deleveraging we delivered through the ₹10,150 crore capital unlocking in this calendar year. A stronger rating directly helps contain our cost of capital as we fund our ongoing leg of growth.

I'd also like to address curtailment, an issue the sector as a whole is grappling with. Curtailment across our portfolio stood at about 4.8% of total generation in H1, below the national level curtailment of about 5.4%. In Q2, our curtailed units stood at ~225 MUs with a Revenue impact of Rupees 59 Crores. Further, about 60% of our curtailed capacity currently on temporary GNA will move to permanent GNA by the end of Q3 FY27, which should reduce our exposure meaningfully.

Our growing renewable portfolio also helped us avoid about 13 million tonnes of CO_2 emissions in H1 FY27 and about 8.4 million tonnes in Q2 FY27, based on the prevailing Indian grid emission factor.

Coming to our Q2 operational performance.

Net generation for Q2 FY27 increased by 17% year-on-year to 17.5 billion units, driven by robust capacity addition and healthy plant performance.

On hydro, the monsoon was weaker this year, and All-India hydro generation declined about 15% year-on-year in Q2. Our plants held up well against this backdrop, helped by their location in the Sutlej and Ravi basins, which outperformed the national trend. In the Sutlej basin, Karcham Wangtoo and Baspa did broadly comparable to the basin, operating at consolidated PLF of about 90%. In the Ravi basin, where generation rose about 14%, Kutehr more than doubled its generation to about 408 million units in its first full monsoon season, at a PLF of about 78%. Our Tidong plant, which was commissioned in Q1FY27 before the scheduled timeline of October 2026, gave us a healthy advantage of ongoing hydro season – the plant generated 199 MUs in Q2FY27 at a PLF of 61%. Overall, driven by incremental generation from Kutehr and Tidong, our hydro generation was 3,421 million units, up 13% year-on-year.

On thermal, generation was 8.9 billion units, up 13% year-on-year, including 321 million units from the newly acquired Maruti plant. Our consolidated thermal PLF was 75% in Q2, against the All-India thermal PLF of 67.8%. Mahanadi operated at 90% PLF, and Utkal continued stable supply under its PPAs with Karnataka and Assam, at a PLF of 82%. Utkal had an exceptional quarter, now that it operates under long-term PPAs. Plant EBITDA more than tripled year-on-year to ₹368 crore in Q2 FY27, and grew over 60% YoY in H1 FY27. This was driven by significantly better plant performance and by PPA realisations well above the DAM prices at which the plant's power was sold a year ago.

On renewables, All-India generation grew about 11% year-on-year for wind and about 39% for solar in Q2, driven largely by capacity additions, with All-India PLFs of about 37% for wind and 18% for solar. Our wind and solar portfolios operated at PLFs of 46% and 19% respectively, and generation was up 25% for wind and 36% for solar, supported by a year-on-year capacity increase of ~1.5 GW.

Turning to our financials, many of which you will already be familiar with from the pre-call materials. Backed by robust capacity addition and healthy plant performance, revenue for the quarter was ₹6,658 crore, up 24% year-on-year, and EBITDA was ₹3,907 crore, up 23% year-on-year.

With year-on-year capacity addition of ~1.9 GW and new assets being capitalised, depreciation rose 17% to ₹943 crore, and finance costs rose 14% to ₹1,615 crore, in line with the pace of capacity we are adding. Further, I'm sure many of you have questions about the potential increase in interest rate due to the recent actions by RBI and the inflationary expectations, and what they could mean for our bottom line. Our debt book is well insulated. Close to a quarter of our term debt is at fixed rates, and nearly 90% of the floating portion is linked to lenders' internal benchmarks like MCLR, rather than Repo or other market linked instruments like Treasury-bills etc. Historically, we have seen that MCLRs tend to lag and not increase in the same quantum as that of Repo. We also actively and progressively keep pursuing refinancing as our projects reach commissioning and build operating track records. With that lever of refinancing still available and lag in MCLR reset, we do not see any immediate rise in debt cost, and may be only a modest impact, in the medium term, if the interest rates hikes continues.

Additionally, as you can see in our presentation, our Debt cost has come down significantly by about 51 bps to 8.28%, from about 8.79%, a year back.

Profit After Tax was ₹1,141 crore, up 38% year-on-year, and PAT attributable to shareholders was ₹1,056 crore, up 50% YoY.

Excluding debt tied to capital work-in-progress, our Net Debt to TTM EBITDA stands at about 4.94 times, down from about 5.2 times in FY26. We hold cash and cash equivalents of about ₹15,700 crore, and our cash return on net worth, adjusted for our JSW Steel shareholding, stands at about 15%.

Let me return to where I started. The economy is growing strongly, and power demand is growing even faster. Energy security is now national policy, and the market is rewarding firm, reliable power.

JSW Energy is well positioned on each of these fronts. We have a portfolio diversified across modes such as Thermal, Hydro, Wind and Solar, backed by an increasingly integrated supply chain. We have a clear record of delivery, with 1.4 GW commissioned this year and full visibility on the next 1.6 GW. Our locked-in pipeline underwrites the next phase of growth, and a healthy balance sheet gives us the headroom to fund it.

Overall, we enter the second half of the year with confidence and momentum.

As we approach Diwali, I would also like to extend warm wishes to all of you and your families for a joyous festive season and a prosperous year ahead. Thank you, and we look forward to your questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Mohit Kumar from ICICI Securities.

Mohit Kumar: Congratulations on a very, very good set of results. My first question is on the JSW Mahanadi PPA. If I see your slides, I think you are talking about a PPA which you may be exploring. My question is, are you looking at the utility kind of PPA? I'm asking the question because most of the DISCOM PPAs are coming with the condition that you have to set up the capacity within the state. And we haven't heard anything about Chhattisgarh floating those kind of PPAs, yes.

Sharad Mahendra: Yes, Mohit, thank you. See, I think when you are talking of Mahanadi, you are talking of the PPAs for the upcoming capacities is what we believe?

Mohit Kumar: Yes. Yes.

Sharad Mahendra: Okay. See, yes, definitely, the project work has started, as we have said that the first unit is expected to be commissioned in FY28 and balance two Units in FY29. And the way the demand scenario and the requirements which are coming in for the firm and reliable power, we are definite about new PPAs coming; there are many DISCOMs who are looking for a firm power supply for a PPA. So we don't see that as a challenge going forward.

Of course, when you talk of Chhattisgarh, it is only that the 5%, which is the free power, that is the commitment which is there for them available. But yes, we continue to explore the possibility of what should be the strategy, which states we have to go for, etc. But yes, going forward, we will definitely be going for the Power purchase agreements.

That said, we fortunately have time on our side to take this decision. If the evening-peak trend continues, with demand rising the way it has been and the same growth drivers in play, we may also look at keeping part of the capacity open for merchant sales.

But principally, as we said that we will be focusing on the long-term power purchase agreement and that stance remains as it is. The advantage is that this plant being close to the coal mine has a low fuel cost, and hence the opportunity to take advantage, maybe a part of this capacity may be kept in the merchant market also with short-term contracts. So we will take a call at the right

time, but we are confident that selling this capacity will not be a problem because of the low fuel cost being close to the mine.

Mohit Kumar: Understood. My second question is what explains the strong EBITDA for Utkal on a QoQ basis? I think QoQ, there is a sharp jump. Was there any one-off during the quarter?

Sharad Mahendra: Maybe I'll request Mr. Prabhakaran, to take up the question

C. Prabhakaran: Mohit if you see the last quarter, I think we are selling most of the capacities in the short-term. We all were in the merchant. Now from April onwards, as you are aware, that we have kind of secured this long-term PPA with Karnataka and also the Assam. So I think We are realizing better prices from these assets, which continues to support the earnings and profitability of the overall Utkal portfolio.

Mohit Kumar: But the jump is a high on a QoQ basis, last Q1 FY27. Last quarter, I think...

C. Prabhakaran: As you are aware, we had a robust plant performance and we are at about close to 82% of PLF this year this quarter. Wherein we had certain kind of operational issues, outages in the last quarter. So the performance of the plant have completely kind of improved as compared to the last quarter. And that's why you see this improved performance in this quarter.

Sharad Mahendra: And also to add, Mohit, what C.P. just said is as compared to Q1, quarter-on-quarter when we compare because the plant availability was slightly lower than what it was in quarter 2, though it was not impacting our fixed cost recovery under the Power purchase agreement with Karnataka, but the opportunity to sell in the merchant market was limited.

So, the opportunity where we were able to get with the better plant performance in quarter 2 as compared to quarter 1 gave us the opportunity for a better financials through the merchant, which was additional for us.

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

Sumit Kishore: My compliments on a strong quarterly performance and project execution. My first question is in relation to your portfolio target of 30 GW by 2030, close to 3.7 GW of C&I renewable and our utility capacity of 7-odd GW is there.

What is the stage of sort of readiness in terms of transmission evacuation and land for these projects to be commissioned over the next 3-4 years. And after you commissioned 3 GW of RE this fiscal, given the challenges in the sector, how should we think about the phaseout of capacity addition through 2030 on renew?

Sharad Mahendra: Yes, Sumit, thank you. I think this is a very, very valid question related to the sector, not only for JSW Energy. Yes, 3 GW current year and next year, we have given the guidance that maybe 2.5 GW- 3 GW every year, that is on track. And our capacity addition beyond current year, say, for FY28 or beyond is basically we have divided our planned addition into three categories.

One is that the off-grid, which is the group captive requirement under the C&I, wherein my dependence on the grid or the grid curtailment, I'm insulated from that. That is a significant

capacity, which is going to be there, and getting added every year. Second is intra-state connectivity, which is the STU connectivity within the state and through the STU network.

And third, which we have to remember is that when we talk of curtailment, we all know that we have a significant advantage of diversified locations across the country. And the curtailment, which we talk of, majorly the curtailment is in a particular region like Gujarat and Rajasthan sector on the northern grid.

There, we have limited capacities and whatever curtailment we have faced is in this corridor only, our three projects, out of which 2, as I said in my opening remarks, are going to get the grid network access when the new capacity is coming up for the grid power evacuation by this quarter end.

So I think what we have planned, after evaluating what are the challenges which are coming in, our planning is insulated from any curtailment challenges. Wherever the challenges are, it is the Battery energy storage, which is going to play a key role. It will be a solar coupled with battery energy storage, assuming that there can be some curtailment, then we will get the opportunity to sell the power in the evening peaks.

So keeping that thing in mind, we are absolutely certain that there will be no obstacle or hurdle in achieving our annual plan of whatever, 2.5 GW to 3 GW capacity addition every year, wherein wherever required, battery energy storage is going to be to play a major role. So that capacity addition is sacrosanct. It is going to be there.

Sumit Kishore: Sure. You spoke on reliable power being the future and on battery energy storage system, a couple of your peers in the sector have moved a bit faster, and they are even dabbling with the time shift arbitrage by selling that power in the evening. So your BESS plans as per portfolio is 3.2 GWh.

I mean how should we think about your BESS investments over this 4-year period? I mean, definitely, are you going to limit yourself to just this or it seems to be a much bigger opportunity. How do you think the arbitrage opportunity is going to fare over the next 3-4 years? Is it going to go away? Or how will it sort of play out?

Sharad Mahendra: Right. Sumit, if you compare that maybe someone else has moved faster, we have to see the difference in the model. I am getting the curtailment for which I have the plants which are commissioned and have a firm power purchase agreement, which may get started the moment the connectivity comes, maybe it can be 6 months or 1 year.

Maybe the others who are doing this are having a large capacity commissioned with no power purchase agreement, which is there in sight. And it is basically - I see that as a cost which has been already the money which has been invested and not giving the desired returns.

To protect that, I will not say a sunk cost, but to protect that losses, it is better keeping in mind the evening peak, what the prices which are being discovered in the demand. This is a very good step which has been taken. For us, this curtailment is a very, very temporary phenomenon. But yes, we also, as I told you, like what we are doing is we applied about 8 months back for evening

connectivity for our solar plants, which are already commissioned. We are also going to set up in the coming year.

Now we are going to start the project work, wherein we will be setting a solar capacity for charging the batteries and only using our existing connectivity for solar, which we have got the sanction allocation for the evening discharge through the battery.

So we are also working on, and we will be definitely commissioning at this BESS capacity, as you said, all this is over and above that 3.2 GWh. This is a dynamic situation, but we are working on this, and we definitely will be participating by setting up such model of projects and taking advantage of the evening peaks.

Moderator: The next question is from the line of Atul Tiwari from JPM.

Atul Tiwari: Congratulations on a strong set of numbers. Sir, my question is on the merchant sale in the quarter. You did mention ₹ 6.9/KWh realization. Would it be possible to share how many units were sold in the merchant in the quarter?

Sharad Mahendra: We have shared that in the slide. It is 1.1 BUs, which we have sold during the quarter, 1.1 BUs. If you see in the presentation, Slide number 6.

Atul Tiwari: Okay. And sir, is this phase continuing in the third quarter? Do your bilateral contracts extend well into third quarter and the fourth quarter? What is the duration of those contracts, etcetera? Any color?

Sharad Mahendra: Yes. Definitely, third quarter is fully booked. And maybe I'll not comment on the pricing, but the pricing discovered may be either same or better than this, not lower than these for quarter 3. And now the discussions are on for quarter 4. Normally, it is 2-2.5 months back before this planning start. There are discussions going on even for quarter 4, but quarter 3 is fully booked.

Atul Tiwari: Okay, sir. And sir, on the fixed rate debt, you said 25% of the debt is at a fixed rate. So what will be the tenure of these fixed rates? Is it for the duration of the life of the debt or only for some time?

Sharad Mahendra: Prabhakaran, please.

C. Prabhakaran: Yes. I think if you look at it, of this 25% fixed rate loans, we are saying that about close to 15%, which is forex linked one, where it is fully kind of hedged both on the interest rates and also on the FX. So I think that is in the range of about close to 5-6 years, is the kind of the tenure that we have. And on the balance are NCDs where that is also kind of about close to 4 to 5 years. So we are talking about on the 25% of fixed, the tenor approximately between 5 to 6 years.

Moderator: The next question is from the line of Vishal from PL Capital.

Vishal: Sir, regarding the BESS, I think one of your slides talks about we'll be commissioning 1 GWh of BESS in FY27. So is this BESS, I mean, linked with the PPA capacity that we have? Or are we preponing some of the BESS and we sell it in merchant? How one should look at this?

Sharad Mahendra: Yes. see, this is all is the ESA capacity, which are going to be under the ESA. And these are majorly in two states, which is Rajasthan and the state of Kerala.

Sharad Mahendra: And, to reiterate, These are all standalone BESS. Any investment in solar is not there.

Vishal: Okay. Got it, sir. And just a clarification, by FY30, we are planning to have 30 GW of capacity. That's our base case. But in one of your slides, which is slide I think at the back, the numbers are not there. Slide 39, where we have given a breakup of our capacity renewable under construction and MOU base. So that totals to almost like 27 GW.

And similarly, we have done the same for thermal-based capacity, which is 11 GW of capacity, which is coming to, say, under construction and operational. So that this totals almost like 37-38 GW of capacity. So I mean, is this a pipeline that we have.

Sharad Mahendra: Yes, this is a pipeline and MoUs,- because if you see when we say 30 GW, we all know that the full work is going on, and we have signed 3.2 GW of Power purchase agreement with the state of West Bengal and setting up a greenfield plant in Salboni. Out of that, 30 GW contains only 800 MW of phase I, balance all 2.4 GW is beyond 30.

And then as I told in my remarks opening statements also that the group captive requirements are going to go beyond 2030 also when the capacity plans of JSW Steel, which they have announced now, the growth plan. So all those things are the pipelines, which are beyond 30 GW and beyond 2030.

Vishal: Okay. Okay. And maybe one last question. Regarding the renewable capacity under construction capacity of almost like 10.4 GW what sort of PPA that we have right now out of this number?

Sharad Mahendra: See, we are doing this all which is there under construction or at various stages of construction project execution is all under PPA, which is basically with utilities, with C&I customers and group captive. So, it is all under the PPA.

We are not investing anything or setting up any capacity till now for a merchant, of course, as I said some time back to answering one of the questions that going forward, seeing the evening peak opportunity putting up some solar capacity with battery and only for evening peak sale through battery discharge is something which may get added. But right now, it is all under a PPA, which is out of it 2 GW is under group captive which are under discussion and that is going to get closed now.

Vishal: Sure, sure. And in group captive, when we are doing any PPA, so I mean, any threshold IRR that we work or I mean, like ROE framework that we have when we put this arrangement?

Sharad Mahendra: See, as we have been saying, for any PPAs or projects, our benchmark returns are mid- to mid-teen IRRs. It has to meet that criteria and then only we sign. So that statement remains. All our projects definitely have to be minimum mid-teen IRRs. And that has got in the group captive also we have.

Vishal: Sure, sir. I think this explains a lot of query, sir.

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

Dhruv Muchhal: Sir, you have shifted the KSK Mahanadi 1,200 MW from pipeline to under construction. Does it mean that you have placed the equipment order? And also you're guiding the unit to commission by FY29. Although it's brownfield, it's a 3-year commissioning that you're targeting. I mean, I'm just trying to understand, is this optimistic because generally, what we see is 4-5 years, even for brownfield?

Sharad Mahendra: Yes, One is that the equipment orders have been placed already, and we don't see any uncertainty because, it's a local procurement only, and it is absolutely in within the time lines. And second is the 3-year time line when you see, we have to compare with a greenfield plant, which takes normally 4.5- 5 years.

Here, there is a lot of common infrastructure in the plant - a lot of balance of plant areas are fully ready to handle 3.6 GW, whether it related to coal handling plant, whether it is related to ash handling plant, the railway infrastructure for coal transportation or whether it is the transmission network. That all is already ready when we acquired for 3.6 GW. So this gives us a confidence of doing in 3 years, we don't see that as a challenge.

Dhruv Muchhal: Got it, sure. And sir, you have also now included group captive under advanced discussion of 2 GWs, specifically you are mentioning this. I mean how should we consider this? This happens within the next 3 months, 6 months and commissioning in 2 years? Or I mean, I'm asking because this is not specifically included, so probably there is a better time line now.

Sharad Mahendra: Yes. The thing is, as I said, that we have a clear visibility of 30 GW till FY30. Now our group company, as we said that they have also announced a huge expansion capacity additions, greenfield and brownfield both, the requirements are going to be significantly high, from the current levels of power requirement.

This will go beyond 2030. So when we say 30 GW, beyond that, the momentum will continue maybe at least next 3 to 5 years, then that time, our major focus is going to be the thermal capacity and the RE capacity under the C&I and the group captive is going to be our focus beyond the current 30 GW plan, which we have.

Dhruv Muchhal: Got it. Sure. And sir, even in the solar and wind and hybrid space, the under construction pipeline space, we see a Q-o-Q increase in the pipeline. And if I just check, most of the increase is coming from the C&I line item in hybrid or wind or solar. And I believe these are third-party C&I because otherwise, you classify them as group captive. So are you looking for more and more C&I kind of contracts and this is the nature of customers that you're tapping?

Sharad Mahendra: Yes, yes. That is our focus area now for maybe two, three reasons. One is that, of course, there is a complete energy transition even at the industry level also, everyone has the RPO obligations to meet by 2030. Everyone is looking for a certain percentage of green power. So we see this as a big opportunity. And in terms of pricing and returns also, we find this more attractive because for the buyer also, this is a replacement cost benefit. So it's a win-win for both.

And we are executing and like maybe in this quarter, the quarter gone by, we have commissioned the capacity for the cement company. We are doing more and maybe within this H2 of current year, the likes of Amazon and others, we are going to commission the capacities and the data

center opportunities which expect, going forward coming, we are in discussions with various organizations.

So of course, yes, C&I, group captive, as I said, hydro pump storage and thermal. These are the four pillars which are going to be there beyond 2030 visibility, which is there today in terms of bifurcation.

Dhruv Muchhal: Got it. Sure, sir. And so the next thing is on KSK, if I look at the EBITDA, does this number ₹ 650 crores reflect the run rate now? I mean, I believe there was a tariff adjustment which was pending. So does this reflect it and this can be considered as a reasonable run rate or there should be some adjustment to this because there is a dip Y-o-Y, Q-o-Q.

C. Prabhakaran: No, I think this kind of run rate EBITDA should be the base basically. I think that's how we should look at it.

Dhruv Muchhal: I mean this considers the adjustment to the tariff which has happened now. This is after the tariff adjustment.

Sharad Mahendra: Yes. this is post adjustment to tariff.

C. Prabhakaran: Ther is also close to 100-115 MWs, which is being sold in the merchant market, which is also part of this.

Dhruv Muchhal: Sure. Got it. And sir, just last thing, probably a suggestion. Now we will see more and more renewable capacity ramping up for you in terms of commissioning. But for us, there is no way to understand what -- I mean, what economics they are coming at. Generally, what we see is we get either the gross block or the depreciation and the EBITDA run rate.

So you're able to map out at least independently calculate what is the run rate or what is the economics of these new projects. And given this will be more and more of your portfolio, it will help if you start disclosing those numbers. Otherwise, I mean, making sense of the numbers becomes a bit difficult. So that was a suggestion.

Sharad Mahendra: Yes, We will take that.

Sharad Mahendra: We are making a lot of that and how we can address this.

Moderator: The next question is from the line of Abhineet Anand from BNP Paribas.

Abhineet Anand: Yes. Just two questions. One, I think on merchant, you specified ₹ 6.9 per unit for this quarter. And you said that 3Q is at similar rate, right?

Sharad Mahendra: Similar or slightly better. It will not be lower than this. It will be better than this.

Abhineet Anand: If you can help me with the net merchant capacity in the three plants that you have, which is KSK, Utkal and Maruti?

Sharad Mahendra: If you see what we have sold in long-term and short-term through the merchant, which is 1.1 billion unit, it is almost 7% in energy terms. In capacity terms, it's about 4%.

C. Prabhakaran: Yes, about 4%.

Abhineet Anand: Okay. Second, on 75% of debt book, when you said of the floating rate MCLR, but that does go in sync with a lag, I understand. But let's assume we have a 25 basis point increase, another 50 comes up. your rate, which is at 8.3% currently, does it go to 9% for F '28 if the overall rate hike in India happens by 75 basis points?

C. Prabhakaran: So normally, if you look at the last 1 year when the RBI kind of decreased the repo rate - even though the RBI repo kind of decreased by about 100 bps, the actual transmission which happened was only about 50 basis points. And in some of the banks, it was even lesser about 30 bps transmission.

So, overall, I think what I was kind of referring to was even though the repo kind of decreased in the last 1 year to close to 100 bps, the actual transmission was not more than about 50 bps. So I think similarly, if you look at it, even assuming that, say, for example, another 75 happens, we are kind of foreseeing that basically not more than, say, 40 bps kind of should kind of translate.

So if you look at it from a 40 bps and 75% of it, it kind of looks like you're looking more like a 30 bps kind of a number increase. So with 8.28% and 30 bps, it should be 8.58%. But we are closely working with the banks and others to kind of refinance some of this. And I think at this point in time, we'll kind of look at not more than 8.50% is what we can look at.

Abhineet Anand: Okay. And does this impact any new projects that you would have taken at a certain IRR?

Sharad Mahendra: No, it will not. See, the thing is the new projects, as we have been stating earlier, we make a conservative assumption of 9% for the full project life.

Sharad Mahendra: For the life of the project for 25 years. So we don't see any impact if it goes beyond 9%, it may, but we don't see any impact on our ongoing projects, even with the increase from a current level of 8.28% to 8.5%, we don't see any impact.

Moderator: The next question is from the line of Bharanidhar from Avendus.

Bharanidhar: Yes. So my first question is on the merchant capacity. Could you refresh regarding the capacity of the total merchant opportunity we have plant-wise, like how much it is from Utkal, how much it is in Vijayanagar like that?

Sharad Mahendra: See, plant-wise, maybe we can give the numbers. You can note down - KSK, we have close to 90 MWs. Ratnagiri, we have close to 95 MWs, Utkal, about 60 MWs; Maruti 64 MWs. So we have to remember that these are the capacities which are available for merchant and all are in thermal. Even beyond this, when there are backdowns, at times, it happens that there are backdowns, we get the opportunity to sell the same incremental quantum in the merchant.

We have to remember one thing that this in capacity, as we have been saying, it is around close to 4% of our total portfolio is under merchant open capacity, but all being thermal and the overall portfolio is a mix of hydro, renewable and thermal. In energy terms, as you can see in the presentation, which has been shared to you, selling 1.1 billion units we have sold in merchant, which is close to 7% of our total energy sold in the market.

Bharanidhar: And that would be because of contribution from these -- outside these four capacities that you mentioned is also adding to that volumes? Sorry, what I meant to ask was you mentioned 4 capacities totaling 300-MW selling in merchant. So you're telling the number of units wise, it's 7% because volume.

Sharad Mahendra: Yes. Actually, when we say that the backdown opportunities majorly are coming from these locations only what I have mentioned during the daytime and domestic coal-based plants, which are basically low fuel cost, we get the opportunity to sell incremental quantity from these locations.

But primarily the numbers which I have given, those are the capacities which are available. Apart from some capacity in this -- our hydro project in Tidong also some merchant open capacity is available, which we have been selling also.

Bharanidhar: So a follow-up to that is that all these capacities are tied up on like a 1-month or a 2-month basis on a bilateral basis, is it?

Sharad Mahendra: 1 to 3 months

Bharanidhar: Understood. My second question is pertaining to the run rate EBITDA of the portfolio, which will be operational by end of FY27, how much will that be? And I also want to find out what will be the net debt according to you by end of FY27? Or indirectly, I'm trying to guess how much will be the capex you will be doing in the next 1 to 2 years? And how much will be the net debt that will be there by end of FY27?

C. Prabhakaran: So, I think we only kind of have given a capex guidance that we'll do about ₹20,000 crores this year in FY27. Now if you look at it, we have been also saying that we'll have a cash accrual of about close to ₹6,500 crores, which we'll have. And as you are aware that we did a fundraising and some of the steel shares, which happened, both put together, so we added another ₹7,150 crores. So these two put together is about close to ₹13,150 crores. So, our equity funding visibility is ample.

Bharanidhar: Okay. And about the run rate EBITDA?

C. Prabhakaran: Run rate EBITDA, I think normally, we don't share that information.

Sharad Mahendra: Forward guidance normally we avoid. You can assume that we have said that we'll be adding 3 GW of capacity in that in RE space total organic and 300 MW of acquisition, what we did in August.

So if we add three of RE, we started the year with, say, 13.5 GW and adding 3 another 16.5 plus Maruti 16.8. That is the start of the year, you can assume with the product mix, what we say that you will get a fair idea of what it is going to be beyond FY27, the run rate EBITDA on a capacity of 16.7 to 16.8 GW operational by year-end.

Moderator: The next question is from the line of Ishan Verma from Antique Stock Broking Limited.

Ishan Verma: Firstly, sir, what will be the capex per MW in total for the additional units at KSK? And when can we expect the closure of the minority stake and annual reduction in the minority stake leakage?

Sharad Mahendra: See, as we have said that the balance of plant in KSK has been ready. And in the last earnings call also, I have mentioned about this that the capex per MW for the capacity addition of 1.8 GW at Mahanadi plant will be significantly lower than the industry benchmark. So when we say that the investment in Mahanadi expansion, doubling the capacity will be at least 25% to 30% lower cost per MW capex as compared to the industry average. This I can tell you.

Ishan Verma: Got it, sir. Secondly, I think the West Bengal bid for additional thermal is being bought out and site specific. So are we sort of planning to bid for that as well?

Sharad Mahendra: No, we are not looking towards that. We have enough space there for a greenfield rather than having a shared resource with the government assets. So, when studied, we found that there are many other more opportunities in the country, suited to our needs. So we are not participating in that.

Ishan Verma: Got it. And lastly, sir, this Bhutan 920-MW project, if you could share some rough total project cost and expected time lines?

Sharad Mahendra: We are working. It is at a DPR stage. We have already signed the agreement with the Bhutan government. We are in the process of finalizing the joint venture company and the DPR work is on. Once all the details are ready, which is expected by June 27, then only we will be in a better position to speak on the numbers.

Moderator: Thank you. We take that as the last question for the day. I would now like to hand the conference over to the management for the closing comments.

Sharad Mahendra: Right. Thank you very much. And once again, wish you all a very, very happy Diwali to you and all the family members and the new year ahead. And thank you for being with us today. If any of you have any other questions, please connect with our IR team, and we'll be happy to take those up and answer to your questions. Thank you very much.

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