JSW Energy

Operator: 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 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 the 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 – Antique Stock Broking: Thank you, ma'am. 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 management: Mr. Sharad Mahendra, Joint MD and CEO; Mr. Chandrashekharan Prabhakaran, CFO; and Mr. Vikas Chaudhary, Head of Investor Relations and ERM. We will begin with brief opening remarks from management, followed by the Q&A session. Thank you, and over to you, Sharad.

Sharad Mahendra – Joint MD and CEO: 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 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 center 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 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 Rs.6.15 trillion in Q2 FY27.

This economic momentum is translating directly into electricity consumption. Power demand in Q2 FY27 grew 11.1% year-on-year, building on 8.3% growth witnessed in Q1. September alone grew about 11.3%, with peak demand touching 270 gigawatts in Q2 FY27. The momentum is strengthened further in October, with month-to-date demand growth of 21.2% and year-to-date demand growth of almost 11.4%.

Part of this is weather-related, as the monsoon was about 13% below normal in Q2, and cooling demand stayed high well into the evenings. But the large drivers are structural and, in our view, durable: industrialization, urbanization, rising per capita consumption, and new sources of load such as data centers 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.

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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 an option; 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 $115 per ton in Q2 FY27, up around 28% year-on-year from $90 per ton. Despite this increase, our transition to domestic coal and implementation of job-work arrangements at imported coal plants shielded us from fuel price volatility, enabled us to effectively mitigate the impact, and helped us 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 Rs.5.70 per unit in Q2 FY27. In comparison, our merchant realization stood at Rs.6.90 per unit, which was around 20% higher than the DAM average. This was 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 gigawatts of renewables in the first half of FY27, including 20.8 gigawatts of solar, taking non-fossil capacity past 300 gigawatts. On the thermal side, about 3.3 gigawatts was net commissioned in H1, with about 39 gigawatts 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 gigawatts of long-term thermal capacity at tariffs of about Rs.5.40-Rs.6.30 per unit in FY26, and a further 18 gigawatts 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 peaks.

Let me connect each of these three themes—demand, energy security, and firm power—to what we executed during this quarter, the quarter gone by.

Since April, we have commissioned 1.4 gigawatts of organic renewable capacity, compared with approximately 1.2 gigawatts in the last full year. This is also nearly half of our FY27 guidance of 3 gigawatts. In Q2, we added 513 megawatts, comprising 301 megawatts of solar and 212 megawatts of hybrid capacity. Including the 300-megawatt Maruti thermal acquisition, total capacity addition since April stands at 1.7 gigawatts.

Management: This takes our installed capacity above 15.1 GW, with renewables accounting for approximately 61% of the portfolio.

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Of the remaining 1.6 GW to be commissioned during the year, we are fully on track. Land and transmission connectivity are secured, equipment is either on site or in transit, and off-take is backed by long-term power purchase agreements.

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 crores.

Further, on our energy storage pursuits, we expect to commission about 1 GWh of battery energy storage projects in FY27.

We are also enthused by the sizable 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 see a significant step-up. With JSW Steel planning to expand capacity to up to 80 million tonnes per annum 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 decarbonization ambitions.

We have already laid the groundwork to capture this demand. Of the 6.2 GW of MOUs signed with group companies in Q2 FY24, 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 with certainty. 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, Bhutan hydro project, our first cross-border generation venture being developed in partnership with Druk Green Power Corporation, Bhutan, Bhutan's state-owned utility; and further thermal and C&I opportunities.

Meanwhile, our sizable pumped storage pipeline of 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 and Power in August at an enterprise value of 1,410 crores. It is EBITDA- and PAT-accretive from day one and lowers our net leverage. About 195 MW of this capacity is tied up under a long-term power purchase agreement with Rajasthan discoms, of which around 14 years of residual life remains, while about 64 MW gives us merchant exposure at a time of strong prices. In Q2, this plant generated about 45 crores of EBITDA in just 55 days, from our acquisition on August 6 to the end of the quarter.

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Second, by building at low cost: at Salboni, turbine-generator orders for all four 800 MW units, totaling 3.2 GW, are now in place, with the Phase 2 turbines ordered from Toshiba JSW in September. Site work on Phase 1 is progressing well, and the first unit is expected to be commissioned in 2030. At KSK, the 600 MW fourth unit remains on track for FY28 commissioning, and the balance 1,200 MW is scheduled for commissioning in FY29.

On fuel, our continued shift to domestic coal has insulated us from the rise in imported prices, as I said earlier. The recently acquired Maruti thermal plant is also fully domestically fueled through a long-term fuel supply agreement with SECL and linkage under the Shakti scheme.

Coming 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 1, and the transaction is expected to be closed very soon. We have placed the boiler order for the entire Salboni project with the Durgapur facility, which is 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 and commissioning in Q3 FY27, the current quarter.

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 recognizes our larger and more diversified operating base, our high share of contracted capacity, and the deleveraging we delivered through the 10,150 crores of 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 would also like to address curtailment, an issue the sector as a whole is grappling with. Curtailment across our portfolio stood at 4.8% of total generation in H1, which is lower than the national-level curtailment of about 5.4% that has been witnessed. This has been possible primarily because of the diversified asset base, rather than having the majority of the assets in areas where curtailment is being witnessed more.

In Q2, our curtailed units stood at 225 million units, with a revenue impact of 59 crores. Further, about 60% of our curtailed capacity currently on temporary grid network access will move to permanent GNA by the end of the current quarter, which is Q3 FY27, and this will significantly reduce our exposure to curtailment.

Our growing renewable portfolio also helped us avoid about 13 million tonnes of CO2 emissions in H1 FY27, and about 8.4 million tonnes in Q2 FY27, based on the prevailing Indian grid emission factors.

Now coming to our Q2 operational performance.

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

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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 Satluj and Ravi basins, which outperformed the national trend. In the Satluj basin, Karcham Wangtoo and Baspa performed broadly comparably to the basin, operating at a consolidated PLF of 90%. In the Ravi basin, where our Kutehr plant is located, 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 Q1 FY27, much before the scheduled timeline of October 2026, gave us a healthy advantage during the ongoing hydro season. The plant generated 199 MUs in Q2 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 an all-India thermal PLF of 67.8%. The Mahanadi plant operated at a 90% PLF. 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 crores in Q2 FY27, and grew over 60% year-on-year in H1. This was driven by significantly better plant performance and by PPA realizations 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 37% for wind and 18% for solar. Our wind and solar portfolio 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.

Now 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 crores, up 24% year-on-year, and EBITDA was 3,907 crores, up 23% year-on-year.

With year-on-year capacity addition of 1.9 GW and new assets being capitalized, depreciation rose 17% to 943 crores, and finance cost rose 14% to 1,615 crores, in line with the pace of capacity we are adding.

Further, I am sure many of you have questions about the potential increase in interest rates due to the recent actions by the RBI and 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, which is around 8% only, and nearly 90% of the floating portion is linked to lenders' internal benchmarks such as MCLR, rather than repo or other market-linked instruments such as Treasury Bills. Historically, we have seen that MCLRs tend to lag and do not increase by the same quantum as the repo rate.

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We also actively and progressively pursue refinancing as our projects reach commissioning and build operating track records. With that refinancing lever still available and the lag in MCLR resets, we do not see any immediate rise in our debt cost, and perhaps only a modest impact in the medium term if interest rate hikes continue.

Additionally, as you can see in our presentation, our debt cost has come down significantly by about 51 basis points to 8.28% from about 8.79% a year ago.

Profit after tax was 1,141 crores, up 38% year-on-year, and PAT attributable to shareholders was 1,056 crores, up 50% year-on-year.

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 crores, and our cash return on net worth, adjusted for our JSW Steel shareholding, stands at about 15%.

Now 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. On this front, JSW Energy is well-positioned across each of these areas. We have a portfolio diversified across 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 of the next 1.6 GW in the balance part of the current financial year. 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.

Thank you, friends. Now, as we approach Diwali, I would also like to extend warm wishes to all of you and your families for a joyous festival and a prosperous year ahead.

Management: Thank you, and we look forward to your questions now. Thank you.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.

Mohit Kumar – ICICI Securities: Good evening, sir, and congratulations on a 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 the PPAs that you are exploring. My question is, are you looking at utility-type PPAs? I am asking this question because most of these discom PPAs are coming with the condition that you have to set up the capacity within the state. We have not heard anything from Chhattisgarh about floating those kinds of PPAs.

Management: Yes, Mohit, thank you. When you are talking about Mahanadi, are you talking about the PPAs for the upcoming capacities?

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Mohit Kumar – ICICI Securities: Yes, sir.

Management: Yes. The project work has started. As we had said, the first unit is expected to be commissioned maybe in FY28 and the balance two in FY29. Given the demand scenario and the requirements for firm and reliable power, there are definitely many discoms that are looking for a firm power supply under a PPA, so we do not see that as a challenge going forward.

Of course, when you talk of Chhattisgarh, there is only the 5% free power commitment that is available to them. But we continue to explore which states we should approach. Going forward, we will definitely be entering into power purchase agreements.

However, if the scenario of evening peaks, the increase that we are seeing, and the drivers responsible for this growth, especially during evening peaks, continues, we may explore keeping a part of the capacity open for the merchant market. But principally, our policy remains as stated: we will focus on long-term power purchase agreements.

The only advantage is that, because this is close to the coal mine with low fuel costs, there is an opportunity to take advantage of selling a part of this capacity in the firm merchant market through short-term contracts. 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 resulting from its proximity to the mine.

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

Management: No, there is nothing one-off. Maybe I will request Mr. Pritesh; he will just [trails off]

Pritesh: Mohit, basically, if you see the last quarter, we were selling most of the capacity in the short-term market. It was all merchant power. From April onwards, as you are aware, we secured these long-term PPAs with Karnataka and Assam. Therefore, we are getting better pricing under those PPAs, which sums up the profitability of the entire Utkal portfolio.

Mohit Kumar – ICICI Securities: But the jump is very high on a quarter-on-quarter basis, sir. In Q1 FY24, the last quarter, I think it was 120...

Pritesh: Yes. In the last quarter, as you were aware, if you look at the performance, we were at about 82% PLF this quarter, whereas we had certain operational issues and outages in the last quarter. Therefore, the performance of the plant has completely improved compared with the last quarter. That is why you will see this improved performance from Utkal.

Management: To add to what Pritesh just said, when we compare Q2 with Q1 quarter-on-quarter, plant availability was slightly lower in Q1 than it was in Q2. Although this did not impact our fixed-cost recovery under the power purchase agreements with Karnataka, the opportunity to sell in the merchant market was limited. That income is secured, but the opportunity we were able to capture through better plant performance in Q2 compared with Q1 gave us better financial performance through the merchant market, which was additional for us.

Mohit Kumar – ICICI Securities: Understood, sir. Thank you, and all the best. Thank you.

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Operator: Thank you. The next question is from the line of Sumit Kishore from Axis Capital. Please go ahead.

Sumit Kishore – Axis Capital: Good evening. 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. There is close to 3.7 GW of C&I renewable capacity and approximately 7 GW of RE utility capacity. What is the stage of readiness in terms of transmission, evacuation, and land for these projects to be commissioned over the next 3–4 years? After you commission 3 GW of RE this fiscal, given the challenges in the sector, how should we think about the phasing out of capacity addition through 2030 in renewables?

Management: Yes, Sumit. Thank you. This is a very valid question related to the sector, not only JSW Energy. The 3 GW for the current year and next year are on track, as we have given guidance of 2.5–3 GW every year.

Our capacity addition beyond the current fiscal, for FY28 and beyond, has been divided into three categories. The first is off-grid capacity, which is the group captive requirement under C&I, where we are insulated from dependence on the grid and from grid curtailment. This is a significant amount of capacity that will be added every year.

The second is intra-state connectivity, which is STU connectivity within the state and through the STU network.

The third point to remember is that, when we talk about curtailment, we have a significant advantage from diversified locations across the country. The curtailment we discuss is primarily in the Gujarat-Rajasthan sector of the northern grid. We have limited capacity there, and whatever curtailment we have faced has been in this corridor, involving three of our projects. Two of these, as I said in my opening remarks, are going to receive grid network access by the end of this quarter when the new capacity for grid power evacuation comes up.

Therefore, after understanding the challenges that are emerging, our planning is insulated from curtailment challenges. Wherever challenges exist, battery energy storage will play a role. It will be solar coupled with battery energy storage. Assuming there can be some curtailment, we will then have the opportunity to sell the power during the evening peaks.

Keeping this in mind, we are absolutely certain that there will be no obstacle or hurdle in achieving our annual plan of 2.5–3 GW of capacity addition every year. Wherever required, battery energy storage will play a major role, so that capacity addition is sacrosanct and will take place.

Sumit Kishore – Axis Capital: You spoke about firm, reliable power being the future and about battery energy storage systems. A couple of your peers in the sector have moved somewhat faster, and they are even pursuing time-shift arbitrage by selling that power in the evening. Your BESS plan as per the portfolio is 3.2 GWh. How should we think about your BESS investments over this 4-year period? Are you definitely going to limit yourself to this, or does it seem to be a much bigger opportunity? How do you think the arbitrage opportunity will fare over the next 3–4 years? Will it go away, or how will it play out? Thank you.

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Management: Sumit, if you compare us with others who may have moved faster, we have to see the difference in the model. We are facing curtailment for plants that are already commissioned and have firm power purchase agreements, which may commence as soon as connectivity is received. That may take 6 months or 1 year.

Others pursuing this may have a large capacity that has been commissioned without a power purchase agreement in sight. I see that as money that has already been invested and is not giving the desired returns. To protect those losses, I would not call it a sunk cost, but to protect against those losses, keeping in mind the evening peak prices being discovered in the market, this is a very good step.

For us, it is a very temporary phenomenon. However, as I told you, we applied about 8 months ago for evening connectivity for our solar plants that are already commissioned. We are also going to set up a project in the coming year. We are now starting the project work, under which we will set up solar capacity for charging the batteries and use only our existing connectivity for solar, for which we have received sanctioned allocation, for evening discharge through the battery.

We are also working on this, and we will definitely commission it. This battery capacity, as you said, is 3.2 GWh; all of this is over and above that 3.2 GWh. This is a dynamic situation, but we are working on it, and we will definitely participate by setting up such project models and taking advantage of the evening peaks.

Sumit Kishore – Axis Capital: Thank you so much, and I wish you all the best.

Management: Thank you.

Operator: Thank you. A reminder to all participants to press star and one to ask a question. The next question is from the line of Atul Tiwari from JPM. Please go ahead.

Atul Tiwari – JPM: Thank you, sir, and congratulations on a strong set of numbers. My question is on merchant sales during the quarter. You did mention a Rs.6.90 realization. Would it be possible to share how many units were sold in the merchant market during the quarter?

Management: We have shared that in the slide. It is 1.1 billion units that we sold during the quarter. It is 1.1 billion units, as shown on slide 8 of your presentation.

Pritesh: Six.

Management: Six.

Atul Tiwari – JPM: Okay. Is this sales momentum continuing in the third quarter? Do your bilateral contracts extend well into the third and fourth quarters? What is the duration of those contracts? Any color would be helpful.

Management: Yes, definitely. The third quarter is fully booked. I may not comment on the pricing, but the price discovered may be either the same as or better than this. It will not be lower than this for Q3. Discussions are now underway for Q4. Normally, discussions begin 2–3 months, or usually 2–2.5 months, in advance. Discussions are already underway for Q4, but Q3 is fully booked.

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Atul Tiwari – JPM: Okay, sir. On the fixed-rate debt, you said 25% of the debt is at a fixed rate. What will be the tenor of this fixed-rate debt? Is it for the duration of the life of the debt or only for some period?

Management: Pritesh, please.

Pritesh: If you look at it, of this 25%, about 15% is forex-linked, and it is fully hedged both for the interest rate and the foreign exchange. That is in the range of approximately 5-6 years in terms of tenor.

The balance is fixed-rate debt, and when we say fixed, it is primarily NCDs. That also has a tenor of approximately 4-5 years. Therefore, for the 25% of fixed-rate debt, the approximate tenor will be between 5 and 6 years.

Atul Tiwari – JPM: Okay, thank you. Thanks.

Operator: Thank you. Ladies and gentlemen, if you wish to ask a question, you may press star and one. A reminder to all participants to press star and one to ask a question. The next question is from the line of Vishal from PL Capital. Please go ahead.

Vishal – PL Capital: Thank you for the opportunity. Regarding BESS, one of your slides talks about commissioning 1 GWh of BESS in FY27. Is this BESS linked with the PPA capacity that we have, or are we preponing some of the BESS and planning to sell it in the merchant market? How should one look at this?

Management: This is all PPA capacity that we are commissioning. This is being commissioned under PPAs.

Vishal – PL Capital: Okay, okay.

Management: These are primarily for two states, Rajasthan and Kerala.

Vishal – PL Capital: Got it. Another question is, I mean, one of—

Management: These are all standalone BESS. These are all standalone BESS, not coupled. There is no investment in solar involved.

Vishal – PL Capital: Okay.

Vishal – PL Capital: Got it, sir. For clarification, by FY30 we are planning to have 30 GW of capacity. That is our base case. However, in one of your slides, I think slide 39, there is a breakup of our capacity across renewables, under-construction capacity, and MOU-based capacity. The total comes to almost 27 GW. Similarly, we have done the same for thermal-based capacity, which is 11 GW of capacity under construction and operational. This totals almost 37-38 GW of capacity. Is this the pipeline that we have?

Management: Yes, this is the pipeline. Let me clarify. It is a pipeline, yes. When we say 30 GW, we all know that the full work is ongoing, and we have signed a 3.2 GW power purchase agreement with the state of West Bengal and are setting up a greenfield plant in Salboni. Of that 30 GW, only

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800 MW is included. The remaining 2.4 GW is beyond 30 GW.

As I said in my opening remarks, the group captive requirements will also go beyond 2030, given the capacity plans announced by JSW Steel and its growth plan. All these represent pipelines beyond 30 GW and beyond 2030.

Vishal – PL Capital: Okay. Maybe one last question regarding renewable capacity. For the under-construction capacity of almost 10.4 GW, what sort of PPA coverage do we currently have out of this number?

Management: [pause] Everything under construction or at various stages of construction and project execution is under a PPA. These PPAs are with utilities, C&I customers, and group captive customers. It is a mix, but all of it is under PPAs. We are not investing in or setting up any capacity for the merchant market at present.

Of course, as I said while answering one of the questions, going forward, in view of the evening peak opportunity, we may add some solar capacity with batteries, specifically for evening peak sales through battery discharge. But right now, it is all under PPAs. Of this, 2 GW is under group captive,

Vishal – PL Capital: Okay, okay.

Management: which is under discussion, and that is going to be closed now.

Vishal – PL Capital: Sure. In group captive, when we enter into any PPA, do we work with any threshold IRR or ROE framework for this arrangement?

Management: As we have been saying, we will execute and sign PPAs or undertake projects only if they meet our benchmark returns of mid-teen IRRs. They have to meet that criterion and be above it; only then will we sign. That statement remains unchanged. All our projects definitely have to generate, at a minimum, mid-teen IRRs. That is also the case for group captive projects.

Vishal – PL Capital: Sure, sir. I think this explains many of my queries. Thank you very much, and I will come back in the queue.

Operator: Thank you. The next question is from the line of Dhruv Muchhal from HDFC AMC. Please go ahead.

Dhruv Muchhal – HDFC AMC: Thank you so much, sir. You have shifted the KSK Mahanadi 1,200 MW from the pipeline to under construction. Does this mean that you have placed the equipment orders and are also guiding for commissioning the unit by FY29? Although it is brownfield, you are targeting a 3-year commissioning period. I am trying to understand whether this is optimistic, because generally what we see is 4-5 years even for brownfield projects.

Management: Yes. The equipment orders have already been placed, and we do not see any uncertainty. I have not spoken about this earlier, but it is local procurement only, and it is absolutely on schedule within the timelines.

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Second, regarding the 3-year timeline, we have to compare it with a greenfield plant, which normally takes 4.5-5 years. Here, there is a lot of common infrastructure at the plant. I have been making this statement since the acquisition in March {? 2024 ?}: a lot of the balance-of-plant areas are fully ready to handle 3.6 GW. This includes the coal-handling plant, the ash-handling plant, the railway infrastructure for coal transportation, and the transmission network. All of that was already ready for 3.6 GW when we acquired it. This gives us the confidence to complete it in 3 years. We do not see that as a challenge.

Dhruv Muchhal - HDFC AMC: Got it. You have also now included 2 GW of group captive capacity under advanced discussion. Specifically, how should we consider this? Does this happen within the next 3-6 months and get commissioned in 2 years? I am asking because it was not specifically included earlier, so perhaps there is now a better timeline.

Management: As I said, we have clear visibility of 30 GW through FY30. Our group companies have also announced significant expansion and capacity additions, both greenfield and brownfield. Their power requirements are going to be significantly higher than the current level. This will go beyond 2030.

When we say 30 GW, the momentum will continue beyond that, perhaps for at least the next 3-5 years. During that period, our major focus will be thermal capacity and RE capacity under C&I and group captive. These will be our focus areas beyond the current 30 GW plan.

Dhruv Muchhal - HDFC AMC: Got it. Even in the solar, wind, and hybrid space, the under-construction pipeline has increased quarter-on-quarter. Most of the increase appears to be coming from the C&I line item in hybrid, wind, and solar. I believe these are third-party C&I projects, because otherwise you would classify them as group captive. Are you looking for more and more C&I contracts, and what is the nature of the customers you are trying to tap?

Management: Yes, that is our focus area now, for two or three reasons. First, there is a complete energy transition at the industry level as well. Everyone has RPO obligations to meet by 2030, and everyone is looking for a certain percentage of green power. We see this as a significant opportunity.

In terms of pricing and returns as well, we find this more attractive because, for the buyer, this provides a replacement-cost benefit. Therefore, it is a win-win for both sides.

We are executing these projects. In the quarter gone by, we commissioned capacity for cement companies. We are undertaking more such projects, and within H2 of the current year, we are going to commission capacities for the likes of Amazon and others. We are also in discussions with various organizations regarding the data center opportunities that are emerging.

Therefore, C&I, group captive, pumped storage hydro, and thermal are the four pillars that will support our growth beyond the visibility currently provided in the bifurcation through 2030.

Dhruv Muchhal - HDFC AMC: Got it. The next point is on KSK. If I look at the EBITDA, does the 650 crores reflect the current run rate? I believe there was a tariff adjustment that was pending. Does this figure reflect that adjustment and represent a reasonable run rate, or should there be some

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adjustment, given that there is a year-on-year and quarter-on-quarter decline?

Management: This level of run-rate EBITDA should basically be the base. This should be the run-rate EBITDA for the full year. That is how we should look at it. Even though there is a small [cut off]

Dhruv Muchhal – HDFC AMC: That should be—

Management: Yes, sorry?

Dhruv Muchhal – HDFC AMC: Does this include the tariff adjustment that has now taken place? Is this after the tariff adjustment?

Management: Yes, everything has been taken into account.

Management: In the overall figure, close to 100-115 MW is being sold in the merchant market, and that is already included in this figure.

Dhruv Muchhal – HDFC AMC: Sure, got it. Just one last point, probably a suggestion. We will see more and more renewable capacity being commissioned by you. However, there is no way for us to understand the economics at which these projects are being commissioned. Generally, we receive either the gross block or the depreciation and EBITDA run rate, so we can independently calculate the run rate or the economics of these new projects. For you, it becomes very difficult, and given that this will represent an increasing share of your portfolio, it would help if you started disclosing those numbers. Otherwise, making sense of these numbers becomes somewhat difficult. That was my suggestion.

Management: We are making a note of that and will consider how we can address it.

Dhruv Muchhal – HDFC AMC: Sure, sir. Great. Thank you so much, and all the best.

Operator: Thank you. Ladies and gentlemen, to ensure that management is able to address questions from all participants in the conference, please limit your questions to two per participant. Should you have a follow-up question, we request you to rejoin the queue. The next question is from the line of Abhineet Anand from BNP Paribas. Please go ahead.

Abhineet Anand – BNP Paribas: Just two questions. First, on merchant power, you specified Rs.6.90 per unit for this quarter, and you said that Q3 is at a similar rate, correct?

Management: Yes, sir. It will be similar or slightly better. It will not be lower than this; it will be better than this.

Abhineet Anand – BNP Paribas: Could you help me with the net merchant capacity in the three plants you have—KSK, Utkal, and {? Barmer ?}?

Management: The capacity can be provided separately. Perhaps you can tell us the capacity. In terms of the energy mix, however, if you look at what we have sold through long-term and short-term arrangements, the merchant sales of 1.1 billion units represent almost 7% in energy terms. In capacity terms, it is about 4%.

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Management: Yes, about 4%.

Abhineet Anand – BNP Paribas: Okay. Second, regarding the 75% of floating-rate debt linked to MCLR, I understand that it moves in sync with a lag. Let us assume there has been a 25-basis-point increase and another 50 basis points are added. Your rate is currently 8.3%. If the overall rate hike in India is 75 basis points, does your rate go to 9% in FY28?

Management: Normally, if you look at the last year, when the RBI reduced the repo rate, even though the RBI repo rate decreased by about 100 basis points, the actual transmission was only about 50 basis points. In some banks, particularly private banks, it was restricted to only about 30 basis points. Therefore, we feel that [trails off]

Operator: Sorry to interrupt. We cannot hear you. Management line? We have lost your audio. Participants, please stay on the line while I connect the management line. Ladies and gentlemen, thank you for your patience. The management line has been connected.

Management: [line issue] Hello, sir.

Management: Hi, Abhineet. Sorry for this.

Management: Yes. Abhineet, what I was referring to was that even though the repo rate decreased by close to 100 basis points over the last year, the actual transmission was not more than about 50 basis points. Similarly, even assuming, for example, that another 75 basis points are added, we foresee that not more than approximately 40 basis points should be transmitted.

If you consider 40 basis points and 75% of that, the resulting figure is approximately 30 basis points. Therefore, starting with 8.28% and adding 30 basis points gives 8.58%. However, we are working closely with the banks and others to refinance some of this. At this point in time, we believe it should not be more than 8.50%.

Abhineet Anand – BNP Paribas: Does this impact any new project that we may have undertaken at a certain IRR?

Management: I think that will be [cut off]

Management: No, it will not. The point is that for new projects, as we have stated earlier, we make a conservative assumption of 9% for the life of the project, for 25 years. Therefore, we do not see any impact. If it goes beyond 9%, it may have an impact, but we do not see any impact on our ongoing projects. Even with an increase from the current level of 8.28% to 8.5%, we do not see any impact.

Abhineet Anand – BNP Paribas: Thank you, sir. That is a great assumption internally. Thank you.

Operator: Thank you. The next question is from the line of Barindra from Avendus. Please go ahead.

Barindra – Avendus: Good evening. Am I audible?

Operator: Yes, sir, you are audible.

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Barindra – Avendus: My first question is on merchant capacity. Could you refresh us regarding the total merchant opportunity we have, plant-wise? How much is from Utkal, how much is from Vijayanagar, and so on?

Management: Plant-wise, we can provide the numbers. You can note them down. At KSK, we have close to 90 MW; at Ratnagiri, we have close to 95 me- [cut off]

Operator: The management line has been dropped. Please stay connected.

Operator: Ladies and gentlemen, thank you for your patience. The management line has been connected.

Management: Utkal has about 60 MW, and Maruti has 64 MW. We have to remember that these are the capacities available for merchant sales, and all are thermal. Beyond this, when backdowns occur, as they sometimes do, we get the opportunity to sell the same incremental quantum in the merchant market.

We have to remember that, in capacity terms, as we have been saying, close to 4% of our total portfolio is under merchant open capacity. All of this is thermal, while the overall portfolio is a mix of hydro, renewable, and thermal. In energy terms, as you can see in the presentation shared with you, the 1.1 billion units sold in the merchant market are close to 7% of our total energy sold in the market.

Barindra – Avendus: Is that because contributions from capacities outside these four capacities you mentioned are also adding to those volumes?

Management: No, the [trails off]

Barindra – Avendus: Sorry, what I meant to ask was that you mentioned four capacities totaling 300 MW selling in the merchant market. Are you saying that, in terms of units, the figure is 7% because volumes [cut off]

Operator: Sorry to interrupt you, sir. The management line has been dropped. Please stay on the line while I connect the management line.

Operator: Thank you for your patience. The management line has been connected.

Management: Yes. When we say that the backdown opportunities are primarily coming from the locations I mentioned during the day, and from domestic coal-based plants with low fuel costs, we get the opportunity to sell incremental quantities from these locations.

However, the capacities I gave are the capacities available for merchant sales. In addition, some capacity in our Tidong hydro project is also available for merchant sales, and we have been selling that as well.

Barindra – Avendus: As a follow-up, are all these capacities tied up on a one-month or two-month basis through bilateral contracts?

Management: One to three months. One to three months.

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Barindra – Avendus: Understood. My second question relates to the run-rate EBITDA of the portfolio that will be operational by the end of FY27. What will that be? I also want to understand what the net debt will be, according to you, by the end of FY27. Indirectly, I am trying to estimate how much capex you will undertake over the next 1-2 years and what the net debt will be by the end of FY27.

Management: Okay.

Management: We have already given capex guidance of about 20,000 crores for FY27. We have also said that we will have cash accruals of close to 6,500 crores. As you are aware, we also raised funds and monetized some steel shares, which together added another 7,150 crores. These two amounts together total close to 13,150 crores. The balance is approximately 6,300 or 6,500 crores. I think that should be added to your calculation. It will be roughly 72,000 crores, which is what we are looking at.

Barindra – Avendus: Okay. And what about run-rate EBITDA?

Management: We normally do not share run-rate EBITDA information.

Management: We normally avoid providing guidance, but once the Q4 numbers are reported, they will provide significant guidance. You can assume that we have said we will add 3 GW of capacity, entirely organic capacity in the RE space, along with the 300 MW acquisition completed in August, which will contribute EBITDA for approximately half a year or slightly more than half a year.

If we add 3 GW, we started the year with, say, 13.5 GW and will add another 3 GW, taking it to 16.5 GW, plus Maruti, taking it to 16.8 GW. Based on the product mix we have described, you will get a fair idea of what the run-rate EBITDA will be beyond FY27, on an operational capacity of 16.7-16.8 GW by the end of the year.

Barindra – Avendus: No problem. Thank you so much. I will take it offline.

Operator: Thank you. The next question is from the line of Ishan Verma from Antique Stock Broking Limited. Please go ahead.

Ishan Verma – Antique Stock Broking Limited: Thank you. Firstly, what will be the total capex per megawatt for the additional units at KSK, and when can we expect the closure of the minority stake and a reduction in the minority stake leakage?

Management: As we have said, the balance of plant at KSK is ready. In the last earnings call, I also mentioned that the capex per megawatt for the 1.8 GW capacity addition at the Mahanadi plant will be significantly lower than the industry benchmark and lower than what one would normally assume. It will be [trails off]

Operator: The management line has been dropped. Please stay connected.

Operator: Ladies and gentlemen, thank you for your patience. The management line has been connected.

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Management: The investment in the Mahanadi expansion, which will double the capacity, will be at least 20% to 25% to 30% lower in capex per megawatt than the industry average. That is what I can tell you.

Ishan Verma – Antique Stock Broking Limited: Got it, sir. Secondly, I think the West Bengal bid for additional thermal capacity is being bought out and is site-specific. Are we planning to bid for that as well?

Management: No, we are not considering that. We have enough space for a greenfield project rather than sharing resources with government assets. Based on what we have studied and undertaken, we found that there are many other more attractive opportunities in the country than participating and investing in that project. Therefore, we are not participating in it.

Ishan Verma – Antique Stock Broking Limited: Got it. Lastly, regarding the 920 MW Bhutan project, could you share an approximate total project cost and the expected timelines?

Management: We are still working on it. It is at the 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 underway. Once all the details are ready, which is expected by June 2027, we will be in a better position to discuss the numbers.

Ishan Verma – Antique Stock Broking Limited: Got it. Thank you. Those are my questions.

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

Management: Thank you very much. Once again, I wish you and all your family members a very happy Diwali and a prosperous New Year ahead. Thank you for being with us today. If you or any of you have any other questions, please connect with our IR team, and we will be happy to take them up and answer your questions. Thank you very much.

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

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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