“JSW Energy Limited 4Q FY '25 Post-Result Earnings Conference Call Hosted By B&K Securities”

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MODERATOR: **MR. RAJESH MAJUMDAR - B&K SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to the JSW Energy Limited 4Q FY '25 Post-Result Earnings Conference Call hosted by B&K Securities.

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 * then 0 on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rajesh Majumdar from B&K Securities. Thank you and over to you, sir.

Rajesh Majumdar: Hi. Good evening, everyone. And once again, welcome to all of you. We are proud to hold the conference call of JSW Energy Limited Q4 FY '25 and Full Year FY '25 Earnings today.

We have today the Management Team represented by Mr. Sharad Mahendra – Joint Managing Director & CEO, Mr. Pritesh Vinay – Director (Finance) & CFO and Mr. Bikash Chowdhury – Head, Investor Relations & Strategic Finance.

So without much ado, I shall now request Sharad sir to start with his opening comments. Thank you, sir.

Sharad Mahendra: Thank you Rajesh, And good evening, Good evening and thank you all for joining us today. It is my pleasure to share the highlights of our performance for the quarter and the year gone by.

FY2025 has been a landmark year for JSW Energy—one marked by strong execution, strategic growth, and sector-leading achievements. I am proud to share that we recorded the highest annual wind capacity addition by any renewable energy company in India this year. During the year, we crossed the significant milestone of 10 GW set under Strategy 2.0 and as I speak today, JSW Energy is a 12.2 GW company, reflecting the momentum we have built across both organic and inorganic expansion. In FY2025 alone, we have added 3.6 GW of capacity strengthening the diversity and scale of our portfolio. This has resulted in company reporting the highest ever annual EBITDA of ₹ 6,115 Crore and Record highest PAT of ₹ 1,951 Crore.

Before we delve into our performance, I'd like to share some sector highlights. The dynamics are shifting towards enhancing energy security, addressing the increasing baseload and peak load management.

FY2025 has marked an emerging trend in India's power sector dynamics, with several state distribution companies increasingly turning to competitive bidding for thermal power procurement. This trend reflects the growing urgency among states to secure firm power and compliment the intermittent renewable generation. Thermal power, particularly from domestic coal-based sources, is regaining strategic importance. Having said this, We are happy to inform, JSW Energy has also secured a 1,600 MW ultra-supercritical plant in West Bengal which is fully tied up with WBSEDCL.

Coming to capacity additions, India's total installed capacity has reached 472 GW, and the country has added 33 GW in fiscal year 2025. Notably, renewable energy led the growth, accounting for a record 29 GW of the total additions. This surge was primarily driven by solar power, which contributed 24 GW, followed by 4.2 GW of wind capacity.

The power demand for the country grew 4.2% in fiscal year 2025. In the fourth quarter we saw a demand growth of 3.2% year on year on a high base of 7.4% growth seen last year in the same quarter. Structurally we continue to expect strong power demand in the medium term. The peak demand witnessed in the quarter is 238 GW in Feb '25 and 250 GW in FY25.

The merchant market remained resilient during the year averaging around ₹ 4.5 /unit on exchanges on the back of soft coal prices. We have seen merchant tariff firming up in Q4FY25 as compared to Q3FY25. In Q1FY26 we are seeing merchant tariff further increased to ₹ 4.76/unit.

For the quarter gone by prices were stable year on year at $95/t. Currently API 4 coal prices are around $89/t while within the domestic coal market, sufficient steps are taken to keep a robust coal supply.

Coming to company performance, we have added total 3.6 GW of operational capacity during fiscal year 2025. This comprises 1.7 GW of organic capacity that affirms our capabilities to execute large-scale projects efficiently. Our organic wind capacity addition stands at 1.3 GW representing one third of the nation's total wind capacity additions in FY2025. These greenfield wind capacity additions include the completion of SECI X wind project of 454 MW. Our remaining first batch of under-construction wind projects are nearing completion. The quarter

gone by also saw commissioning of unit 2 , 350 MW of Utkal thermal power plant which has stablised and running smoothly.

Complementing our organic growth, we have strategically expanded our footprint through consummation of two important transactions, KSK Mahanadi Power a 3,600 MW on 6th march 2025 asset and O2 Power a 4.7 GW platform on 9th April 2025.

KSK Mahanadi is 3,600 MW plant and is the largest thermal asset acquired via NCLT proceedings for a total resolution amount of ₹ 16,084 crore. Currently 1,800 MW is operational which is 95% tied up under PPAs and has fuel supply agreements. In FY2025 the plant reported full year reported EBITDA of ₹ 2,895 crore on a PLF of 67.4% while the underlying EBITDA stands at ₹ 2,382 Crore. We have improved PLF to 79% from FY25 average of 67% post completion of the transaction that is within 25 days of our operations in the month of March. The deemed PLF stands at 99% during this period. We are currently integrating operations with JSW Energy and implementing comprehensive plan to bring cost efficiencies.

In another large transaction we acquired O2 Power a 4.7 GW RE platform. The total consideration paid for O2 Power is ₹ 12,468 crore. The current installed capacity of O2 is 1.3 GW and we expect it to scale to 4.7 GW by June 2027 by undertaking capital expenditure of ₹ 13,000- ₹ 14,000 crore.

Turning to our under-construction portfolio, JSW Energy is currently constructing 11.3 GW of generation projects, all of which are fully tied up under long-term Power Purchase Agreements.

The under-construction portfolio includes 9.7 GW of renewable energy projects and 1.6 GW Salboni ultra-supercritical thermal power project which marks our investment in greenfield thermal after more than a decade. Beyond this we have a robust project pipeline of approximately 4.9 GW of projects where Letters of Intent or Letters of Award have been secured and PPAs are yet to be signed.

In this quarter we have reduced our untied capacity, as Vijayanagar thermal plant is now fully tied up. This development not only ensures stable and predictable cash flows, but it also marks a fundamental shift in the composition of our open capacity.

With Vijayanagar fully tied up, our open capacity now stands at approximately 976 MW of which large part of 790 MW is based on domestic coal which is 91% of the total coal capacity used for merchant. This transformation signifies a decisive move towards a more resilient, domestic coal-based open capacity, reducing exposure to global coal price volatility. Therefore, the breakeven price for our open thermal capacity also reduces with the higher use of domestic coal.

Coming to energy storage we recognize the critical role it plays in integrating renewable energy, we have expanded our locked in energy storage capacity to 28.3 GWh. Notably, the Bhavali in Maharashtra, the 12 GWh hydro pumped storage project which is tied up with MSEDCL is currently under implementation. In addition, recently in Q1FY26 we have signed PPA with UPPCL for another 12GWh of PSP project to be delivered in next 6 years. Regarding our SECI 500 MW/1 GWh Battery Energy Storage System we have appealed in APTEL and awaiting the outcome.

Coming to operational performance for the quarter, Our net generation for the quarter rose by 24% year-on-year, to 7.9 billion units, driven by 32% year-on-year increase in renewable generation on the back of capacity additions. Total net generation from the tied-up portfolio was up 28% year on year in the quarter, while short-term generation increased modestly. Our thermal portfolio witnessed a healthy PLFs of 77% in the quarter and 71% for the full year.

A significant portion of JSW Energy’s wind capacity was commissioned during the second half of the fiscal year. As is widely recognized, wind generation in India typically peaks during the first half—particularly from May to September—while the second half tends to experience lower wind speeds and, consequently, lower generation. Therefore, we are well placed ahead of the coming wind season and anticipate a normalization of generation output.

Coming to outlook, We’re proud to announce that we've surpassed our 10 GW capacity target set under Strategy 2.0 — a major milestone in our growth journey. Building on this momentum,, I am happy to announce and we’re launching Strategy 3.0, our new roadmap to achieve 30 GW of generation capacity and 40 GWh of energy storage by 2030.

This strategic vision of "30 by 30" underscores our commitment to powering India’s energy security with scale, speed, and sustainability.

By FY30, we expect our EBITDA on a run-rate basis to grow 2.7x–3.0x over FY25 proforma EBITDA levels. To support this, we plan to invest ₹1,30,000 crore in capital expenditure between FY26 and FY30.

With 11.3 MW under construction projects and a robust pipeline, our locked-in capacity now stands at 30.2 GW, placing us firmly on track to deliver target set under Strategy 3.0.

With this now I pass on to Pritesh Vinay to talk on financial performance for the quarter. Thank you.

Pritesh Vinay: Thank you, Sharad. A very good evening to all the participants.

As Sharad mentioned, for the quarter, net generation was up by 24% YOY. And this translated to a total topline increase of 21% YOY to just shy of 3,500 crores. We reported an EBITDA of Rs. 1,512 crores which was up by 17% YOY and profit after tax for the quarter stood at Rs. 408 crores which was up by 16% YOY. For the year as a whole, we saw the EBITDA increase by 5% YOY to Rs. 6,115 crores and profit after tax for the year was up by 13% YOY at about Rs. 1,950 crores.

Moving to the balance sheet and leverage:

If you look at the net debt for the quarter, at the end of the quarter post completion of the KSK acquisition, the total net debt stood at about Rs. 44,000 crores, out of which about Rs. 9,500 crores was for projects which are under capital work in progress, and almost Rs. 34,500 crores was the leverage sitting on the operating companies.

Against the reported EBITDA of Rs. 6,115 crores, if you look at the pro forma EBITDA, which basically is if all these assets that we have acquired in the middle of the year were available with us for the entire part of the year, the pro forma EBITDA is about Rs. 8,860 crores. And hence, the net debt to pro forma EBITDA stands at just about 5x.

The other key metric that I would like to highlight is that the net debt to equity stands at 1.6 times at the end of the financial year. The weighted average cost of debt went up by almost 18 bps sequentially and stood at about 9.05%. And from a receivables point of view, the receivables continue to be healthy. We reported a total outstanding receivables of Rs. 2,900 crores. From a headline point of view in terms of DSO, it may appear to be at 76 days a bit higher compared to March last year. But what I would like to point out are two things. A, given that the amount of power being sold on merchant is lower where you get immediate realization, there's a higher proportion of power which is being sold on a credit period.

And secondly, the quality of receivables are very healthy in terms of the overdue out of these total amount. The overdue trend as a percentage of total is significantly lower on a YOY basis. Maybe I'll just take a stop there and we can open up the floor for Q&A.

Moderator: Thank you very much. We will now begin the question and answer session.

Our first question comes from the line of Mohit Kumar from ICICI Securities. Please go ahead.

Mohit Kumar: Hi. Thanks for the opportunity. And congratulations on building a very strong pipeline and especially completing 2 inorganic acquisitions. My first question is, of course, you have built up a very large base load portfolio now, especially with the acquisition of Mahanadi. And now we're building a new power plant in West Bengal. My question is, do you still see accretion to this base load portfolio? And my related question is, what is the status of equipment placement and land acquisition for the West Bengal coal-based power plant?

Sharad Mahendra: Can you repeat the first question, please?

Mohit Kumar: First question was, how do you think about accretion, further accretion to this baseload portfolio? Do you still think that you would like to do more of the coal-based power plant?

Sharad Mahendra: See, Mohit, yes, as we are seeing the increase in the peak demand, which is between 250 gigawatt, the base load demand especially with significant increase in the intermittent renewable energy, which is solar, the peak load demand, the base load demands will definitely keep on increasing gradually. One is the demand growth and the pattern in which the new capacities which are coming in. If we see last year significant portion has come from renewable and also primarily driven by solar. So the base load demand will gradually is forecasted to be increasing wherein the thermal is going to play a key role. And regarding your second question in terms of the readiness, I am happy to tell that the entire land on which the plant is to be set up is in our possession. So that is not at all a challenge. Everything, the groundwork, in fact, the initial preparatory work has already started. Regarding the equipment placements, we are at an advanced stage of finalizing that. And that we don't see as a constraint at all in completing the project within the PPA timeline.

Mohit Kumar: So what was the EBITDA in FY'25 for KSK Mahanadi and what is the improvement possible over the next 2 to 3 years?

Sharad Mahendra: See as we told you that in my opening remarks I told about the EBITDA which was operational EBITDA which was in the range of Rs. 2,380 crores operational EBITDA which was there full year on for KSK and the way we have demonstrated in terms of increased PLF, bringing in the efficiencies, we are quite confident that we are still working, we are integrating. It is only about a month which has happened. We are working on, areas have been identified, but we see a significant scope of improvement in terms of the efficiencies, which will ultimately improve in terms of the revenue as well as the bottomline.

Mohit Kumar: And, sir, do you have to quantify that number, sir?

Pritesh Vinay: Mohit, it may not be appropriate to quantify it at this point, but I think what will be better and more credible is to deliver some kind of a quarterly progress. And that will be a better way of tracking this.

Mohit Kumar: Okay. Thank you, Mr. Vinay. Thank you.

Moderator: Thank you. Our next question comes from the line of Atul Tiwari from JP Morgan. Please go ahead.

Atul Tiwari: Yes, sir. And congratulations on hitting your targets of capacity expansion. I have two questions. The first one is again on the Salboni project. Would it be possible to share some color on the PPA? Is it a regulated PPA or is it a completely bid PPA? And if it is the latter, then what are the kind of prices that they're looking at?

Sharad Mahendra: You see, this is again the Salboni is a section (63) PPA, which was under the competitive bidding, which we have been able to secure.

Atul Tiwari: Okay and so I am assuming it will be under a two part tariff, fixed charges and energy charges.

Sharad Mahendra: Yes.

Pritesh Vinay: So Atul, the levelized 25-year tariff under two-part mechanism will be roughly Rs. 5.45 per kWh.

Atul Tiwari: Assuming a domestic coal supply, of course.

Sharad Mahendra: Yes. It is fully tied up, yes.

Atul Tiwari: Okay and your plan of doing Rs. 1.3 trillion of CAPEX by FY '30, would you be able to share some thought process around need for equity to meet that and how much of that you can generate internally and how much you will need to raise from outside?

Pritesh Vinay: So Atul, as we have been talking about this consistently in the past, that any growth aspiration has to be calibrated within a certain framework of protecting leverage profile and calibrating growth commensurately. So it may not be appropriate to quantify that because needless to say and I'm sure you would be aware of this that there will be a back-ending of this. So as your capacity base goes up, your cash accretion goes up, your ability to spend goes up progressively. So it's not 130 divided by 5 equally spent in every year, right? So therefore, everything has been planned in such a way that the capital availability is matched with the expected capacity increase going forward. And if need be, as we had demonstrated about a year ago, if you look at that point of time, if you looked at our committed growth pipeline and our then prevailing leverage profile,

we actually didn't need to raise any equity capital. So therefore, these are things out there and it's very difficult to crystal ball and pinpoint exactly. But anyways, all the growth aspirations will be significantly calibrated to meet the guardrails.

Atul Tiwari: Okay, great. Thank you.

Moderator: Thank you. Our next question comes from the line of Sumit Kishore from Axis Capital. Please go ahead.

Sumit Kishore: Good evening. I have a couple of questions. The first one is if you could give us a sense of what was the total CAPEX in the previous financial? What is that you expect to spend over FY'26 and FY'27 separately if possible, in case just FY'26 would also be fine? That's my first question.

Pritesh Vinay: So Sumit, what we actually ended up incurring as a total CAPEX for fiscal '25 was about Rs. 8,000 crores. And if you remember, we had started, we were guided for Rs. 15,000 CAPEX for the year. Because of certain delays in some of the ongoing projects and because we were accelerating the inorganic growth pipeline, we calibrated it down. For fiscal 2026, we are expecting to end up spending anything between Rs. 15,000 crores to Rs. 18,000 crores in that range to complete the ongoing projects plus the pipeline of new growth projects that have started.

Sumit Kishore: In continuation when you mentioned that the net debt to pro forma is 5x, so in terms of your comment regarding the pacing of growth in all circumstances, you would keep below the 5.5x net debt to pro forma EBITDA is the understanding we have.

Sharad Mahendra: That is the endeavor, Sumit.

Sumit Kishore: Okay, so there could be temporary overshoots that could happen without you needing to raise equity should we read it that way?

Pritesh Vinay: So it's like this Sumit, as has been a track record and as seasoned trackers of the sector like yourselves know that project progress particularly in the infrastructure space including the power sector, there are too many non-controllable factors and there could be times when there could be some bunching together of projects. But more importantly is this that wherever you are allocating capital, are they inherently at returns more than your cost of capital? And from a leverage profile point of view, rating agencies tend to have a slightly through the cycle view because they also factor in that the capital work in progress, is that returns accretive or is that returns dilutive? So a lot of factors go into that, so may not be able to give a precise answer, but just wanted to give you a sense of how to think about it.

Sumit Kishore: Fair enough. Just the second question is on projects like Salboni, are, you know, so the renewable pipeline that you have, you could pretty much start executing or you would already have started executing the projects where PPAs are done. But for new project starts like Salboni or KSK expansion, I mean, how are you thinking in terms of the pace of deploying capital?

Sharad Mahendra: See Sumit, if we talk of Salboni here also, the PPA has already been signed. There is a timeline in the PPA., Which normally is about 48 months to 60 months' time period as per the PPA. So we will be spreading and of course, as Pritesh earlier said, that initial 1 or 2 years, which is more of a ground work, preparatory work is there. It is more back-ended. So it is being planned. It cannot be just equally distributed in years. It is more it will be back-ended. So that is what Salboni has been planned. Again, the PPA has been signed. Regarding KSK, as we have informed earlier also, that the three units which are already operating and the balance of plant which is fully ready for full 3,600 megawatt, so and in a one unit which is the fourth unit to commission, 40% of that work also is complete. So that is at a very low cost that can be commissioned. And as the things progress beyond fourth unit, fifth and sixth unit also will be accordingly planned. In my opening remarks also, they said that many states are now coming forward to meet their base demand for thermal requirements are coming in, so that gives a very unique opportunity for us to execute the project in a very short time as compared to the standard time which a greenfield thermal power plant takes for KSK.

Sumit Kishore: So basically the low cost should be interpreted as what, would it be Rs. 5- Rs. 6 crore per megawatt for bringing up that third unit?

Sharad Mahendra: See, it's difficult to quantify exactly. But yes, as I told you, that whatever the benchmark numbers, maybe you are aware of setting up a greenfield project, assuming that fourth unit is 40% ready, balance of plant for entire 3,600 is ready, so it can be estimated that it will be significantly lower than the normal benchmark cost for a greenfield thermal plant.

Sumit Kishore: That is very clear. Just the last point on other income for the quarter, it's up 149% to some Rs. 3.1 billion. So was that basically treasury income for the acquisitions that you were about to make?

Pritesh Vinay: Yes, there were two primary components to that, Sumit. There was a deferred consideration payable that was for one of the prior acquisitions of Mytrah which was subject to certain conditions subsequent and there was a write back of that provision because that didn't have to be paid out. And the second is a treasury income gain as you rightly said because of the high cash and liquidity that we carried on the books.

Sumit Kishore: How much was the write back for Mytrah roughly?

Pritesh Vinay: I think that was roughly about close to ballpark about Rs. 100 crores.

Sumit Kishore: I have more questions, but I will get back in the queue. Thank you so much.

Moderator: Thank you. The next question comes from the line of Baranidhar from Avendus Spark. Please go ahead.

Bharanidhar: Good evening. So just wanted to get a sense on the Salboni project as to its readiness with respect to environment clearance, forest clearance?

Sharad Mahendra: These all are under process. There is already at the similar location, this one cement plant is running. So I think those all clearances are under process. So we don't see that as a challenge.

Bharanidhar: Okay. Second question is on the under-construction portfolio of around 12 gigawatts. Of this, especially when it comes to renewables, what percentage has land, what percentage has CTO approved or awarded transmission capacity? Because you mentioned it has PPAs, but the other two things, like land and transmission, you can mention?

Pritesh Vinay: So we have also talked about this in the past but just to refresh the memory that typically what happens is the way we approach any project execution is you cannot wait for 100% of the land before doing the groundbreaking because you also have to meet the PPA timeline commitments. So typically, you either already have a control about a significant percentage of the land and you have a line of sight or a visibility of being able to get to the finish line on as you go basis, right? So that is one. Second is, on the connectivity side for the projects that we need to deliver in the immediate term. We already have connectivity or we are in very advanced stages of securing connectivity. The other thing I would like to add is this that when we were acquiring O2, we had also talked about the fact that O2 does not only have 100% of the connectivity that it needs for its own platform, but it also has some excess connectivity. So we are planning projects in such a way that from a synergy point of view, some of that excess connectivity that O2 has, we will be utilizing for our own projects because now everything is JSW, right? So it's a combination of these two things which gives us a high degree of confidence in being able to commit to certain capacity targets in a certain timeline.

Sharad Mahendra: And also to add, which we have to reiterate again, which we said earlier, for maybe next two years, whatever projects under construction to be executed, we all know that there is a challenge in terms of getting the CTU connectivity, which in general the industry is facing. So we as a strategy, the PPAs which were signed and within the same states we have found the areas which are suitable whether it is a wind or solar. So we have reduced our dependence for next two years on CTU connectivity and within the state the STU connectivity availability is something which as Pritesh said that majority of the projects we have the connectivity in place or at a very very advanced stage. So that strategy has really helped us in ensuring that we will be in a position to execute the project within the PPA timelines.

Bharanidhar: Okay, sure. My final question is if you have any estimate of peak debt that would be in your balance sheet in between FY2026 to FY2030, what could be that number?

Pritesh Vinay: We unfortunately don't think that is the right way to think about it because what is more significant for us is that whatever projects you are implementing at a certain tariff and at a certain capital cost or a project cost are they returns accretive or not. If they are all meeting your hurdle rate of say a mid-teen equity IRR then the debt is serviceable right? So therefore what is more

important and appropriate in our view to track is the leverage ratio. And more importantly to get into the mechanics of this is your debt service coverage ratio. So as long as one is comfortable on that side, one can take calls on a going basis.

Bharanidhar: Sure, okay. Thank you so much. All the best.

Moderator: Thank you. Our next question comes from the line of Abhishek from Motilal Oswal. Please go ahead.

Abhishek: Hi, thank you so much for the opportunity. Just on the renewables capacity side, my understanding is some of the capacities were facing some land acquisition and right of way issues, especially for some of the wind projects. So are those getting resolved now and is there a timeline on some of those capacities?

Sharad Mahendra: Yes, Abhishek, as we said that we have commissioned and we have demonstrated commissioning of fresh 1.3 gigawatt of wind capacity, which faces the maximum challenge in terms of the ROW issues and implementation issues, which is almost one third of the country's capacity addition which has taken place. So we have been successfully able to overcome those challenges and the proper mechanisms are in place. And going forward also the projects which are under construction, we are at a very advanced stage of the ROW issues. And the project execution planning is done in such a way that these are within the timeline with solving these issues take place. So this is a continuous process. We know the way the things happen in the country. But yes, this is something which is being monitored very, very closely. And we don't see that as a bottleneck in not meeting the timelines within the PPA in which we have to execute the project.

Abhishek: Fair enough. Second question is while there is a good 5 year out target of 30 gigawatt, is it possible to give us some sort of a capacity bridge like say by, I am saying let's ignore KSK and O2 power for now. So is it possible to give us a number for say end FY '26 and FY' 27 just on the organic side if you could capacity --

Sharad Mahendra: See, as we say that from, we are talking it is 12.2 gigawatts operating portfolio and the projects which are in pipeline and to be executed within the PPA timelines, you can assume that beyond 12.2 gigawatt, maybe 3-3.5 gigawatt of capacity addition, around 3.5 gigawatt of capacity addition in a year ensures us to meet and deliver the projects on time. So you can just maybe estimate what is execution going forward.

Abhishek: Okay, fair enough. Just one last question from me. I mean, your hands are really full right now in terms of lots of projects and so does it mean going forward you are going to be more selective with respect to SECI tenders and is there a specific capacity, you know, category like we'll do more of FDRE or hybrid or any thoughts on those?

Sharad Mahendra: See, as we have you rightly said that maybe meeting the 30 gigawatt by 2030 the pipeline which we have take care of that. But, this also gives us to be selective in going forward in participating in the upcoming bids. And as have we have been maintaining that any opportunity which comes, which is written accretive to our shareholders, to us is what we are going to look and we will ensure that our benchmark returns are protected, keeping those things in mind only we will be going forward, we'll be participating in the bids.

Pritesh Vinay: Abhishek, I may want to add, I am too tempted. I want to believe we have always been selective. It is not that something has changed now and hence selective. Let's not forget that India has seen in the last four years tendering in excess of 130-140 gigawatt. But we have gone ahead and secured a pipeline of barely 7 to 8 gigawatt, right? So we have been very selective. And we will continue to be so.

Abhishek: Okay. Fair enough.

Moderator: Thank you. Our next question comes from the line of Aniket Mittal from SBI Mutual Fund. Please go ahead.

Aniket Mittal: Yes, thank you for the opportunity. My first question actually is pertaining to wind. Aside of the execution related issues, generally wind PLF over the past few years have also been a bit depressed. So just wanted to understand your thoughts on that, like in terms of building sort of wind PLF in your assumptions, are you recalibrating that version of PLF are you assuming going forward?

Sharad Mahendra: Yes, Aniket, a very important question, is a part of DNA within our organization. See, whenever we are planning to participate in a bid and the modeling is being done for the right tariff, we have always been very conservative in terms of the assumptions, like the industry in general we have seen in case of wind has operated at P75 but for us the benchmark is P90 which gives us enough room for such kind of deviations when we have seen the last year also that the wind speeds comparatively were lesser than what was anticipated, so we take care lot of assumptions in such a way that even if these things go wrong our benchmark returns are protected and we don't go wrong when we are executing and when the project is operational.

Aniket Mittal: What would that P90 number be sir? The P90 PLF number that you are…?

Sharad Mahendra: P90 number depends on lot of other factors. P90 helps in the assumption or the probability of going wrong in simple terms.

Pritesh Vinay: If I may come in here. See, so there are 2-3 factors that go in. One is the location, particular location. Second is the type of equipment that you plan to utilize there. And what is the rating of that equipment and what are the efficiency factors, etc. So it's not a one size fits all that one P90 will work at all locations regardless of which equipment you use. And hence ultimately what works for us effectively is the LCOE number right instead of P90 that what is the levelized

cost of energy that one is likely to achieve at a particular location for a given configuration machine.

Aniket Mittal: Okay, fair. The other question was just to understand on the interest cost. In the press release, that you mentioned that the weighted average cost of debt has gone up to about 9.01%. So just to understand that, what's the average cost of borrowing that you look at now in terms of financing these projects, both at the project level and holdco level?

Pritesh Vinay: So, it's a mix of things, Aniket, you know, so what has happened is that, for KSK acquisition we drew down on a long term debt which was priced at a certain level, assuming a triple B credit rating profile. We have achieved a higher than that. And hence, when we report in June quarter, you will see this number coming down because that number has already inched down because the credit rating is better than the base case at which it was priced. So that is one. Second is what is going to happen is that there is a substantial amount of our borrowings, particularly on the project financing debt, which is typically linked to a bank reference rate, a bank MCLR, plus a spread. So therefore, depending on how the interest rate environment moves out and all signs seem to be a more benign rate curve trajectory going forward, there will be an impact of that. The third factor that comes in also is the timing when your resets happen, because typically while these are long-term facilities, no bank wants a ALM mismatch and effectively these are floaters right, which have annual resets. So periodically based on when you drew down the first facility, there's going be an annual reset that will happen quarter-to-quarter. So it's a combination of all these things which ultimately reflects on this chart here. Then second is this depending on the type of capital pool you are targeting, these costs can be numbered. So for example, if you want to do a a three year issuances and assume the rollover refinancing risk, the number can be much finer. What we choose to do is to ensure that for all the projects which are backed by PPA, you're doing a long tenor non-recourse project financing, right? So it's a combination of all that from institution-to-institution, bank-to-bank, that number will vary. But largely, 8% to 9%, that is the range typically at which you can get a long tenor project financing facility today.

Aniket Mittal: Thank you. I will join back in the queue for any questions.

Moderator: Thank you. The next question comes from Darsh Solanki from Axis Securities. Please go ahead.

Darsh Solanki: Yes, thank you for this opportunity. Sir, my first question is more of clarification in nature, so post the acquisition of KSK Mahanadi and O2 Power is completed, so going forward, these two companies will get consolidated in our company, right, for our modeling purpose?

Pritesh Vinay: Yes. surely. I mean, KSK is already done. O2 you will see when we report the June quarter results because that transaction got consummated only in the month of April.

Darsh Solanki: Understood. Sir, actually my second question was regarding O2 only. So O2 in the press release I understand that we expect that by June 25 around 2.2 gigawatt of capacities expected to be operational. So can we have like a split of just 2,259 megawatts in solar, wind and hybrid?

Sharad Mahendra: See, presently we acquired this asset operating capacity of 1,343 megawatt out of which 271 megawatt of wind and balance is all solar. And during the quarter may be another addition of about 500 megawatt which will happen which takes it to about close to 1.9 gigawatt and balance because of the connectivity and various issues we will see in the coming quarter.

Darsh Solanki: Understood. And that would be mainly solar only, right?

Sharad Mahendra: Yes. Fresh capacity addition to reach 1.9 is 100% solar.

Darsh Solanki: Understood. And balance just if you can share, if still 2.2 gigawatt would also be solar or we will plan wind energy?

Sharad Mahendra: Yes. Up to 2.2 everything is solar. Understood.

Darsh Solanki: That's it from my side. Thank you.

Moderator: Thank you. Our next question comes from the line of Nikhil Abhyankar from UTI Mutual Fund. Please go ahead.

Nikhil Abhyankar: Thank you, sir. Thanks for the opportunity. Sir, recently we were also thinking of having solar manufacturing plants. It is not included in the Strategy 3.0. Can we expect that it is dropped for now?

Sharad Mahendra: No, if you see, we have kept this in abeyance. The reason is if we see that we all are aware the way the capacity, the module capacities have got added in India, which is close to 100 gigawatt. So we did the evaluation and we found basically the objective for us to go for manufacturing was for supply chain de-risking. That scenario has changed and we don't see right now of the module availability at the right price as a challenge. So we will be watchful on that. We'll not say that we have dropped, but we have kept in abeyance. As and when we feel the need, we will be going ahead. if immediately for the current fiscal, we are not going ahead with this.

Nikhil Abhyankar: So sir, this is likely BESS capacity, can you just tell us how much was the CAPEX done? And if a significant portion of it is done, are we also looking at using it for say merchant market, tapping the night and day arbitrage available?

Sharad Mahendra: This happened, the timing was such that we have not done any significant CAPEX. It remains in single digits only. So right now we have not done anything significant in this. Maybe single digit when I am saying it means maybe around 10 crores or below.

Nikhil Abhyankar: But the project was supposed to get commissioned in March 25 and it was cancelled. It stayed in abeyance just 4 months prior to it. Still the capital is only Rs. 10 crores?

Sharad Mahendra: Yes, we had planned in such a way to commission that in 4 months' time. That was not a challenge at all because the preparatory groundwork, the way this amount which has been already invested was done judiciously that as and when the clarity comes because in that time also the regulatory approvals were pending to the PPAs were signed. And the batteries what we had ordered we have enough other projects also which we have in which is captive requirements of energy storage as well as other bids which we have won to the same batteries are being used at for other locations. So we don't see any challenge except ordering, yes you are right, we had ordered but this is being used in alternate projects.

Nikhil Abhyankar: Okay. And sir can you just give us a timeline as to what will be the commissioning trend for the rest of the 1.9 gigawatt hours of project?

Sharad Mahendra: See, again, as I said that the implementation which we have made for energy storage, we have been talking about energy storage as we said in our strategy 3.0, we are maintaining 40 gigawatt hour, which is part of energy storage. So balance 1.9 gigawatt, the PPAs which are signed, we will be executing and this is a short lead time. So we will be doing total, we have another five projects which are there other than this one gigawatt. We will be executing as per the PPA timelines, which normally is 18 months.

Nikhil Abhyankar: Thank you, and all the best.

Moderator: Thank you. Our next question comes from the line of Dhruv Muchhal from HDFC AMC. Please go ahead.

Dhruv Muchhal: Yes, thank you so much. Is it possible to share the run rate EBITDA for the renewable capacities as of March end for the renewable, I mean, ex hydro and also if possible the gross block that you invested. Run rate EBITDA or run rate revenue is also fine; however, what is comfortable?

Pritesh Vinay: So, Dhruv, we don't do that. The run rate EBITDA. But you will be able to, you know you have the…and the IR team will be able to help you. You have the details of all the RE projects you know and you have the tariffs because all of them have been won through an auction mechanism it's a public number. So you will be able to generate that. We don't give run rate EBITDA. So that will not be able to do. From a gross block point of view, you will have to wait for some time because based on the size and significant developments that have happened we should be in a position in some time to upload once the annual reports are completed, we will be able to upload the annual reports of all the entities and this year we are also going to be publishing JSW Neo's consolidated numbers including the balance sheet cash flow. So that's based on popular demand. So therefore...

Dhruv Muchhal: So one more popular demand probably is the run rate EBITDA because that's a very good metric or revenue, is a good metric for us to monitor because individual projects, we have many hybrid projects too. So monitoring or gauging it from individual projects becomes extremely difficult.

So run rate EBITDA probably is an industry standard. If as a suggestion, if you can please adopt it also. Great, thank you so much for your time.

Sharad Mahendra: We will surely take that under advisement, Dhruv.

Dhruv Muchhal: Thanks.

Moderator: Thank you. Our next question comes from the line of Amit Bhinde with Morgan Stanley. Please go ahead.

Amit Bhinde: Hello sir. I just wanted to understand the impact that you had on from the wind speeds on your acquired portfolio because as I recollect on Mytrah you were guiding around Rs. 600 crores of EBITDA and that's pretty lower now including the new acquisitions as well. And any measures that you are taking on that EBITDA now?

Sharad Mahendra: Yes, see one measure which we are taking, yes, it is slightly lower. Wind speed impact is there on those assets. When we have said we have to assume that there are assets which ranges from maybe 650 kilowatt or 850 kilowatt to maybe 2.7 gigawatt or 2 gigawatt. This is the range of the turbines which are there which all was evaluated and considered while valuing the asset. But yes, wind speeds have had an impact there. But yes, what we are now, our operations and maintenance team is working on, apart from the availability, which we have been successful in increasing the availability, which used to be 96%, 97% to 99% availability, which we have ended with, is the efficiencies of the machines which are running. That also is important, even when the wind is there, whether the machines are running efficiently, that evaluation is in progress. Also there were some contracts which were medium term operations and maintenance contracts which were signed with the suppliers. Some of them we have canceled and we have taken into during the previous year, at various stages we have taken into our own control Self-O&M. So that also will definitely result in significant savings in the operation and maintenance cost and also the O&M contracts which are prevailing which was for medium terms we have been successful in negotiating those contracts in our favor. So all those things we will definitely see in the current fiscal.

Pritesh Vinay: But if I may add to that, Amit, I would like to add to what Sharad said, so I just put it slightly differently. Whatever Sharad has said is 100% correct. Look in any initiative, there are controllable factors and there are non-controllable factors. What one can definitely try and endeavor to do is that whatever are the controllable factors that Sharad talked about in terms of ensuring that your machine availability is up, ensuring that the focus on O&M cost reduction and getting more efficiencies out. So we are definitely at it, right. Now wind speed is something which unfortunately is not a controllable factor. But however, this is not a company specific thing right. So there are two things one is that obviously when one does run these kind of processes one looks at a longer-term horizon. Right, so we will be watching out closely and as Sharad said, whatever can be done to salvage that aspect and ultimately the bottom-line is this,

that you know, there has to be a certain amount of risk appetite in running any enterprise and these are inherent risks that one has to live with.

Amit Bhinde: And the second one that I wanted to understand is regarding your wind manufacturing plan that you had. So what is the progress on that and what is the sourcing strategy at the moment?

Sharad Mahendra: Yes, see in terms of wind manufacturing I'll just like to tell as we have said earlier we had signed the technology license agreement with Sany and they have their facilities in India, in Pune from Now all the suppliers are going to come from Pune, which is going to start sometime in Quarter 2 and apart from that to further de-risk and optimize in terms of both cost and deliveries we are setting up our two blade manufacturing units, our own for our captive requirements, which will be in the current year only. Both the units of blade manufacturing also will get commissioned. So these are the two steps on the manufacturing front in the wind side we have taken.

Amit Bhinde: Alright, got that. That was helpful, sir. Thank you.

Moderator: Thank you. Our next question is from the line of Mahesh Patil from ICICI Securities. Please go ahead.

Mahesh Patil: Yes, hi sir. Sir, my first question is on the O2 Power. So at the time of acquisition, you had mentioned that around 2.3-2.4 gigawatt should be operational by June 25. So do we have any revised timeline for that capacity?

Sharad Mahendra: Yes, Mahesh, as I said that when we acquired the portfolio, the operating capacity was 1.34 gigawatt. And the balance work, which is in progress, so by quarter end we are expecting close to 1.9 gigawatt operational capacity and about 300 megawatt of solar which is spilling over in Quarter 2. That is the only minor change which is there. We had said 2.2 gigawatt operational by end Q1 which will may spillover about small 300 megawatt to maybe in Quarter 2.

Mahesh Patil: My question is regarding the sourcing part. As you have mentioned that you are setting up the blade manufacturing unit, right? So given the revised guidelines on the domestic, increase content of domestic manufacturing for wind as well, any challenges in terms of sourcing for both solar and wind equipment for the upcoming projects?

Sharad Mahendra: No, solar as I said earlier also that enough capacity in India is there and at a very, very competitive price. So we don't see any challenge and we have already been procuring now modules locally for our ongoing projects. So we don't see as a challenge because close to 100 gigawatt of solar capacity or the module manufacturing capacity is already in place in India. Regarding the blade manufacturing, I said that of course there is a draft regulation of made in India where in some portion you can import, after that you have to be on domestic. So these actions of ours in the current year when we will be commissioning our two blade manufacturing facilities will take care of our total capacity addition plan. So we don't see these things as a challenge for us.

Mahesh Patil: Okay. And sir my last question is on the pipeline. So we have a robust pipeline, right? So going forward, what would be the bidding strategy? Are you looking for something like more of solar or hybrid or FDRE? Any view on that?

Sharad Mahendra: See, as I said earlier also to one of the questions, we have good pipeline in place and the opportunity size is so big now that we will be selective and everything as mentioned. If you go to the presentation slide #24, you will get all the details. But as a strategy, we will be definitely be selective ensuring that if the opportunity which is coming in is meeting within our strategy 3.0 to reach 30 gigawatt we have the entire pipeline in place but we will be selective and going forward wherever we are seeing that it is return-accretive meeting our benchmark returns we will be participating. But yes presently we will be focusing on our execution of the pipeline.

Moderator: Thank you. Our question is from the line of Anuj Upadhyay from Investec. Please go ahead.

Anuj Upadhyay: Yes, thanks for the opportunity. I just want to get a sense on how our cash flows are placed to fund this Rs. 130,000 crores of CAPEX over the next five years. What my sense says is the extended KSK capacity and the Salboni will only come by FY'29 or '30. Because it has an execution time period of 4 to 5 years. And this would require a combined CAPEX of the tune of close to around 30,000 crores to 35,000 crores. So the balanced Rs. 90,000 crores which is largely targeted towards the renewable capacity generally has an executable time period of say 2-2.5 years kind of a time period. So just to get a sense on what sort of CAPEX because you added the next year CAPEX could be to the tune of 15,000 crores to 18,000 crores but over FY'27 or '28, can we see a bulk of 25 plus kind of a run rate of CAPEX happening in the country at company level?

Sharad Mahendra: See, maybe I'll just say a few things on the numbers what you just said and then maybe on the cash flow Pritesh will let you know. As I said that these are all projects which is maybe 4 to 5 years period and more back-ended investment which is there and the numbers for these two KSK and Salboni West Bengal project what you said, that is a significantly higher number as I said earlier. The 1,800-megawatt capacity we have to execute in maybe by FY'30, this will be at a much-much lower cost than what the normal greenfield project is. So the cost will be significantly lower for this entire 1.6 gigawatt of West Bengal and 1.8 gigawatt of KSK, which is total 3.4 gigawatt, will not be in the tune of the numbers what you have just said. It will be significantly lower, one. And in terms of cash flow with the new capacities coming in over a period, how it is going to help, maybe Pritesh will just tell you.

Pritesh Vinay: So Anuj, I'll just kind of try and repeat in a slightly different way what I said some time back. All growth aspirations, funding of those growth aspirations has to be calibrated with respect to your spending ability and at the same time on the other hand managing that your leverage profile is in check. So we will be operating between these two guardrails. So from time-to-time, there was another question earlier, there could be some bunching temporarily, but largely that is the endeavor. So I would not like to get into specifics because that would not be appropriate. But what is, we can definitely kind of talk about is that for the current year, we are talking about a

Rs. 15,.000 crores to Rs. 18,000 crores capital spending plan. And then it will be calibrated subsequent to that.

Anuj Upadhyay: Okay, fine. And next on the Vijayanagar, now the plant has been completely tied up, can we provide some kind of sustainable ROE or what P&L the plant would run that would be helpful. I believe. The plant have a regulated or equity contribution of close to around 1,300-1,400 odd crores. So can we provide some sense on what kind of ROE it would be making on the captive arrangement?

Pritesh Vinay: So Anuj, on Vijayanagar obviously the tie-up is on CERC norms. But what I would also want to highlight and this is important is this that this is a 5-year tie-up. The tie up is for 5 years because JSW steel also has decarbonization aspirations for which they also eventually want to switch over into more and more RE, right? So therefore with that in mind this has been done for five years rest of the things are arithmetic. You guys are very good in doing that, so I would not like to comment on that. But this is how you should look at it.

Anuj Upadhyay: Thank you. That is helpful. Wish you good luck.

Moderator: Thank you. Our next question comes from the line of Rajesh Majumdar from B&K Securities. Please go ahead.

Rajesh Majumdar: Yes, sir my question was actually on the lines of the last participant. So on the thermal PPAs, we are seeing a much shorter duration of five years now. Is that the trend going forward? And since you've locked in a lot of new coal-based capacity, is that going to be a challenge in the future in terms of the coal-based capacity?

Pritesh Vinay: So Rajesh, would beg to differ. I mean, PPAs are not for short duration. I mean, if you look at what UP did, what Maharashtra did, what West Bengal did, what Karnataka has called for, these are all 25-year bids. What I was explaining was this Vijayanagar 860 megawatt that has been tied up, that has been tied up for 5 years, with JSW Steel, not with fiscal trend is 5-years.

Rajesh Majumdar: So the long-term PPAs still exist for the larger... ?

Sharad Mahendra: Yes, 25 years and the pumped storage is all for 40 years which are the PPAs which are coming in.

Rajesh Majumdar: Okay, that's useful. Thank you, sir.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Sharad Mahendra: Yes, thank you everyone for being with us today. And if anyone else has any query or any other questions, I request you to please approach our IR team. You will get a suitable reply if there are any other questions which remain unanswered today. Thank you very much.

Pritesh Vinay: Thank you. Thank you very much and good night, everyone.

Sharad Mahendra: Good night.

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