



“JSW Energy Limited
Q2 FY26 Earnings Conference”

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Moderator: Ladies and gentlemen, good day, and welcome to the JSW Energy 2Q FY26 Earnings Conference Call hosted by Motilal Oswal.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Abhishek Nigam from Motilal Oswal. Thank you, and over to you, sir.

Abhishek Nigam: Yes, thank you, Sagar. Hello, everyone. Good evening and thank you for joining JSW Energy's 2Q FY 26 Earnings Call. Tonight, we have with us Mr. Sharad Mahendra – Joint MD and CEO; Mr. Pritesh Vinay – Director (Finance) and CFO; and Mr. Bikash Chowdhury – Head of Strategic Finance and Investor Relations.

And now without any further delay, I will hand it over to Mr. Sharad Mahendra for opening comments. Over to you, sir?

Sharad Mahendra: Good evening, everyone, and thank you for joining us today for JSW Energy's Q2 FY26 earnings call.

The second quarter of this fiscal year marked a pivotal turnaround for the power sector. After a decline of 1.6% in Q1, we witnessed a significant uptick in power demand in Quarter 2, which grew by 3.3% year-on-year to 449 billion units and H1 demand was up by 0.8% year on year. This resurgence was driven by a healthy uptick in industrial activity and improving economic sentiment, further supported by a favourable base effect. Remarkably, this recovery came despite an extended monsoon, underscoring the resilience of India's power demand. Peak demand during the quarter reached 230 GW in August, remaining consistent with levels seen in corresponding quarter of the previous year.

India's total installed power generation capacity now stands at 501 GW, reflecting the sector's robust growth momentum. Over the past 12 months, 48 GW has been added, with 33 GW and 16 GW commissioned in H1 and Q2 respectively. Renewable energy continues to lead this expansion, contributing 25 GW during the half year —22 GW from solar and 3 GW from wind. This affirms our nation's commitment to a cleaner energy future.

For thermal, the current installed capacity is 245 GW. Considering the biddings of 15 GW of projects awarded in FY25 and approximately 35 GW of capacity under-construction; all these capacities should be commissioned in next 5-7 years. With this, India's total thermal capacity in FY32 should reach close to 300 GW.

We have witnessed thermal bids from various states totalling to 11.6 GW this half year. As you are aware, we have bagged Salboni 1600 MW last fiscal year, and have additional optionality of 1800 MW of brownfield expansion at KSK. Recently we have received an LOA of 400 MW for our 700 MW UTKAL plant, which is currently an open capacity – once this LOA is converted to PPA, it will further enhance our cashflow predictability, and take our open capacity from currently at 8% to 5%.

For the country, Renewables accounted for 18% of total electricity generated this quarter, up from 15% in the same period last year. Wind generation saw one of its strongest performances, with national PLFs rising from 31.7% to 34.9%. Hydro generation also surged, reaching 68 billion units—a 13% year-on-year increase—thanks to better hydrology and a favourable monsoon.

The merchant market remained soft, with day ahead prices averaging ₹3.92 per unit on exchanges, declining both sequentially and annually, impacted by record capacity additions and muted demand.

As shared in our previous call, we have proactively de-risked our portfolio by tying up our imported coal-based Vijayanagar plant with JSW Steel. This strategic move has significantly reduced our exposure to merchant volatility and ensured stable returns. Further, the recent LOA of 400 MW at Utkal will reduce our exposure to the merchant market. Even on our current untied capacity, our domestic coal merchant exposure is 788 MW out of total merchant exposure of approximate 1.1 GW; this ensures feasibility of the plant to generate attractive dark spreads even at lower merchant prices.

Coal prices continued to moderate, averaging \$91 per tonne during the quarter, down from \$110 per tonne in Q2 FY25. Post-quarter end, prices have further softened to around \$81 per tonne. This should help our imported open thermal capacity to record better dark spreads, benefitting from the lower fuel cost.

On the RE bidding front, the first half of FY26 saw cumulative generation bids of close to 5GW and storage bids of approximately 3 GW.

On the macro environment, the recent GST rationalisation has been a welcome reform. For renewables, it lowers capital costs and will translate into more competitive tariffs. For thermal power—plants using domestic coal—the removal of the ₹400/tonne compensation cess and the streamlined GST structure will reduce fuel costs and improve overall generation economics. These changes will strengthen the financial health of DISCOMs and support long-term sector sustainability.

From a regulatory standpoint, there are some anticipated changes from the recent Renewable Consumption Obligation framework and new draft amendment of the electricity act, which are sector positives.

At JSW Energy, our strategic focus remains on both energy security and energy sustainability with disciplined capital allocation.

To share with you the highlights of our performance for the quarter, which has been marked by significant progress across multiple fronts.

Our net generation saw a robust 52% year-on-year increase in Q2FY26, rising from 9.8 billion units to 14.9 billion units. Further, our H1FY26 marked a 60% year-on-year increase in the generation, from 17.7 billion units to 28.4 billion units. This is at a time when the industry has registered a subdued demand growth of 3.3% year-on-year in Q2FY26 and 0.8% year-on-year in H1FY26. Acquisition and integration of KSK and O2 Power, along with our organic capacity addition including Kutehr and Ind-Barath Unit-II has expanded this generation base.

Over the past twelve months, we have added 5.5 GW of capacity, including 3.3 GW of renewables and 1.8 GW of thermal, which has significantly contributed to our EBITDA growth. This includes inorganic capacity of 1.5 GW Renewable and 1.8 GW of Thermal.

During the quarter, we successfully added 443 MW of new capacity, taking our total installed capacity to 13.2 GW. This represents a remarkable year-on-year growth of approximately 71%, up from 7.74 GW in the same period last year. Among these additions, I am proud to highlight the commissioning of our green-field Kutehr 240 MW hydro generation project, wind 148 MW and solar 56 MW. Earlier we had commissioned 5 MW agrivoltaics in Vijayanagar and now we commissioned our first 20 MW floating solar project again at Vijayanagar—this showcases our ability to deliver long term sustainable and innovative energy solutions.

Further, our 240 MW Kutehr Hydro Power Plant, is one of the fastest greenfield hydro projects to be completed in India. Despite facing challenges such as COVID-19 disruptions, lockdowns, and extreme weather conditions, we executed this project in under six years. The timing of the commissioning allowed us to capitalize on the high-generation season in Q2, resulting in an impressive 58% PLF for the operational days of the quarter.

Looking ahead, our under-construction portfolio remains robust. We are currently building 12.5 GW of generation projects, all of which are fully tied up under long-term Power Purchase Agreements. Upon completion, our installed capacity will nearly double to approximately 26 GW. This includes new PPAs signed during the quarter for 230 MW under SECI FDRE IV and 100 MW solar with 100 MWh Battery Energy Storage System.

In our hydro portfolio, Karcham-Wangtoo and BASPA plants exceeded design energy generation by 16% in Q2 and 13% in H1 FY26. As highlighted earlier, our newly commissioned Kutehr plant further strengthens our hydro capabilities and unlocks new synergies.

We had earlier guided for a capital expenditure of ₹1,30,000 crore by 2030 to achieve a capacity of 30 GW and 40 GWh of energy storage. The opportunity for growth in this sector is immense, and we are committed to pursuing it in a calibrated and strategic manner.

To ensure predictability in execution and to reaffirm our unwavering commitment to delivering value to all stakeholders, we continue to take deliberate steps toward organic growth both in RE and thermal. This approach aligns with our recent partnership with SANY for wind turbine manufacturing and our decision to pause our solar module manufacturing plans.

I am pleased to share 3 strategic developments during the quarter:

1. Acquisition of GE Power India Ltd.'s Boiler Manufacturing Business: We have entered into a Scheme of Arrangement with GE Power India Ltd. to acquire its boiler manufacturing business. This acquisition significantly enhances our in-house capabilities with both technology and people which is very critical for equipment manufacturing and supports our thermal power expansion plan.

2. Majority Stake in KSK Water Infrastructure: We have successfully completed the acquisition of a majority stake in KSK Water Infrastructure. This entity currently supplies raw water to our 1,800 MW KSK Mahanadi Thermal Power Plant and is equipped to support an additional 1,800 MW, ensuring readiness for our future expansion.

3. Battery Assembly Plant in Pune: As previously communicated, we are in the process of establishing a battery assembly plant in Pune with a rated capacity of 5 GWh per annum. This facility, dedicated to supporting Battery Energy Storage Systems (BESS), is expected to be operational in Q3 FY26. It will also enable us to meet domestic content requirements for BESS as and when they are mandated.

As part of our continued strategic growth, I'm pleased to share that we have signed a definitive agreement to acquire the 150 MW Tidong Hydro Power Plant from Statkraft at an enterprise valuation of ₹1,728 crore. Expected to be commissioned by October 2026, the plant has a 22-year Power Purchase Agreement (PPA) with Uttar Pradesh Power Corporation for 75 MW, while the remaining capacity offers attractive potential in the merchant power market.

This acquisition will not only strengthen our hydro portfolio but also bring in a highly skilled team with deep expertise in hydroelectric power. Their experience will be invaluable as we advance our pumped-hydro storage projects. We are already the largest Independent Power Producer in the hydro sector, and this acquisition further cements our leadership position.

In our energy products and services segment, we signed battery energy storage agreements for 680 MWh, taking our total locked-in storage capacity to 29.4 GWh. Trial runs for our 3,800 TPA green hydrogen project at Vijayanagar are near complete, with commissioning expected soon

Looking ahead, we continue to integrate KSK Mahanadi and O2 Power into our operations, significantly strengthening our capabilities. With 2.3 GW of capacity already added in H1 FY26, we are well-positioned to achieve our generation capacity target in excess of 15 GW by the end of fiscal year.

Lastly, I want to reiterate our focus on execution excellence, efficient capital allocation, and stakeholder value creation. With a high-quality, largely tied-up under-construction portfolio, we are confident in our ability to sustain this growth trajectory and deliver superior returns.

With this now I pass on to Pritesh to talk about financial performance for the quarter.

Pritesh Vinay:

Thank you very much, Sharad, and a very good evening to all of you. As Sharad mentioned, there has been a significant addition in our installed capacity on a YoY basis. September last year we were at 7.7 GW of operational capacity, whereas we ended September '25 at 13.2 GW. And all of this has led to the net generation for the quarter being up by 52% YoY, which translated to a total revenue which was up by 55% at over Rs. 5,300 crores. And the EBITDA for the quarter went up by 67% to Rs. 3,200 crores.

With the additional capitalization of newer assets, that have come on the balance sheet, there is a higher interest and depreciation commensurately, which has led to the profit after tax being down by 17% compared to last year at about Rs. 705 crores, but more importantly, for us, the cash profits generation, was up by 27% YoY at over Rs. 1,500 crores.

From a half-year performance point of view, for the first half of this year, we have already crossed the EBITDA that we generated in the entire last fiscal year, and EBITDA for the half year stood at over Rs. 6,200 crores.

Our profit after tax for the half year was up by almost 5% to close to Rs. 1,450 crores, and the cash profit after tax was stood at more than Rs. 3,000 crores.

From a balance sheet point of view, the net debt at the end of September quarter stood at close to Rs. 62,000 crores. It has sequentially gone up by about Rs. 2,500 crores compared to June end.

The total amount of CAPEX that we have spent in this quarter is about Rs. 3,500 crores. We have also capitalized some amount on ongoing projects like Kutehr and some RE projects because of which the total net debt, which is stuck in capital work in progress, has marginally come down by about Rs. 400 crores during the quarter and stood at about Rs. 12,500 crores. So, if you look at the operational assets, the total debt to the total EBITDA on a TTM basis stood at just under 5x.

The weighted average cost of debt has marginally come down with a reset of some of the current facilities and went up by close to 10 basis points sequentially. We expect this trajectory to

continue in the next couple of quarters as more facilities reach their reset date, so the easing up of interest rates that we have seen in the markets will start translating into our borrowing cost as well.

The receivables trend continued to be very healthy. The total amount of outstanding receivable at the end of September was Rs. 3,500 crores, which translated to a day sales outstanding of 64 days. This was an improvement compared to 70 days at the same time last year.

With that, I will stop here and operator we can open the floor for Q&A please. Thank you.

Moderator: Thank you so much. We will now begin with the question-and-answer session. Our first question comes from the line of Mohit Kumar from ICICI Securities. Please go ahead.

Mohit Kumar: My first question is, on financials, is it possible to explain the lower EBITDA in Karcham and Baspa during the quarter? EBITDA came at Rs.3.8 billion. However, I believe the generation was better compared to last year.

Pritesh Vinay: So, Mohit, you must be aware of the Supreme Court order on the Karcham side, on the free power. So, on a YoY basis, the incremental amount of free power which earlier last year we were selling in the merchant market is now being supplied to Government of Himachal Pradesh under the implementation agreement. So, that is the primary reason why from an EBITDA point of view at the hydro business you are seeing a lower YoY trend.

Mohit Kumar: And on the Ind-Barath EBITDA, is it lower QoQ? Is it primarily due to merchant impact or is there any one-off?

Sharad Mahendra: You see, in case of Ind-Barath, there is a scheduled shutdown of the units, keeping this in mind is the only reason. There is no other reason. All the annual maintenance and overhauling is completed. So, in the second half of the year keeping in mind to take care of the seasonal demand, which is better normally in H2. So, it was a seasonal, annual shutdown only, which is normally a planned shutdown.

Mohit Kumar: My last question is, what is the purpose of acquiring GE Power assets? Is it possible to manufacture the complete boiler or only special parts of the boiler? What is the strategy to utilize this asset to build our own thermal power plant?

Sharad Mahendra: See, one thing we have to understand is the way we have seen in the last maybe about 18 months the amount of thermal bids which are coming in and the PPAs with the way it is getting signed, there definitely has been constraints in terms of timely supplies to meet the PPA timelines, from the existing suppliers for boiler turbine generator.

So, keeping that thing in mind, this is a facility which has well established technology and presently running, though not making the new pressure like the pressure parts of the new boiler but servicing the existing customers which has the full facility to produce a new.

So, yes, always whichever boiler plant, whether it is of any other company or GE, it is a mix of pressure parts mostly are being made within the plant. The non-critical and other things normally are outsourced. This is the way other companies like BHEL, or others operate. So, all the critical parts, pressure parts will be manufactured here.

And lastly, our strategy was to ensure the timely supplies of the boiler for our, especially the Salboni plant which we have PPA which we have signed. So, it is the technology is there. The skill set to do the people are there. The engineering team is there so that these are the prime reasons that we have gone for this.

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

Sumit Kishore: My compliments on a strong operating performance in Q2. My first question is, over the past one year, there have been a fairly strong additions to the installed capacity led by solar, as you mentioned in your opening remarks, accompanied with relatively muted power demand growth. So, in this backdrop, are you seeing any instances of grid curtailment for RE capacities during solar hours? And is this likely to be a risk for the sector in coming times? That is my first question.

Sharad Mahendra: See, Sumit, one is, of course, this phenomena with this so much of capacity addition which is happening especially in solar during solar hours, there is a capacity evacuation challenges grid has started facing, but we have to remember what the regulation says based on the connectivity. One is the TGNA, which is a temporary connectivity, and one is the GNA.

So, I think it is if the scheduling system is proper, agile, vigilant, and the timely rescheduling and proper scheduling is happening, this can be minimized or avoided. Till now, at least we have not faced any such challenge in terms of curtailments, but yes, that this is one phenomenon a watch needs to come, but not I will say on a permanent basis, temporarily maybe for the next 1 year, 2 year, 3 years till the time the new connectivity, the work in progress which is there comes and the evacuation is there, but it is protected in terms of if there is a PPA with an entity and if the scheduling is within the PPA terms, even if there is a curtailment in the grid, the regulation protects the developers and they get the money. There is a process which can be explained by the IR team in case that those details can be shared with you separately.

Sumit Kishore: So, your payments would not be affected. The must run status of that RE plant would prevail.

Pritesh Vinay: Provided the only sorry, I will come in here, Sumit, just for the sake of clarity, what Sharad is trying to say is provided your asset is already operating under GNA.

- Sharad Mahendra:** GNA.
- Pritesh Vinay:** Right? But if there is any asset which is operating under TGNA, if there is a curtailment, there is no revenue protection mechanism, yes.
- Sumit Kishore:** And your capacities are under GNA?
- Pritesh Vinay:** Yes.
- Sharad Mahendra:** Yes.
- Pritesh Vinay:** For operating capacity, you will typically have TGNA for part commissioning of capacities. So, conceptually, the way to understand this is that if suppose I am building a 100-MW plant, right, and only 30 MW or 40 MW or 50 MW is commissioned, the evacuation of that power is allowed under TGNA, right? But your project SCOD will only be achieved when the entire 100 MW is completed.
- Once the 100 MW achieves SCOD, you move to GNA. The TGNA goes away, and that is when you are so to say the meter of counting your 25-year PPA starts, right? So, effectively, under TGNA one was earning excess revenues even before the start of the PPA. So, there is no compensation mechanism for that, right? I hope that is clear.
- Sumit Kishore:** That is very clear. My second question is, in the first half of the fiscal, you have added more than 1 GW of organic capacity addition. And you had talked about a 3 to 4 GW addition target on an organic basis in FY26.
- You have also shown photographs in your presentation of 3.4 GW solar, 2.3 GW wind, which is under construction at various sites. So, I mean, are there any impediments to achieving this target? Because when I see your CAPEX incurred in the first half, it seems that there should be a decent pick up in second half if you are to achieve these targets. I mean, how should we think about CAPEX and your capacity addition?
- Sharad Mahendra:** So, Sumit, one is, of course, whatever the project work in progress is there, there are no impediments to complete and commission this because connectivity, land, which are the two major challenges in the execution, all are well in place. Then only the work on the projects have started.
- And of course, in terms of we normally see lesser lower activity and especially in the current year in first half with the extended monsoons, the project pace, execution pace was much slower. And now in the second half of the year, the projects, what the capacity which I have indicated also that in excess of 15 GW we will be closing the year. So, maybe close to about 2 GW further is to be added. So, definitely, in terms of CAPEX also as compared to what has been witnessed in H1, it will be more than that.

- Sumit Kishore:** That is very clear. I will join the queue.
- Moderator:** Our next question comes from the line of Ketan Jain from Avendus Spark. Please go ahead.
- Ketan Jain:** My first question is on the Karnataka LOA for Ind-Barath. What would be the terms of realization for this? Or was it a competitive bid, and how is the tariff decided for this LOA?
- Sharad Mahendra:** See, this tariff, again, this is a bidding, and this is in public domain. The tariff is for this is it is at the regional periphery, at CTU, you can say at plant it is Rs. 5.78 is the tariff for this. So, you can do the calculations in terms of the fuel cost. Our Ind-Barath plant, Utkal plant is very close to the mine. MCL, it is just a few kilometers only from there, from where we are getting bulk of the fuel. So, it is quite attractive pricing.
- Ketan Jain:** Also, I just wanted to check, did we have any one-off in our renewable EBITDA from either of the SECI projects or is it all of the organic EBITDA?
- Pritesh Vinay:** Yes, hopefully organic.
- Sharad Mahendra:** Yes. No, nothing one-off significant anything worth to be reported. Nothing.
- Ketan Jain:** I will come back in the queue. Other questions are answered.
- Moderator:** Our next question comes from the line of Atul Tiwari from JP Morgan. Please go ahead.
- Atul Tiwari:** Sir, my first question is an industry level question. So, we have just seen 5 GWs of RE bids in the first half, and obviously we have been hearing about news of curtailment, etc. Slow power demand is now a reality. So, do you think that this is the new normal like 5, 10 GW more in the second half, or can we still achieve the ambitious target of 40, 50 GWs RE bidding on an annual basis?
- Sharad Mahendra:** See, it is a very, like I will say a very, very pertinent question, which is being sent. We have to understand two things. See, this is very, very temporary I am seeing. two things which have been witnessed is what we have seen in the last two years, the amount of bidding which is close to 100 GWs, which has happened.
- So the pipe up at close to 40 GWs of bids for which the PPAs are still pending and in which there are a significant portion of plain solar and plain wind also with the grid challenges which are being faced, we are seeing one big significant change in the current year H1 is that plain vanilla solar or vanilla wind bids are hardly any. They are not there. More it is coming is either hybrid. Hybrid also is much lesser it is FDRE or other. Majority is solar plus battery energy storage to discharge during the evening hours.

So, we are seeing this temporarily to cool down because there is enough in the country to be executed going forward in the next 3 years, the PPAs which have been signed or the unsigned bids which are there. So, we see that current year we expect the overall bidding volume what we have witnessed in the last two fiscals is expected to be lower in the current year.

But as I again said, this is temporary. Again, once the backlog starts coming down and the connectivity visibility is there, I think this will again gain pace maybe from next financial year is what is expected.

Atul Tiwari: And my second question is on Salboni project. So, fair to assume now that the boiler will be done in-house with the acquisition of GE Power boiler assets, right?

Sharad Mahendra: Yes.

Atul Tiwari: And just to kind of obviously you will be, hopefully, bidding for new coal-based capacity as well. So, what is the maximum capacity of boilers you can do in-house in this facility?

Sharad Mahendra: See, as I said that clearly when you see that the boiler plant doesn't work, that we say that okay, 2 or 1 boiler. It is not that it is one, it is a single unit and it delivers 1 in a year. See, this has a capacity of almost 1.5 boiler worth of component manufacturing. And it doesn't mean that it will give 1.5 in one year. It is to span to complete one boiler is almost 18 months in terms of supply from the zero date.

So, it is a cycle which is there, and we have time. It is meeting the timelines. My commissioning timeline is by 2030 as per the PPA terms in Salboni. So, effectively, you can say once the plant is fully functional, it will give a material worth 1.5 boilers, you can say, per annum this will be giving.

Atul Tiwari: And sir, the turbine generator will be with JSW Toshiba, the plant.

Sharad Mahendra: We have a joint venture with Toshiba, which is a old joint venture, and they have already made and supplied this 800-MW TG in India beforehand also to NTPC and others. So, yes, the turbine generator will be from Toshiba JSW joint venture company.

Atul Tiwari: And sir, what is the annual capacity of JSW Toshiba as of now?

Sharad Mahendra: JSW Toshiba can produce comfortably 2 turbine generators in a year.

Atul Tiwari: That is about 600 MWs.

Sharad Mahendra: Again, as I said, because last few years they have not been producing turbine generators though the technology equipment is there with them. The start year to deliver will be 3 years from now,

which again matches absolutely with our schedule. And then after that from 3rd year onwards, once they deliver the 1st, every year they can deliver 2 TGs.

Atul Tiwari: 2 TGs of 800 MWs each.

Sharad Mahendra: 800 MWs means 1.66 GWs every year with the potential to go to 2.4 GW also.

Atul Tiwari: Good to know.

Moderator: Our next question comes from the line of Karan P. Gupta from CAVI Capital. Please go ahead.

Karan P. Gupta: Two quick questions. Can you maybe just talk about the alignment of the depreciation expense that is booked and the economic life of the underlying assets? So, in other words, can these assets continue to generate cash flows even after they are depreciated to zero? And secondly, you have always spoken about mid-teen ROE. So, are those on a cash basis or a net basis that you are looking at?

Pritesh Vinay: Can you repeat the second part of your question, please?

Karan P. Gupta: So, in past calls also management is always guided that capital allocation decisions are based on mid-teen ROEs. So, are those mid-teen ROEs on a cash basis or are those on a net of depreciation expense?

Pritesh Vinay: So, the first part of the question is that depreciation is a straight-line method. Right? So, yes, the economic life of the assets are typically longer than the depreciation with a very big caveat that provided your operation and maintenance and upkeep and overhauls are proper. So, there are a lot of cases in India across different kinds of asset bases where the asset life with some nominal R&M, which is renovation and modernization CAPEX can be elongated. The economic life can be elongated beyond depreciation, right. So, that is the first part of the question.

The second part of the question is the capital allocation decision does not change. It is a levered equity IRR, right? Because we are allocating capital for the cash flows for the life of the asset, right? And therefore, when you are talking about a levered equity IRR, you will be able to do when you do the FCE, FEE calculation, you will be able to arrive at that, right?

So, ROE is, I think, easily understood. It is more backward looking or at a certain point of time, but given where you are in the stage of your CAPEX cycle or where you are in the life of the asset, your ROE trajectory typically for an RE business, for example, in the initial years will be lower because the debt is still to be repaid and typically once you hit the 10, 11, 12 year mark is when the debt is getting paid faster than, so the accrual at the numerator, which is your reported profit after tax is higher, right? So, the ROE starts bunching up in the back end of the economic life of the asset, whereas capital allocation decisions are on a long-term cash flow forecasting. So, it is a mid-teen equity IRR on a lever basis. I hope I am clear.

- Karan P. Gupta:** Yes, I really appreciate that.
- Moderator:** Our next question comes from the line of Amit Bhide from Morgan Stanley. Please go ahead.
- Amit Bhide:** I just wanted to understand your thought process on the 1,800 KSK Mahanadi plant. Would that be operationalized by 2031?
- Moderator:** Sorry to interrupt, Amit, sir. May we request you please repeat your question once again. Apologies for the same.
- Amit Bhide:** Sir, I wanted to understand whether we will be aiming to start the remaining 1,800 MWs of KSK Mahanadi by 2031. Would that be in your plan?
- Sharad Mahendra:** See, yes, we have been maintaining that this is an 1,800 MW operational plant and 1,800 MWs of which the balance of plant is fully ready and maybe the 4th unit 40% of the work is complete and also 5th and 6th units, minor work has already been completed. So, definitely we have plans to complete this before 2031.
- Amit Bhide:** That was my question. Remaining questions have been answered.
- Moderator:** Our next question comes from the line of Shrinidhi Karlekar from ASK Investment Managers Private Limited. Please go ahead.
- Shrinidhi Karlekar:** Sir, I wanted your perspective on what is really driving uptick on state PPAs from various different states, and how is the pipeline looking like?
- Sharad Mahendra:** See, state PPA, if you see one thing what we have witnessed in some of the states is in thermal space, states are looking for signing PPAs for fresh capacities in thermal space and giving a preference of setting up the plant within the state. Like encouraging investment and employment in the state is one of the strategic shifts which we are seeing in the states whether in the recent bids we see, whether it is in the state of Bihar, Madhya Pradesh, or West Bengal, or even the recent bid in Assam or in UP. These are the five major states and Maharashtra sixth. These have seen the state barring Maharashtra, every state has asked for the setting up the unit in the respective state only, which in a way we feel is good in terms of grid challenges what we are witnessing till the time, and this will support. So, this is what we are witnessing that the states are encouraging this.
- In RE space also for two reasons which are driving some of the states which are friendly in terms of setting up solar or wind capacities wherein Karnataka is one of the leaders and Maharashtra, that setting up within the same state, it insulates them from the ISTS connectivity which is a challenge and also the RPO, the obligations in terms of the connectivity charges which has been free which we have started implementing in the current year from 1st June every year, there will

be incremental transmission charges. So, these two factors are driving in the states which are RE friendly to set up the capacity within the state.

Shrinidhi Karlekar: And sir, is the pipeline still strong or was it just a patch of a year or two where we saw a lot of bids in terms of thermal PPAs?

Pritesh Vinay: So, if I can come in here, see, typically the way it works is you have to look at it from a procurer's point of view, right? So, every distribution utility does what is called their demand curve forecasting, right? And then commensurate with their demand curve forecasting which is typically on a medium to long period average basis, they will do a resource adequacy plan that where will this curve, what different modes of generation will it be met with, right? And then based on their internal analysis and decisions, they decided, okay, X% from this mode and Y% from that mode and all that and that is how then what is a typical gestation period for each of the mode and then that is how they do it, right?

So, in the last 18 months, most of us who have been in the power market have been surprised with, the greenfield long-term PPAs for thermal projects, those bits coming back. So clearly, you are now asking us to crystal ball, will this trend continue or not? We have a very poor track record of calling something like this out. We would not trust our views on this, right, on a lighter note, but I would believe that the pace at which we have seen the bids, so at least it is less likely that the current states should call for, the states which have already done a bid maybe some brownfield or some additional from those, but the states which have not may come back 1 year or 2 years from now, right? So, there is no visibility. Nobody gives out these kinds of guidance, right? You pay it by the year. That is how it works.

Shrinidhi Karlekar: Quite clear. And one last one if I may. So, sir, you are putting up this BESS assembly plant in Pune. Wondering is it for largely captive needs or you plan to service external demand as well?

Sharad Mahendra: See, our captive portfolio is also significant. It is for captive, but the kind of capacity which we have put a 5 GWh per annum, and it takes time to ramp up this capacity. Maybe by second year of operation we should be reaching full capacity. So, we will be open to because the way MNRE has been focusing in terms of ALMM for solar modules and then cells also which is in discussion and also for wind also which is there, so ultimately there is a focus for Make in India even in this area. So, we feel that there will be opportunities even to cater to the requirements of outside also. So, we will be open to both for our captives specifically and also if there is any requirement, then we can cater to the outside requirements.

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

Aniket Mittal: Two small questions. One is, while we see the recovery in wind PLF, if I look at the EBITDA number for Mytrah, it is actually fallen on a YoY basis. Given that Mytrah is a wind heavy portfolio, just wanted to understand the reason for that.

- Sharad Mahendra:** Can you repeat? Mytrah, you said that despite the increase in the PLF.
- Aniket Mittal:** Yes, so when PLFs are higher, Mytrah is a wind heavy portfolio, but the EBITDA number on a YoY basis is actually showing a decline in your presentation.
- Pritesh Vinay:** By how much?
- Aniket Mittal:** I think it is slightly down around 51 crores to 50 crores.
- Sharad Mahendra:** 5 crores. I will tell you, 5 crores. See, wind speed is better. We have to understand the Mytrah portfolio by design. It is an old portfolio which has machines starting from 850 Kilowatt. So, even with the higher wind speed, they have also demonstrated wind portfolio has performed better. But the amount of benefit of a higher wind speed and higher, what we get in larger machines, whether it is 2.7 or 3 GW as compared to that, the incremental EBITDA from wind portfolio in Mytrah is limited.
- But solar, we understand that solar because of the extended monsoon, the solar CUF, in general, has been lower. But if you see H1, H1 EBITDA of Mytrah if you compare over H1 of last year, when H1 solar was performing well is 1,021 as compared to 892 last year.
- Pritesh Vinay:** So we did see an improvement.
- Sharad Mahendra:** It is very marginal and it is primarily, though solar is only 422 MWs, it is wind dominated, but the impact of solar because of the lower radiation and the extended monsoons, solar in general in the country has not performed well in this quarter. So, that impact is only this minor change in quarter.
- Aniket Mittal:** And just on Barmer, there has been a fall in EBITDA in Barmer on a YoY basis.
- Pritesh Vinay:** So, Barmer, if you recall, Aniket, the same thing happened last year with Hydro. In regulated return businesses, at the end of 12 years your rate of depreciation changes and correspondingly your capacity charge goes down, right, because debt repayments have happened and all that, right?
- So, Barmer completed its 12 years, last year. So, this year onwards there is a step down under the regulatory trajectory of the capacity charge recovery because of the change in the rate of depreciation. You would have seen this in Q1 also compared to Q1 of last year, right? So, this will happen in all four quarters of this year and then this becomes the base for the next year onwards, right.
- Aniket Mittal:** I think the difference in 1Q was slightly lower than this.

Pritesh Vinay: No, so there would be backdowns. There would be PLF changes. There would be impact of, station heat rates of consumption, all of that. Those plus minuses will happen. But fundamentally, the step changes because of this.

Moderator: Our next question comes from the line of Nikhil Jain from CRISIL. Please go ahead.

Nikhil Jain: My question is with regards to unit economics for battery energy storage system. There is the point number one, what is the current CAPEX per MWh in BESS? So, since we have read in multiple media articles that it has come down from 105 KWh to 55 KWh. So, what is the current cost which we are incurring in India, the landed cost for 1 MWh of BESS? And the second question is, with regard to the tariffs which we charge for our standalone BESS and storage plus solar tariffs.

Pritesh Vinay: So, I am struggling how to respond to this because when there is a sourcing or a procurement decision, a lot also depends on, A-what is the prevailing price at that point of time, what is your negotiating strategy vis-a-vis multiple suppliers. What kind of framework agreements, if at all, or volume commitments if at all you can give and hence your every player's negotiation ability will be very different. I am afraid there is no one size fits all.

Sharad Mahendra: Yes. And also we have to understand that when you are asking for in terms of when the BESS supply and also in terms of BESS project, saying that this is the tariff, standard tariff is not possible because solar plus BESS which geography it is being put, whether it is a 2 hour discharge or a 4 hour single discharge or 2 hour discharge morning and 2 hour evening.

So, the project is to be designed. The battery container solution is to be designed that way. Apart from that, if my energy plant at what price I am procuring the cell pack. So, there are a lot many factors. So, maybe saying that 110 to 55 or giving any straight line number will not be possible. There are many variables which need to be closed before arriving at a number.

Pritesh Vinay: And just to complete the second part of the question, it is a competitive bidding process, right? So, it is like they say, beauty lies in the eyes of the beholder. So, I am sure the prices that are being discovered for the standalone battery energy storage systems where we are now seeing 15, 20, 25 bidders in a single auction, I am sure for some of those players, those numbers are making sense, right? So, that number is publicly known. So, you know what it is, right? But it also depends on the risk appetite and the returns.

Sharad Mahendra: Yes, and just to end what Pritesh said that we have been maintaining from the very beginning and is still maintaining very clear our benchmark hurdle rate. Any bid if it is not giving, we are just for the sake of building a portfolio, we are not going to build a portfolio. Mid-to-high-teen IRR is our hurdle rate that has to be maintained. Then only we go ahead.

Nikhil Jain: Sir, just one thing, if you can give us just upper and lower band of the CAPEX per MWh, so because we needed to check whether now whether the tariffs for BESS have been lower than

PSP or it is still in the similar ranges or PSP is a little cheaper than BESS. So, broadly, your view on this.

Pritesh Vinay: No, I am sorry. We will not be able to do that. Yes, it's a competitive market, and it is not in our interest to speak publicly about these things.

Sharad Mahendra: Nikhil, but what I will suggest is in case you need any discussion, any more information, you can approach our IR team. They will definitely be happy to provide whatever more information or any guidance which needs to be given.

Moderator: The next question comes from the line of Mahesh Patil from ICICI Securities. Please go ahead.

Mahesh Patil: Sir, my question is on our renewable LOAs. So, out of the 2.6 GW that is still pending for PPAs, can we expect over the next 6 months that is by the end of this year, we will be able to sign those PPAs? How do you see that?

Sharad Mahendra: See, the thing is, as we discussed some time back also, and I replied to one of the questions that there is a pendency of 40 GW of bids which are LOA issued and PPA pending for signing. So, we cannot give any timeline for this whether it is 3 months, 6 months, 1 year. It is we are just waiting for the right time if the opportunity comes, but without that also we are well on track of our commit, reaching the 30 GW capacity, we are absolutely confident.

So, we don't see, and for us it is the total capacity for which we have received pure solar, which we see as a challenge, is only 900 MWs out of our total 4 GW which is there, which is a mix of many, but total solar, if you see, is 900 MWs of capacity which is pending, which is contracted and not signed.

Mahesh Patil: But have you seen the situation, the overall scenario here, any improvement in that compared to last quarter?

Pritesh Vinay: Sorry, can you repeat that question?

Mahesh Patil: Sir, I was asking, have you seen any improvement in the overall scenario, the situation that was repeated as for delays in PPA planning last quarter? Have you seen any improvement over the last, let's say, 4-5 months?

Sharad Mahendra: We are not seeing any specific improvement. It is the same what has been observed in the last 6 months slowdown in signing of PPAs. Thermal, there is an uptake we all are seeing and also there is more keenness on solar plus battery energy storage both in the C&I segment as well as in the utility segment.

Pritesh Vinay: Operator, that was the time we had. If we can wrap it up, please?



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Moderator: Certainly, sir. We will take that as a last question for today. I now hand the conference over to the management for closing comments.

Sharad Mahendra: Thank you, everyone, for being with us today. And from our side, from JSW Energy side, I wish you and all your family members and close ones a very, very happy and prosperous Deepavali and New Year. And thank you once again for being with us.

Moderator: Thank you. On behalf of Motilal Oswal, that concludes this conference. Thank you all for joining us and you may now disconnect your lines.