“JSW Energy Limited - 2Q FY14 Earnings Conference Call”

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Speakers: **Mr. Sanjay Sagar – Jt. Managing Director & CEO, JSW Energy Ltd.**
Mr. Pramod Menon – Director Finance, JSW Energy Ltd.

Call Host: **Mr. Subhadip Mitra – Analyst, JM Financial Institutional Securities**

Moderator: Ladies and Gentlemen, Good Day and Welcome to the JSW Energy Limited Q2 FY'14 Results Conference Call hosted by JM Financial. As a reminder for the duration of the conference, all participants' line are in a listen-only mode, and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during this conference call please signal an operator by pressing '*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I would now like to hand over the conference over to Mr. Subhadip Mitra. Thank you. And over to you sir.

Subhadip Mitra: Thank you. Good afternoon friends. On behalf of JM Financial Institutional Securities Private Limited, I welcome you all to the JSW Energy Q2 FY'14 Conference Call. First and foremost we would like to thank the management for giving us this opportunity to host this call. I would now like to hand over the call to Mr. Amitav Chatterjee of JSW Energy. Over to you, Amitav.

Amitav Chatterjee: Thanks Subhadip. Good Afternoon Ladies and Gentlemen. I, Amitav Chatterjee, on behalf of JSW Energy welcome you all to discuss our Q2 FY'14 Results. We have the senior management from JSW Energy who will take us through the results. We have Mr. Sanjay Sagar - Joint Managing Director & CEO; and Mr. Pramod Menon - Director, Finance; myself and Mr. Pritesh Vinay are also present here. Now I hand over the call to Mr. Pramod Menon to take us through the results.

Pramod Menon: Good Afternoon Friends. JSW Energy at its board meeting today had approved the results for the quarter. The results have been robust one, given the prevailing market conditions with the company declaring a profit of ₹163 crores for the quarter. This comes amidst a very, very difficult market condition wherein we had encountered an unforeseen back down of power based on the weak demand in the market especially during the second half of the quarter. The quarter also witnessed a significant volatility with respect to the rupee, and at the same time we have also witnessed the international coal prices subsiding - not across all the regions but on specific indices. So in these given kind of circumstances that JSW Energy has been able to post a reasonable set of numbers for the quarter.

During the quarter the company had consolidated net generation of 4.35 billion units at an average PLF of 69.38%. The PLF on yoy basis has seen a significant drop by about 18% which was primarily on account of a significant and frequent back down by the load dispatch centers because of heavy monsoon as also a resultant increase in the generation by renewable sources. There has been slackness of power procurement by the utilities, besides one of the reasons for reduction in the PLF was also the annual overhauling which the company undertook during this lean season.

Adjusted for the deemed generation that we witnessed in Raj West Power, the PLF on a consolidated basis would have been closer to 75%. The PLF was significantly lower due to fall that we saw is in the southern region in Vijayanagar where it was posted at 78% as also in Ratnagiri where the average PLF realized was 74%. But during the quarter the most notable amidst all these negative or challenging conditions has been the performance of Barmer Unit wherein despite a PLF of only 58% the plant was available almost for 78% and the deemed PLF for the plant is also 78% during Q2. Despite the low PLF the Barmer plant has remarkably shown signs of stabilization with the company achieving heat rates as also the auxiliary power consumption far below the normative ranges expected from the unit. The stabilizations have come within a very short span of time since the commissioning of the entire power station.

We have seen the generation quantum increase by close to 80% in case of Barmer as all the 8 stations have come into play with the total generation in Barmer increasing from 666 million units to 1,224 million units during the current quarter. The slackness in the demand had led to lower total sales of 3.78 billion units as against 4.23 billion units affected during the corresponding quarter of the previous year. The ratio of merchant to long-term significantly moved in favor of the long-term at 60% and merchant at 40%, and this was also followed by increased improved realization for the entire unit sold during the quarter which stood at 4.61 per unit.

The results of the quarter: The total turnover of the company stood at ₹2,080 crores as against ₹2,122 crores during the corresponding quarter of the previous year. And what we have seen a significant improvement in the EBITDA margins to 43% compared to 29% in the corresponding quarter of the previous year. The interest cost has seen an increase over the corresponding quarter of the previous year as also depreciation which is being driven primarily on account of the commissioning of all the balance 4 units i.e., unit number 5 to unit number 8 at Barmer. The company during the quarter has an exceptional hit on account of adverse currency fluctuation of ₹168 crores after posting for the same as also the minority interest and the share of associate losses, the profit after tax stood at ₹163 crores for the quarter.

Here it is pertinent to inform you that the company has reduced the total buyer's credit liability during the quarter to US$251 million as on September 30, 2013, besides having fully hedged the entire exposure. Going forward, the policies of the company intends to adopt is to fully hedge the foreign currency exposures. So we do not expect to have any exceptional losses on account of foreign currency going forward or gains either.

For the half year the company has posted a profit of ₹377 crores, up by about 46% over that of the corresponding period in the previous year. The net worth of the company stands at ₹6,598 crores with the debt-equity ratio of 1.57 and the company has already taken steps to refinance close to ₹4,800 crores of outstanding term loans of Raj West Power aimed at reducing the interest cost by 1%. This would be achieved over a period of next 4 quarters depending upon the reset dates prevailing under respective loan agreements.

In terms of the project progress on Kutehr, the company is still looking at tying up the power requirements, at the same time also completing the tendering formalities. We expect the project parameters to be achieved by the end of this fiscal and the project to take off in early part of next fiscal.

On the mining project as far as the Kapurdi mine is concerned we had applied for enhancement in the mining from 3 to 3.75MTPA under the automatic route, and we are happy to inform you is that yesterday MoEF has uploaded the minutes in their website granting consent for this enhancement from 3 to 3.75MTPA. Meanwhile, we await the consents also for a formal enhancement from Ministry of Coal to 7 MTPA. The Jalipa mine lease transfer is still awaited and the land acquisition is under process as far as the mining and the joint venture of MJSJ is concerned.

The overall sector is facing hurdles on account of issues which are basically concerned with fuel and offtake. Though we have seen some minor steps like the implementation of financial restructuring package for the distribution companies getting implemented in right earnest unless the major issues are resolved the sector is expected to go through a challenging phase.

We also witnessed over the last few weeks the coal prices on the couple of global indices firming up and indicating towards a rise in fuel cost. We are hopeful that with a good monsoon behind us the overall economic revival looks promising and which will augur well for power offtake in the coming quarters. Thank you. With these I now open the floor for Q&A.

Moderator: Thank you very much sir. We will now begin the question-and-answer session. First question from the line of Prakash Goyal from ICICI Securities. Please go ahead.

Prakash Goyal: Sir just two questions; one with regard to Barmer, could you indicate what has been the profitability this quarter particularly on the back drop of higher PAF?

Pramod Menon: Barmer has been extremely profitable during the quarter primarily on account of two/three counts. As I mentioned we had a very efficient fuel cost on account of a very good set of heat rate and auxiliary consumption. And at the same time because of the deemed generation charges being payable and being paid by the Rajasthan Discoms what is essentially happening is currently we are able to recover significant portion of the fixed cost and also make reasonable amount of ROEs. “Are they sustainable?” May not be. But as far as this current quarter is concerned we have not made any provision for truing up otherwise since there is significant amount of under recoveries for the earlier period. The profit accordingly for the quarter stands at ₹75 crores as far as Barmer consolidated project is concerned.

Prakash Goyal: And what will be the number for half year?

Pramod Menon: The half year the number was ₹135 crores.

Prakash Goyal: The other thing which I wanted to know there has been a decent improvement on the consolidated profit vis-à-vis standalone close to ₹32 crores. What have the other items that have contributed besides this Barmer?

Pramod Menon: MERC has given us the truing up approval for JPTL that is the Jaigad Power Transmission Project. So though EBITDA from the power Transmission company was at ₹43 crores during this quarter compared to ₹30 crores during the corresponding quarter of the previous year I would say these are the only exception, otherwise this all has been in normal course.

Prakash Goyal: So ₹43 crores is the running rate we should presume or there are some prior period item in these ₹43 crores?

Pramod Menon: There is a prior period item of roughly about ₹12 crores.

Prakash Goyal: So ₹30 crores is something as regular income on the Transmission side at EBITDA level?

Pramod Menon: Yes.

Prakash Goyal: The last question which I have is what has been the merchant realization for the quarter and what is the guidance for this year?

Pramod Menon: We have not been giving any specific numbers but as far as the guidance for the entire year which we had given at the last conference call was ₹4.25 to 4.5/unit and indicating at the higher end of the band, I would say that we are still in this band, beyond that I do not think there is more that we would like to suggest.

Prakash Goyal: Could you suggest how much has been the realization this quarter?

Pramod Menon: It was on the higher end of the band.

Moderator: Thank you. Next question from the line of Atul Tiwari from Citigroup. Please go ahead.

Atul Tiwari: How many months of receivables you are carrying in Barmer?

Sanjay Sagar: As of now I'm happy to inform you that the receivables from the Discoms, the Rajasthan utilities are up to date and there are no overdues as on date.

Atul Tiwari: And sir just fuel supply situation for Barmer, it is heartening to note that you have got approval to increase production from Kapurdi Mines by about 0.75 million tons but given the fact that Jalipa Mines may not come through for the remaining year, how are you going to get more lignite because my sense is that you would have mined a lot of this quota already?

Sanjay Sagar: Your sense is absolutely right but as Pramod mentioned, applied to the Ministry of Coal for enhancing the capacity of Kapurdi from 3 to 7 million tons p.a. which will cover the requirement of all 8 units. This approval has already been granted by the Standing Committee of the Ministry of Coal which is the authorized body on May 20, 2013. We are awaiting the formal intimation in this regard from the Ministry which could happen any day. So once we get that intimation of 7 million tons p.a. then we are good for 8 units till Jalipa comes.

Atul Tiwari: It has already been 3-4 months, so any specific reason or it is just bureaucratic delay which is delaying this formal notification?

Sanjay Sagar: It is a bureaucratic delay; I do not see any other reason.

Atul Tiwari: And sir my last question is on your sense about what kind of backing down you are facing after 2Q got over say past 1-month I mean is the situation of frequent backing down etc. is still continuing in October or has it worsened or improved, what is your sense?

Sanjay Sagar: No, the backing down did improve significantly even till the third week of October but over the last few days with the cyclonic condition over the Bay of Bengal coming back there have been heavy rains in the southern region and in the eastern parts of the country which is leading to some slight level of backing down again. But this I think is a very periodic phenomenon.

Atul Tiwari: So as you mentioned that the backing down that you are seeing over past 1 week or so is it still better than what you saw in 2Q or it is worse than what you saw in 2Q?

Sanjay Sagar: No, no, it is significantly less than what we saw in 2Q; however, having said that this is I am talking about the Southern regions, the Western region continues to look a bit gloomy and that is primarily because of lowering of demand in that region.

Moderator: Thank you. Next question from the line of Sumit Kishore from JP Morgan. Please go ahead.

Sumit Kishore: I have a couple of questions; the first question is on Barmer. Could you please tell us as to where the company is placed in terms of timelines for getting the final tariff on the Barmer projects that it can earn the regulated

ROE? And what is the total extent of the under recovery since the plant started operation?

Sanjay Sagar: As far as the first part of your question goes I really do not think I can give you a very specific answer to that because as per the regulations we should have got a tariff in 120 days but we really cannot force the regulatory authorities to grant a tariff to us. However, the current levels of ad hoc tariff have been adequate for us to meet our cost and earn a slight ROE over that. As far as under recoveries go that will depend on what the final tariff is but in case we are given the tariff as petitioned these could be in the range of about ₹300 to ₹400 crores.

Sumit Kishore: Total number since the…?

Sanjay Sagar: Since inception. I am just giving you a range; it is not a very exact number.

Sumit Kishore: And the recovery would eventually happen in the tariff, so the recovery would happen over a period of time, is that right?

Sanjay Sagar: It will depend on what the regulator finally awards but he could also come out with two numbers; one as the arrears for the past and tariff for the future and those arrears will come with a carrying cost but given the current financial position of the Discoms I am sure they would like to insist on some kind of a staggered payment or something like that.

Sumit Kishore: My second question is on the other current assets in your standalone balance sheet which has gone up from ₹54 crores to ₹381 crores. Is this unbilled revenue in Vijayanagar, Ratnagiri or what is the (+300) crores on account of?

Pramod Menon: It is nothing but the cost of the banked energy.

Sumit Kishore: So that is somewhere in the range of ₹330-odd-crores the difference?

Pramod Menon: It is ₹240 crores.

Moderator: Thank you. Next question from the line of Parag Gupta from Morgan Stanley. Please go ahead.

Parag Gupta: Two questions; one is your cash and bank balances have come off since March. So if you could just give us an idea on where this has gone given that your debt levels are more or less at the same level? And the second question is given that there are no expansion plans that you are pursuing at this point in time, are there any inorganic opportunities that are exciting you, and if yes, if you can give us some idea on that?

Pramod Menon: The cash, essentially which you are seeing has gone of towards reduction as far as the buyer's credit liability is concerned which we have reduced by over $50 million during the course of the last quarter. Apart from that if you look at, the liquidity continues to be pretty strong as far as the company is concerned, and we have not resorted to any major drawings as far as the lenders are concerned. So until and unless there is a real need we may not be drawing down on the debt which can ideally otherwise been drawn. Second part of your question with respect to the inorganic growth as we had earlier mentioned also we are looking at opportunities for growth -- organic and inorganic, however, there is nothing material that has come across or that we are looking at.

Parag Gupta: If I can just ask one more question in terms of the elections that are coming up, more from a state perspective are you seeing increased demand for power more in the spot market or do you think it is still early days?

Sanjay Sagar: The state elections are almost on our heads and we have not really seen any significant growth in the demand of power, and this is primarily because of 4 of the 5 states which are going into elections are currently either surplus in power or they have sufficient power, and the second is that the utilities are exercising a lot more fiscal discipline than they were in the earlier elections. So this around they are exercising the lot of fiscal discipline and they are not falling over themselves to buy power at just any rate or any quantities. So I do not think the elections are really making a difference of the demand of power.

Moderator: Thank you. The next question is from the line of Bhavin Vithlani from Axis Capital. Please go ahead.

Bhavin Vithlani: My first question is on the Ratnagiri. The Transmission link is connected to the state grid. Any plans of connecting the state grid to the national grid so there will be sale of power from Ratnagiri out of Maharashtra?

Pramod Menon: As far as taking the power out of the state is concerned, yes, we are connected with the STU, and at this point in time we have no plans of connecting into the CTU and there is a disadvantage, but the disadvantage is not so significant to pull us down in terms of competition if at all we want to go outside of Maharashtra. I think we have certain advantages to our side in terms of lower capital cost. So there are mitigants also within the business model which will take care.

Bhavin Vithlani: My second question is if you can let us know the volume of power sold to JSW Ispat and realization for the same in the quarter and the first half?

Pramod Menon: Effectively let us say they have been utilizing their one particular unit at about you can take 80% for one unit of 300 MW. So I do not have the distinct number with me. And tariff return which is under long-term PPA giving us a return of 20%.

Bhavin Vithlani: But what would be the indicative tariff if you can give us?

Pramod Menon: No, we have not been giving any kind of indicative tariff on these issues.

Bhavin Vithlani: My last question is if you can let us know the quantity of lignite mine in the second quarter and the first half?

Pramod Menon: The quantity of lignite mined was about 1.2 million tons.

Sanjay Sagar: First half was about 2.8 million tons.

Moderator: The next question is from the line of Amit Golchha from Emkay Global, please go ahead.

Amit Golchha: My first question is on Barmer. Looking at the lignite mined at about 2.8 million tons, it will be about for one more quarter for which you will be able to run this plant. So do you see the approval coming in this quarter, is there any visibility of that, or if that does not come in, when this 3.75 million tons unit is mined, will we have to close the plant?

Sanjay Sagar: I think I just talked about the approval and I did say that we are expecting it to come any day as far as the 3 to 7 MTPA is concerned, because the formal approval in the form of the minutes of that meeting are already available, so it is just a question of conveying that approval to us. And yes, you are absolutely right, if the approval does not come and we are not allowed to mine beyond 3.75 million tons we will obviously have no lignite to run the plant, but I do not see that happening in view of the fact that it has been taken up by the Government of Rajasthan with the Government of India at the very highest levels.

Amit Golchha: Secondly sir, in case of buyer's credit, you said that hedging has been done for the full $250 million now. So, was this done during the quarter or almost at the end of the quarter?

Pramod Menon: It was done during the course of the quarter.

Amit Golchha: Then the FOREX loss amount looks to be slightly on the higher side, looking at the depreciation done in the quarter, ₹167 crores, if I look at just the last quarter end, unhedged portion was about $200 million, even if I take FOREX on that part, it should be somewhere about ₹60 to ₹70 crores?

Pramod Menon: I can only mention is that we have done it during the course of the quarter, and that is the number which is there.

Amit Golchha: No, I wanted to check that whether you have any pay bills in terms of coal around which you have realized loss of FOREX?

Pramod Menon: No, we are just hedging it completely, that is it, there is no losses on account of any pay bills.

Amit Golchha: And lastly, this bank energy, which is there, was it primarily from Southern region or it was also from the Maharashtra plant.

Sanjay Sagar: It was entirely from our Maharashtra plant.

Moderator: The next question is from the line of Abhishek Puri from Deutsche Bank Equities, please go ahead

Abhishek Puri: So, firstly, how much units have gone into the conversion for JSW Steel?

Pramod Menon: Zero, no conversion is taking place from July 1, 2013. Steel has said that they do not want any power through the conversion route for consumption. So now they are only supplying gas if at all it is available with them.

Abhishek Puri: So, going forward, will this be still available to them…?

Pramod Menon: Going forward they have indicated that they may not require any power from us either conversion or otherwise.

Abhishek Puri: Secondly just to understand on your FOREX hedging. So going forward you will not have MTM losses anymore, so they will not be exceptional losses in case if there will be any?

Pramod Menon: Yes.

Abhishek Puri: Just to conclude I think if you can give us the number on realized losses for this current quarter?

Pramod Menon: ₹107 crores.

Abhishek Puri: And that is included in the exceptional items, or the interest cost as well?

Pramod Menon: No, only exceptional, interest cost is pure interest.

Abhishek Puri: So, this 107 is the realized loss and going forward we will not have any MTM loss; it will only be realized losses if at all?

Pramod Menon: Yes, there will not be any realized losses; at best it could only be some hedging-related costs.

Abhishek Puri: In case the rupee goes from 60 to 70 just as a worst case scenario….?

Pramod Menon: Today, we have already hedged, so whether rupee goes to 50 or whether the rupee goes to 70, either which way, neither there will be any gain nor loss. So, you have basically crystallized all your foreign country liability into rupees, so you actually know what is your rupee liability on each of the respective due dates.

Abhishek Puri: At the time of the order, we already know that the USD rate will be fixed from that?

Pramod Menon: Yes.

Abhishek Puri: Lastly, have you done some debt repayments also or is it only the reduction in the buyer's credit. When I see your balance sheet, I think your current liabilities have come off and …

Pramod Menon: The only reduction that has happened with respect to the buyer's credit, there has not been any exceptional prepayment of any loans during the quarter.

Moderator: The next question is from the line of Anirudh Gangadhar from Nomura, please go ahead.

Anirudh Gangadhar: The first question is on Barmer. We do hope that the letter comes tomorrow morning as far as the expansion is concerned, but since we have been waiting for a long time, is there a plan-B of getting lignite from anywhere else just in case the letter does not come through to us in the next few weeks and when do we see the backing down to begin given how much lignite we currently can get from the mines? That is the first question sir.

Pramod Menon: As far as the lignite is concerned, as I mentioned, we have got the consent yesterday in terms of the minutes informing the increase from 3 to 3.75 MTPA is concerned, so it has come in good time. We believe that we will be able to get the consent for 3 to 7 MTPA also in good time. There is essentially no plan-B which is feasible at all. It is only the lignite which can be made available from Kapurdi and Jalipa, and this enhancement which we are seeing of 0.75 plus whatever is the balance capacity, which is still available in terms of taking it to 3 million tons.

We should essentially be in a position to be fairly comfortable for a major portion of the current quarter is concerned. I would say based on whatever interactions we have been having with various government officials in Rajasthan is that we should have the consent for 7 million tons also in good time. This is a question which has been repeated time and again, what happens if the consents do not come, there is only eventually, if no consents come, then the plant has to go under shutdown, there is no other plan-B which is feasible.

Anirudh Gangadhar: The second question sir, again on Barmer, given the recent orders by RERC in August and in October, you have given the notes to account that you have mentioned that pending the APTEL appeal you are not changing and providing for anything in the new tariff. So just for understanding, are we now going to be booking revenues as per the October order or the original interim order?

Pramod Menon: We are continuing with the ad hoc interim order. The provisional order may be giving me higher, because the provisional order is only relevant for '12-13, the provisional order is not there at all for '13-14, and we will go only as per the ad hoc tariff which will be granted or any subsequent order that the regulator may give. So, at this point in time, we are being conservative and going ahead and booking the revenues as it comes.

Anirudh Gangadhar: Sir just to clarify, not as per the October 3 tariff for each unit had been indicated.

Pramod Menon: October 3 tariff is concerned, that is for the forthcoming quarters on which we are also awaiting certain clarifications from the regulator where the regulator himself has to clarify, because there are some billing-related issues which are cropping up on account of those orders.

Anirudh Gangadhar: Second question sir, can you just help us understand what was your coal consumption during the quarter and the split between high GCV and low GCV coal?

Pramod Menon: The total coal consumption during the quarter was about 1.57 million tons, of which the composition in case of Vijayanagar of high CV was about close to 70% and 30% was low CV, and in case of Ratnagiri, the composition was also in the region roughly about 70:30 in favor of Indonesian coal.

Anirudh Gangadhar: Low GCV is 70.

Pramod Menon: Yes.

Anirudh Gangadhar: And high GCV was 30, is the other way round in Ratnagiri?

Pramod Menon: Yes.

Moderator: The next question is from the line of Devam Modi from Equirus Securities, please go ahead.

Devam Modi: Firstly, wanted to know what is the current interest rate that we are paying on the Barmer debt?

Pramod Menon: Currently, the interest rate is roughly between 12.2 to 12.4% and we expect to get it reduced by at least 100 basis points over the next 9-12 months.

Devam Modi: And in the current quarter's numbers for Barmer, we can be sure there is no adjustment related to any truing up of any provisional rate of tariff?

Pramod Menon: There has been no such adjustment.

Devam Modi: And what would be your guidance now given all the movement that has happened on the merchant volumes for FY14?

Pramod Menon: To a large extent depend upon how the demand pick up is there, which we see during the course of the coming quarter and what kind of back down, though we have had a very promising first half, in October, and we have seen a slightly weaker second half of October, maybe because of the visits given to us by Phailin, however, I would say we are keeping the fingers crossed at this point in time, let us say, whatever we have tried to project at the beginning of the year tentatively maybe there could be a 5-odd percentage kind of drop, that is likely on the merchant.

Devam Modi: A 5% drop would be in that from the earlier guidance of around 14 billion units, we could go down to around 13-13.5 levels?

Pramod Menon: I would say from 14.5 to about closer to 14.

Devam Modi: And on the international coal prices we are again seeing some momentum in the South African indices. How do we see this going ahead? Now that we have sort of in the middle of the cycle, we have started hedging the rupee. So are we sort of convinced of the way both these variables are going to move, there is a currency and the international coal prices?

Pramod Menon: We do not have control on either one of them, Devam. So, as far as currency is concerned, we are very clear on what kind of policy we need to adopt. As far as the coal is concerned, we have seen a significant drop and then thereafter recently a significant pullback also as far as the South African coal is concerned or the API indices are concerned. During this entire period the Indonesian coal indices have more or less continued to remain stable. And as a company we have been trying to have a balance between almost 50% of the quantum on a fixed basis and 50% of the quantum based on indices, and the benefits or disadvantages of that has been reflected in our results and may continue to reflect. So that is the best kind of hedging policy that we have adopted.

Devam Modi: And sir finally, what is the CAPEX that we are expecting to incur at Kutehr in FY14, ‘15, and ’16?

Pramod Menon: What we have currently is only a CA approved project cost, which is roughly at around ₹1800 crores. Even if we start the project, it is a project which will take about five years, and let us say, at best between 20 to 25% of that cost may get spent in each of the years.

Moderator: Ladies and gentlemen, we are going to take the last two questions. The next question is from the line of Shankar K from Edelweiss Securities, please go ahead.

Shankar K: A couple of small clarifications; you said in Barmer you have reported PAT of ₹75 crores and the difference between the standalone and consolidated is roughly ₹100 crores. So the balance ₹30, out of which, how much is Transmission?

Pramod Menon: Transmission is about ₹13 crores, you have got power trading company which is about ₹9 crores, South Africa which is about ₹1 crores.

Shankar K: So in trading, you reported a very high profit, and out of ₹13 crores in Transmission, how much…?.

Pramod Menon: No, no, trading also had some dividend income, because they are holding some shares of JSW Steel, so they happened to receive the dividend which was about ₹7 crores.

Shankar K: Out of the ₹13 crores how much is that one-off where you are seeing prior period truing up?

Pramod Menon: Post tax it would be about ₹8 crores, I presume.

Shankar K: Out of 13, 8 is one-off, is it?

Pramod Menon: Yes.

Shankar K: So, between the two of them it is ₹15 crores, which is one-off?

Pramod Menon: Yes.

Shankar K: Secondly Sir, one more small clarification, in the quarter for an earlier question, you had said that realized loss out of ₹167 crores is ₹107 crores, right?

Pramod Menon: Yes.

Shankar K: And in the earlier quarter, out of the ₹187 crores odd of exceptional foreign currency loss, realized loss were only ₹17 crores?

Pramod Menon: Yes.

Shankar K: So does this ₹107 crores also include some hedging costs, because you would have done, which is not necessarily what you would have actually incurred from a raw material kind of perspective, or is largely because of the financing …?

Pramod Menon: No, no, the thing is, when you say it has become a realized loss is when you actually make the payment for those. What has happened is during the last quarter we have accelerated the buyer's credit payment and brought it down by an additional US$50 million. So that is the reason why you have seen a higher amount of realized losses as compared to the previous quarter because there has been a significant payment as far as the buyer's credit is concerned.

Shankar K: Basically for all practical purposes we can consider only ₹60 crores out of those ₹167 crores as exceptional in that sense and add back to the recurring profits?

Pramod Menon: Yes.

Shankar K: Lastly, once again to a earlier question you said that your blended average realization for this quarter is ₹4.61/unit, right?

Pramod Menon: Yes.

Shankar K: And you said that the merchant tariff is in the upper band of between ₹4.25 to ₹4.50/unit. And with Barmer continuing to be billed around ₹3.74/unit, so where have we sold, which of the PPA you have sold at a very high rate to get this kind of …?

Pramod Menon: What I have given at the beginning of the call also was, we are not giving any kind of specific numbers to any quarters, for the year we are looking at an average of ₹4.25 to 4.50/unit.

Shankar K: I understand Sir, I am saying that ₹4.61/unit if it is a blended tariff, then in some of the PPA you have got a very high tariff?

Pramod Menon: I do not think I have given merchant tariff realization for the current quarter, between these two ranges northwards, southwards I am giving you, I have told you it would be towards the upper end of the band. How much upper I am not giving you.

Moderator: Ladies and gentlemen, we are going to take the last question from the line of Murtuza Arsiwalla from Kotak Securities, please go ahead.

Murtuza Arsiwalla: Two essentially; one is on the bankable energy, I just wanted to get a sense the quantum, I was not there for the earlier part of the call, and what is the bankable energy valued at, does it take only the fuel cost into consideration, or does it take the entire depreciation, interest, and all of that, or is it at the realization that one is expecting from it, that is the first question? And the second is, you mentioned Barmer had PAT of

₹75 crores for the current quarter, can you give it for the preceding quarter and the same quarter last year as well the numbers.

Pramod Menon: As far as the second part of your question is concerned, the preceding quarter it was ₹60 crores and the corresponding quarter of the previous year it was -₹31 crores. As far as bankable energy is concerned, it is primarily valued at the total cost or realizable value whichever is lower.

Murtuza Arsiwalla: So when you said total cost it includes the interest and depreciation attributable to those units as well?

Pramod Menon: Yes.

Moderator: Thank you, I would now like to hand over the call to the management for closing remarks.

Pramod Menon: Thank you all of you for joining in for the call and seeking clarity with respect to the results.

Moderator: Thank you Sir. On behalf of JM Financial, that concludes this conference call. Thank you for joining us, you may now disconnect your lines.
