"JSW Energy Limited Q1 FY24 Earnings Conference Call"

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MODERATOR: **MR. SUDHANSHU BANSAL – JM FINANCIAL**

Moderator: Ladies and gentlemen, good day and welcome to Q1 FY24 Earnings Conference Call of JSW Energy hosted by JM Financial. As a reminder, all participant lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sudhanshu Bansal from JM Financial. Thank you and over to you.

Sudhanshu Bansal: Thank you, Yashashree. Good evening, everybody. On behalf of JM Financial, I welcome you all to the conference call of JSW Energy Limited to discuss the first 1Q FY24 results. We have with us the leadership team of JSW Energy comprising of Mr. Prashant Jain, Joint Managing Director and CEO, Mr. Pritesh Vinay, Director of Finance and CFO, Mr. Bikash Chowdhury, Head, Investor Relations and Treasury. Thank you so much sirs for your kind presence and giving JM Financial the opportunity to host the call. With this I would like to hand over the call to Mr. Prashant Jain for opening remarks and taking the call forward. Over to you, sir.

Prashant Jain: Thank you. Good evening, ladies and gentlemen. During the quarter gone by, we saw the power demand growth very muted at 1%, primarily due to unseasonal rains in the month of April and May and the power demand was close to flat or negative. However, the power demand improved in the month of June at 4.5% and in the July also it is going robust at 5.5%.

The total installed capacity in the sector stands now at 422 GW. During the quarter, there was a total capacity addition of 5.8 GW, of which 4.5 GW was renewable capacity with 1.1 GW of wind and 3.3 GW of the solar. During the quarter gone by, the total energy generation was up by 14% for the company. Of that, 911 million units came from Mytrah portfolio, another 106 million units from Group Captive and SECI 10 portfolio, and 421 million units additional came from Ratnagiri.

However, there was a lower water flow at all our hydropower plants which has been the case at other hydro plants around the country. This has been an issue and there was a drop of 428 million units from our hydro business. And in the Barmer plant, there was a scheduled maintenance because of which 136 million units were down. With that, the total generation from the company during the quarter was 6.7 billion units.

In terms of the EBITDA, which was up by 18% YoY, the INR 374 crores EBITDA additional came from Mytrah portfolio. Actually, the proforma EBITDA for the quarter for Mytrah was INR400 crores but two of our SPVs they were got consolidated later in part of the April and June month because of that that is 30 crores is not there in consolidated EBITDA. There is also as I mentioned because of Barmer as well as hydro lower generation was there, but these two assets are under the long-term PPA. There is a INR80 crores EBITDA, lower EBITDA as compared to previous year, but this entire INR80 crores EBITDA will get recouped in the subsequent quarters.

Because in the two-part tariff PPA in our Barmer plant, we get our capacity charge based on 80% availability and we will be achieving the 80% availability, so this will get recouped. Similarly, the energy generation, when we generate beyond the design energy, which we have been achieving all these years and which we will be achieving this financial year also. So the

INR66 crores EBITDA reduction as compared to the previous year in hydro and INR14 crores in Barmer both will get recouped during the rest of this financial year.

The INR91 crores impact came because of the lower merchant sales, because of the subdued demand in the month of April and May, but we are quite confident that the tariffs are quite robust and the spreads are also very good. And during the rest of the financial year, we will be achieving what we have budgeted and planned for in terms of the merchant sales.

In the country we have been seeing the good trends for the solar generation. The CUF for the country as a whole has been consistently improving. Our facilities both at Vijayanagar as well as Mytrah, they did exceptionally well. As compared to the P90 level, Vijayanagar solar plant generated 145 million units as compared to P90 generation of 134 million unit. Similar was the trend in Mytrah. We improved our solar plant availability by 70 bps and in Mytrah, first time it generated 216 million unit in the first quarter, which is as compared to 193 million units of P90 generation.

So the Mytrah plant integration as well as the plant performance is better than what we had planned earlier. Similar was the trend in the wind. In case of Mytrah, when we took over the assets in the month of March, on 29th of March. The total machine availability was in the range of 85%, which has been improved and as I am speaking, the machine availability is 97.5%. And by middle of next month, we will be achieving 99% availability, which we have planned for.

During the quarter the total machine availability was improved by 680 bps and we generated 695 million units. There were total 80 turbines which were out of order. Right now only three turbines are out of order. And we are quite confident that the plan which we have envisaged for Mytrah in terms of the EBITDA improvement as well as in terms of the total generation improvement, we are on track ahead of the schedule.

The planned EBITDA of INR 1,650 crores which we had guided for the next year, we will be seeing a very encouraging trend during the current financial year itself and we will be increasing the trend and improving the trend expeditiously. In terms of the project updates, the Ind-Barath performance is on the project integration is quite encouraging and quite good. We were planning to start both the units by end of the financial year.

I'm happy to share, when we opened the turbines for the maintenance as well as the boiler, we got very positively surprised with the condition of the plant. And we are on putting the unit on bar within this month. And with the transmission line and other things we are expecting that by October or maybe in the current quarter itself we will be commissioning the first unit.

The second unit is also expected to get commissioned in the current financial year so we are expecting that we will be having generation for one unit of 350 megawatt in the second half of the year, which will be improving our generation as well as our EBITDA profile going forward. We have already started participating in the auctions in the IB Valley and MCL. And some of the coal we have already secured and balance coal we are securing in due course of time.

Update on Kutehr is quite good. We have already completed 98.5% or 99% of the tunneling and powerhouse erection has already been started and it is moving as per the schedule. The recent rains in Himachal Pradesh, they disrupted because of certain landslides in and around our Kutehr project but things are getting normalized and in next seven days time we will be back to normal. And on our operating assets also in Himachal there was no impact of the rains other than there was a preventive shutdown, we had to take because of higher silt level, which was there in the basin. And, but the both plant as well as the people are absolutely safe and there was no impact whatsoever.

On our SECI projects, as of now 150 MW is fully commissioned. We are on track, what we have guided for, and then all three sites in Karnataka and two sites in Tamil Nadu the erection and commissioning is going on in full swing. In terms of the merchant market, which I just touched upon in the initial remarks, which is looking quite attractive. The rates are also quite attractive during the quarter, the rates were very good at close to INR5.50. The volumes were also up by 34%, during the quarter.

And also going forward, the way the demand trend and the prices we are seeing, as we are speaking in the monsoon month, we are seeing the good prices of close to INR 5 to INR5.50, on a RTC basis, which are quite remunerative for our company. And so we remain quite optimistic.

To recoup what we have seen, a little blip as compared to the previous year in the few months. In the rest of the year, our merchant volumes will be quite good and same will be the spread. Now I am asking Pritesh to take over and explain on the financial performance.

Pritesh Vinay: Thank you, Prashant. A very good evening to all the participants. You know, so maybe I'll take a leap out of where Prashant stated about the overall generation. So if you look at the total net generation for the quarter was up by 14%, at about 6.7 billion units. The total revenues for the quarter stood at just over INR3,000 crores, which was actually down by 3% YoY, compared to a higher net generation. But this is primarily because you would be aware that, for our thermal businesses the fuel cost is a pass-through. So on a Y-o-Y basis, the coal prices have come down sharply and therefore from a pass-through point of view, that reflects in lower tariffs and therefore lower realizations.

However, that is largely EBITDA neutral. So that was on the revenue side. Prashant has already talked about EBITDA for the quarter stood at INR1,307 crores. I'd just like to spend a minute more on that. If you have access to our results presentation, which was uploaded sometime back. And if you look at slide number eight, there we've given an EBITDA bridge. This kind of captures, what were the moving parts.

Prashant mentioned that, if you look at Mytrah portfolio as a whole, actually for the quarter, Mytrah assets delivered an EBITDA of INR400 crores. However, from a consolidation impact point of view, one of the SPVs got acquired on 6th of April and the second 150 MW SPV got acquired on 15th of June. So, that was available only for the last 15 days of the quarter.

So, therefore, on a prorated basis from a consolidation accounting point of view, we've shown INR370 crores, but the underlying performance is actually INR400 crores. INR30 crores was the additional EBITDA that we got from the new solar project, 225 megawatt, as well as the SECI projects of 150 megawatt, which were operational through the quarter. Prashant did talk about the impact of lower hydrology at hydro, which impacted generation, hydro generation was down by 27% YoY, but in terms of EBITDA, that was a drag of INR66 crores.

However, if you look at our past track record, as long as we are able to meet the design energy, which we have consistently done every single year for the 20-year and the 12-year operating track record at both Baspa and Karcham Wangtoo. We are able to recover this in subsequent quarters.

Incidentally, while the PLFs were lower, the plant availability during the quarter stood at a very healthy 108% against a normative requirement of 90%, to recover the full capacity charge. Similarly, for Barmer, due to certain planned shutdowns, the availability was lower and therefore there was no full recovery of capacity charge was not there.

However, again, like we have done for every single year in the past, this item is dependent on availability for the entire fiscal year and we are very confident that, like every single year in the past, for the in the remaining nine months, we will be able to get to overall availability. And therefore, I would like to treat these INR80 crores as more at timing mismatches, likely to be recouped in the remaining nine months of the year.

And of course, Prashant did talk about the impact of lower merchant sales, which was about INR90 crores drag. And of course, the increase in O&M expenses, etcetera. That is the bridge on EBITDA side. I'd like to also take a minute on explaining the finance cost for the quarter.

If you look at the headline, what was INR193 crores last year Q1 has landed at INR486 crores. So if you look at slide number nine, where we've given a detailed bridge to explain the impact of that. INR170 crores is the incremental interest due to the debt on the Mytrah portfolio, which we had explained last time that was done at the time of acquisition.

On account of a very attractive refinancing and debt sizing that we have done, we prepaid the older lenders of Mytrah portfolio because of which there was a one-time refinancing impact of about INR40 crores. This is a one-time item, will not be recurring going forward in subsequent quarters. And the impact of additional debt due to Ind-Barath acquisition as well as, the levering up of the thermal balance sheet that we are doing to fund our growth projects in the form of sponsors equity contribution, that was a combined impact of about INR80 crores.

So, on a recurring basis, everything else remaining the same, the summer is likely to be more in the order of INR445 crores going forward unless we lever up the thermal assets a bit more, which will again get added. So that's only finance cost bridge and therefore coming all the way down to the profit after tax for the quarter on a headline basis Q1 of last year, the profit after tax stood at INR560 crores.

But last year, first quarter, we had received a repayment of a loan that was given to a third party in the prior years, and therefore, that was an exceptional gain of INR120 crores. Stripped of that, the underlying profit after tax for the first quarter of last year was INR440 crores.

Again this on the same slide number nine, if you look at the bottom portion, the PAT bridge explains in detail that how the Mytrah assets and the new renewable assets that we are adding added about INR85 crores at the PAT level on a combined basis. There was a roughly INR55-60 crores drag due to the timing mismatch of the full capacity charge recovery at Hydro and Barmer and likely to be recouped in the remaining part of the year.

And the impact of, Ind-Barath as well as the one-time refinancing impact. The lower merchant sales and profitability impacted PAT on a YoY basis by almost close to INR100 crores. So that is the PAT bridge. The next number that I would like to talk about is the leverage and the leverage profile.

So, if I request you to look at slide number 11, which shows a net debt movement on a sequential basis of what has happened since March to June. You'll see that, on the operating assets, which is the dark portion on the bottom portions of the chart, the net debt stood at over INR10,146 crores. This has gone up by almost INR160 crores QoQ, due to additional debt on the operating businesses.

On the Mytrah portfolio actually, the net debt has come down by about INR350 crores on a QoQ because of, as Prashant was saying, all the higher generation due to better availability of machines translating into higher EBITDA and some working capital release in terms of liquidation of receivables. So therefore, the cash has gone up. There's been some amount of debt repayment as well.

And for the blue portion, which is the amount of debt which is sitting for capital work in progress, which is likely to accrue revenue and EBITDA in future years. That went up about INR920 crores QoQ to just over INR4,500 crores. So net debt, if you look at on the operating businesses, there's about INR18,400 crores of debt sitting, which is being serviced by a normalized cash flow of close to INR5,300 crores, which translates to a net debt to EBITDA on the operating business of 3.5x. This is consistent with the guidance that we had shared earlier with the markets as part of our strategy 2.0, that when we pursue growth, we would expect our sustained normalized net debt to EBITDA to stand in that 3.5x to 4.0x range.

If you look at slide number 12, this shows a bunch of metrics, but I'd just like to point out two. One is the top right-hand chart, where we track the cash returns on the underlying business. So we continue to track at more than 17% cash returns on adjusted net worth for the last several quarters. And if you look at the weighted average cost of debt, excluding the Mytrah portfolio that stood at just about 8.5% and including the Mytah portfolio is at about 8.7%.

And the last number, I'd like to talk about before I throw the floor open for questions is on the receivables. So if you look at slide number 13, on a QoQ basis the headline receivables have come down by 20%, but in terms of days sales outstanding, it is largely similar. You know, it was 60 days in March, it stands at about 58 days at the end of June. But the encouraging trend is this that the overdue proportion is coming down, the share of overdues are lower. As a matter of fact, in the first two weeks after the end of the quarter, there's been a strong collection. We've already received close to INR240 crores. And as we are speaking today, the overdues are nil.

Similarly, on the Mytrah portfolio, I'd just like to request you to look at slide number 60, where we've shown what's happening with the Mytrah receivables cycle. There again, there's a very encouraging trend. If you look at the bottom portion, every month consistently, what we are collecting vis-a-vis what we are billing is between 125% to 200% of that. So again, that liquidation of receivable trend continues to be healthy.

So with that, I'll take a pause, and the operator will request you to open the floor for Q&A, please.

Moderator: Thank you very much. We will now begin the question-and-answer session. We have our first question from the line of Mohit Kumar from ICICI Securities. Please go ahead.

Mohit Kumar: Good evening, sir. Sir, congratulations on significant progress on some of the under construction assets. My first question is on the EBITDA of Mytrah. I understand that this is a wind dominated portfolio. So do we think -- and the first quarter seems to be a decent number. My question is, do we think that we are on target to achieve 16 billion EBITDA in FY24, or do you think it is likely to materialize in FY25 full year?

Prashant Jain: Thank you, thank you for your question. So there are the two aspects of it. One aspect is that you know, the putting the turbines on track and improving the availability of the assets. So what was envisaged to go and reach up to a 99% availability was by December 2023. As against that I have already given a guidance that as we are speaking only three turbines are down and then by 15th of August we will be at 99% of availability. So what we plan, we will be achieving five months or six months ahead of schedule. So that's part A.

Same is the situation in terms of the solar. And we had given a guidance that we will be achieving INR1,650 crores EBITDA in FY25. So our guidance still remains INR1,650 crores for the FY 25. Current year, we are expecting that the big since majority of the wind season is up will or part of the wind season will also be captured in during this year. We will be doing better than what we had planned. Originally, we have talked about 18 months to 24 months timeframe, EBITDA improvement, but I think, we are reaching on a achievement side is close to six months to seven months timeframe. But some of the wind season is going away by the time all these things are there, but we will be doing better than what we have planned.

Mohit Kumar: Second question on the PSP, so have you financially closed that project and or have you broken, have you started the work on that particular project and how many PSP sites are under our control in the sense these sites that we handed over to us?

Prashant Jain: So we have already close to 9,000 MW of the pumped storage projects have been allocated to us and of that 80% of the projects, we have already prepared the DPR and then they are in a different stage of approval. And two of the projects we have already received the terms of reference. One of the projects we have already completed EIA, EMP and public hearing is also completed and then forest land approval is in process. And we are expecting that in the current financial year, at least, one project we will be starting the construction for which we will be doing the, taking the necessity approval and entering into a final PPA there by the financial closure.

And next year, we are expecting two projects should go into that position by end of next financial year. So this is how it is there. So each project is at a different stage but one project will achieve all approvals and PPAs and as well as other things to start the construction and that will be a project which we will be building for our group captive and which is our within our steel plant, where majority of the land and other things are also in place and we are all EIA, EMP has been completed.

The second project will be where we have already secured LOI from government of Karnataka. And the third project is under the bidding stage and various approval stage.

Mohit Kumar: My last question is given that a lot of new projects where a lot of new tenders from SECI are coming RTC, hybrid, we haven't seen you participating in the solar bids. Do you think that our participation will increase materially under the hybrid RTC given that we have portfolio of projects we have, which should be ideally more competitive?

Prashant Jain: So we are looking at all bids and also the cost of doing the project and we are in a process of building a future pipeline beyond December 2024. Because all the existing projects which are under commissioning will be over by December 2024. So we are now in a process of building a pipeline. We are evaluating the group captive requirement, which we have come across because of the decarbonization strategy for the JSW Group. And we have received certain inbound queries from our JSW Group to evaluate and work on that, as well as the SECI bids. And then within that metrics, we will be closing that pipeline in next one or two quarters which will be filling up for FY25, FY26, FY27 project execution.

Mohit Kumar: Understood sir. Thank you and best of luck sir, thank you.

Moderator: Thank you. We have our next question from the line of Karan Gupta from Cavi Capital. Please go ahead.

Karan Gupta: Yes, thank you for the opportunity. I just wanted to check, so given the current seasonal rain, what does that imply for availability of water for your Hydro projects for the coming quarter?

Prashant Jain: They are running at 110% all projects.

Karan Gupta: Okay, great. And then on merchant power tariffs and the current coal prices which have crashed significantly, what are your thoughts for the next year?

Prashant Jain: We are making a good spread because the coal prices have also come down substantially so but the only thing is that post the monsoon period as the demand revives, it will be quite healthy. And as regards to during even in the monsoon period, the current tariffs are very good.

Karan Gupta: So is there any sort of a conversion of the coal prices to the margins that you generate on merchant power like is there something that you can share along those lines?

Prashant Jain: No I think what I'm trying to say is that there is a positive spread based on the current imported coal prices as well as the prevailing merchant power prices. So the prices wise, I think we are not concerned, we are more concerned about the demand per se in order to push more volumes. As the demand improves, there will be a good money to be made into the merchant market.

Karan Gupta: Fair enough. And then lastly, recently there was an announcement by the UP government that they're setting up a new coal power plant. I think it was about 1.6 GW. The pricing on that was a little surprising. It was a little more than INR11 crores a MW. So just wanted to get your thoughts on that?

Prashant Jain: Tough for me to comment on anybody's plan, but I think it takes anything between INR4.5 crores to INR4.8 crores or INR5 crores per MW now, including the cost of FGD and considering the cost of inflation. And the power prices based on new projects are also going to be close to north of INR4.5. And if you see the recent tender which has been done and concluded for the medium term, the power tariffs that have been discovered in the range of INR5.20 paisa to INR5.50 paisa at bus.

Moderator: Thank you. We have our next question from the line of Anuj Upadhyay from Investec. Please go ahead.

Anuj Upadhyay: Yes, thanks for the opportunity, sir. Can you elaborate something on the green hydrogen project and also on the model manufacturing things? I guess we have shifted the base from Odisha to some other state. So could you show some light on that front, sir?

Prashant Jain: So we will be building this project in the state of Rajasthan. We have already identified the land and the proposal with the government of Rajasthan for necessary incentives and other things are in final stage of approval. And also the plant and machinery negotiations are going on.

So project is on track to be commissioned by March 2025. And as regards to the hydrogen project, the preliminary work has already been started. Detailed engineering is going on. And the ordering of the electrolysers and commercial negotiations are going on. We are on track to commission the project in the quarter ending March '25. So both these projects will be being commissioned by that time.

Anuj Upadhyay: Okay, so the off taker for the green hydrogen would be our group company or we are also looking out for some commercial energy?

Prashant Jain: We have already disclosed and declared after the board approval of between JSW Steel and JSW Energy this will be used for the making of the green steel. It is on a cost plus basis on a 15% RoE for the project for a seven year contract and the total project cost has been amortized over a period of seven years and post that it will be mutually discussed.

Anuj Upadhyay: Okay, sir. And lastly, on the battery project which we have won, I believe 40% of that capacity is still open. So, any guidance on that, sir, whether we are looking for another long-term arrangement for that or do you guys are keeping it in the short-term market?

Prashant Jain: No, we are purposely keeping that in the short-term market at this point of time because we see quite a big arbitrage. I don't know whether you are seeing the trend in the market now. The fluctuation between the off time and a peak time power prices is anywhere around INR4 and there is a another ancillary market for POSOCO management also wherein there are certain incentives for the battery projects, so we believe that for some more time, there will be a huge opportunity for money to be made in this particular segment.

However, we are also mindful about if there are any great opportunity, we can lock in that capacity. But we feel that it will be quite remunerative at this point of time. It is a similar situation like Ind-Barath, we so many inbound calls for doing a long-term PPA from Ind-Barath but don't want to do the PPA at this point of time, we want to keep the capacity open in the merchant.

Anuj Upadhyay: Thank you, sir. And if you may please allow me to chip in another question, sir. It's related to the new capacity. So like we already have a lot of -- I mean, SECI IX and X which is to be scheduled. But considering the fact that the government has mandated around 50 gigs of renewable capacity to be flowed in from the current fiscal. Are we aggressively looking into those kind of projects or for the time being we are focused largely on the Pump hydro or the green hydrogen?

Prashant Jain: So I believe you are aware about our strategy 2.0 wherein we have very categorically talked about that how we are seeing the capital expenditure every year and also we are talking about the capacity addition. In my comments to a previous caller I have explained that post December ‘24, we are now building the book in between the group capital as well as various other opportunities.

There are, there is a certain amount only we can do as a capital expenditure every year due to availability of the capital as well as the execution which is possible because of the connectivity as well as resources which are available with us. So we are trying to balance out considering the maximization of our returns.

So we are carefully selecting the options and opportunity so that we make best possible ROEs and equity IRRs. So this is what we are doing and in next one or two quarters you will see we are building a book which is beyond December 2024 and you will get a visibility of another 4 to 6 GW to be built over a period of next three years beyond December 2024 or March 2025. So you will get the visibility up to FY27 and FY28.

Moderator: Thank you. We have a next question from the line of Shreyans Daga from Barclays. Please go ahead.

Shreyans Daga: Hi, thank you for my question. So, I know you answered a question on hydro projects, but specifically there was a media report that Karcham Wangtoo and Baspa II have been closed due to the floods in Himachal. So, can you give us some light on the two projects?

Prashant Jain: So, there was no floods basically you need to understand every year during this time when the rain happen or cloudburst happen because these this particular basin is having is coming from Spiti Valley and if you have been to that site then it is purely the sand mountains, so because of which the sand level or silt level goes up into the water.

And as a precaution, there is a grid code. The moment the sand level goes beyond 5,000 to 6,000 ppm, all the plants open their gate and then they go in an auto flush mode so that there is no impact on the turbine. It happens irrespective of the heavy rains, it always happens during this time.

So the units were down for 72 hours approximately and then the moment of silt level went down to permissible limit. They all started running and all of them are running in a full load at 110% load and as I said that both asset as well as the people everybody is safe and there is no disruption of whatsoever whether temporary or permanent.

In case of Kutehr because of the landslide there is a little bit of disconnectivity and which is being restored some of the connectivity has been restored balance will be restored in next four to five days will it will become normal.

Pritesh Vinay: So Shreyans to be specific if I may add as Prashant mentioned you know the Baspa units went on full load as of 3.30 p.m. yesterday and Karcham Wangtoo all the four units went into full load at 5 p.m. yesterday so prior to that for 72 hours purely from a grid code and safety, etcetera, point of view. Due to high silt levels, they were shut down.

Moderator: Thank you. We have our next question from the line of Manas Arora from Deniro Wealth. Please go ahead.

Manas Arora: Hello. Good evening, sir. So I have a question about wind energy. So, sir, I wanted to know, are we planning any further capex into wind energy apart from our under-construction projects?

Prashant Jain: Yes, as I said that we are – we have planned to do close to 1.5 to 2.2 GW of the project every year. And beyond December '24, we have to build a book. We are absolutely in a comfortable position to build that book. As I said that there is a group captive requirement of close to 5 to 6 GW to be built over a period of next three to four years timeframe, as well as there are other opportunities which we are having in terms of the hybrid and other SECI bids.

So we are carefully evaluating and seeing the equity IRRs where we can maximize our return. And in next two quarters, we will build a book beyond FY25 and you will see that thing happening and there will be a complete visibility of that book which will be executed.

You know that we have been always talking about that we don't build the book well in advance which cannot be executed over a period of next 24 to 30 months time frame. We build the book only when we can execute immediately. So this is how we have been because most of the time, if you are building the book ahead of the schedule, and then you are forced to compromise on a returns and that's what we are have not been doing and we have been very picky and choosy about it. So there will be a big book you will be seeing to be built in next one or two quarters.

Manas Arora: My next question is are we going to participate in SECI 2.5 gigawatt tenders, the wind ones?

Prashant Jain: So we are mindful of the tariffs we have seen encouraging tariffs in the recent time and we are seeing that the module prices are also going down and then there is a it's quite encouraging so we will balance out because we want mid-teen to high-teen kind of returns and that's how we always look for.

Moderator: Thank you. We'll take our last question from the line of Chirag Kachhadiya, an individual investor. Please go ahead.

Chirag Kachhadiya: Hello. Due to the disturbances in Northern side, what impact in the generation we are expecting?

Prashant Jain: No more impact now. Whatever was supposed to happen has happened and now the demand is also picking up and as compared to last year, the July demand is as of now for the month as a whole is close to 5.5% up.

Chirag Kachhadiya: Okay, and sir I want to understand about the battery storage business in which we followed recently. So can you share some basic understanding like what it meant to be later on for our company and what is the potential of that business?

Prashant Jain: So storage is a big opportunity to be built upon as per CEA by 2030. In order to manage the grid, we are in 500 gigawatt of the renewable capacity will be there. You need 320 GWh of the total storage capacity, which will be met by both BESS as well as PSP, Pump Storage Projects.

And which talks about if 320 gigawatt hour for six hour storage it means you are talking about more than 50,000 MW capacity. And so we see this is a great opportunity for JSW Energy and we have ventured both in BESS as well as PSP segments.

And both segments we have got the first tender with us. And so it's quite encouraging and we have got a large resource pool and we will be growing our company in this particular segment going forward.

Chirag Kachhadiya: And sir, what capex we incurred for this venture?

Prashant Jain: It is depending upon the capacity. Typically, if you are building a pump storage project anything between 3.85 crores per MW to 7 crores per MW depending upon the configuration of the project size of the project location and the storage capacity. So this is how these projects are built and typically five and a half hours to eight hours of the storage capacity and 75% to 85% of the efficiency.

In terms of the battery projects, it depends on the battery prices and anything between USD300 to USD400 dollars per kilowatt hour of the system cost at this point of time, which will be certainly going down to USD150 to USD300 going forward over a period of time as the battery prices goes down.

Moderator: Thank you. I now hand the conference over to Mr. Sudhanshu Bansal from JM Financial for closing comments.

Sudhanshu Bansal: Thank you so much to the management of JSW Energy for giving us the JM Financial the opportunity to host the call. I thank all the participants for attending this conference call. Sir, if you would like to give any closing remarks?

Pritesh Vinay: Thank you, Sudhanshu, and thank you everyone. In case there are any follow-up questions, please feel free to connect with our Investor Relations team and they'll be happy to clarify everything. Thank you again.

Sudhanshu Bansal : Thank you very much and happy weekend to all of you. Thank you, we can close the call.

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