



“JSW Energy Limited
Q2 FY2021 Earnings Conference Call”

November 03, 2020



ANALYST: MR. ABHISHEK PURI – AXIS CAPITAL LIMITED

**MANAGEMENT: MR. PRASHANT JAIN - JOINT MANAGING DIRECTOR &
CHIEF EXECUTIVE OFFICER – JSW ENERGY LIMITED
MR. PRITESH VINAY – CHIEF FINANCIAL OFFICER – JSW
ENERGY LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the JSW Energy Q2 FY2021 Earnings Conference Call, hosted by Axis Capital Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Abhishek Puri of Axis Capital Limited. Thank you and over to you Sir!

Abhishek Puri: Thank you Ayesha. Good evening Ladies and gentlemen, on behalf of Axis Capital, I am pleased to welcome you all for the JSW Energy Q2 FY21 Earnings Conference Call. Today we have with us the whole management team represented by Mr. Prashant Jain, Joint Managing Director & CEO and Mr. Pritesh Vinay, Chief Financial Officer of the Company. We will begin with the opening remarks from Prashant on the operational highlights and key updates for the sector. This will be followed by Q&A session. With that I will hand over the floor to you Prashant. Over to you Sir!

Prashant Jain: Thank you Abhishek. Good evening Ladies and gentlemen. I hope everybody is safe and doing well. During the quarter, we saw interesting trends, which was primarily in line of the economic recovery, which we were seeing in the various headline numbers. During the quarter, the power demand degrew by 0.9% as compared to the negative growth of 16.2% in the previous quarter and we saw month-on-month improvement in the power demand. In July, it was negative 4.2%; August, it was negative 2.4%, in September, it was positive 4%.

From the September 20, we started seeing that the power demand going up by double-digit and other than south everywhere else the power demand was doing pretty well and during the October, we saw the power demand growth was 12% and till November also it is growing in the same run rate of 12% to 13%.

Interesting fact is also what we saw that the year before, in the month of October the power demand degrew by 12% on a higher base of 2017-2018 where the power demand in October was very high, and we were selling power at that point of time in the spot market at Rs. 15 to Rs.17 and last year the problem was prolonged monsoon and this year also in spite of prolonged monsoon with the lower base effect, we saw the higher power demand in the month of October, so precisely there is not only the lower base effect, but also the positive economic activity, which has reflected in PMI as well as various other headline number such as auto sales or steel sales, cement sales etc.

Second interesting trend which we saw was in the PLF and the net generation - optically if you look at, overall YoY change in headline number was negative 1% net generation for the quarter year-on-year; however, on a long-term portfolio for thermal generation the net generation was up by 20% and overall long-term PPA backed net generation was up by 10%. So this also substantiate that the actual power demand growth is growing substantially, and distribution

companies have been buying more and more power from the long-term portfolio as compared to the previous year.

To give you a little color also like for example in Q2FY21, our actual PLF was close to 80% in Barmer as compared to last year's, which was around 60%. So overall, it demonstrates that this recovery is for here and it is broad based. Overall thermal PLF under long-term PPA also went up from 65% to 78% year-on-year.

Financial performance wise - revenue was down 10% primarily because of movement of some of the long-term customers to job work and lower merchant sales. EBITDA during the quarter was lower by 6% at 985 Crores and profit before tax and profit after tax were flat.

During the quarter, we had repaid the net debt by 822 Crores so and during the first half, it was lower by around 1300 Crores. So the closing net debt position was 7671 Crores, which translates to net debt to equity of 0.59 and net debt to EBITDA of 2.44.

Our average interest cost came down to 8.33%. We are seeing the end of deleveraging cycle during the financial year. We believe that this deleveraging will continue till the end of this year, but with our entry into the renewable space, recently we have got the LOA for 810 MW wind power project from SECI, which we expect to sign PPA in the current financial year.

In addition, for our Kutehr 240 MW power project wherein we have spoken earlier that with Haryana, we are entering into a PPA, for which we had got the regulator's approval. Now the PPA will be signed. The project has been started. With this there is a project on ground are 1050 MW and we had explained earlier that we planned to become a 10 GW company in the next three to five years timeframe. We expect that close to 1000 to 1500 MW, capacity will keep on coming year-on-year and we expect to become 10 GW Company primarily from the renewable sources. Therefore, our renewable portfolio will increase from current 35% to 65%-70% in next three to five years' timeframe.

As regards to the receivable position, JSW Energy did better than the industry. Our receivable during the quarter as compared to the last year September 2019 was down 3% year-on-year where in our overdue receivable were down by 17% year-on-year, but on month-on-month in the month of October, this overall receivable came down further by 35%.

So, therefore our receivable position is pretty good as compared to the challenging environment, which we had been seeing and which has also translated for a substantial deleveraging of our balance sheet and which also speak about the quality of PPA what JSW Energy is having and going forward we see that this kind of trend will continue.

With that, I conclude my opening remarks and we are happy to take further questions. Thank you.

- Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Mohit Kumar from the DAM Capital. Please go ahead.
- Mohit Kumar:** Good evening Sir. Sir I have two questions. Firstly on the 810 MW, is there is any clarity on the capital cost and the location and what kind of PLF we are expecting? What is the kind of timeline you are looking at? Secondly on the Ind-Barath project, is there are any update which you can share with us?
- Prashant Jain:** In regards to 810 MW, it is hybrid project to where we can do up to 20% of solar along with the wind and we are expecting that the project cost would be cost approximately between 4700 and 4800 Crores and that project timelines are 24 months from the date of PPA and we are expecting PPA will be signed in the Q4 of the current financial year and we are going to set up this project in the state of Tamil Nadu and we have got the connectivity approvals. We have secured the land also we are going to setup this project. As regards to Ind-Barath that is under NCLT approval process and which is taking lot of time because of lot of intra-creditor litigation, and because of ongoing pandemic the proceedings are not happening at the pace, at which it was earlier expected, but nevertheless the process is continuing, but at this point of time we do not have any kind of color that by when we can see the light of the day.
- Mohit Kumar:** Thank you Sir.
- Moderator:** Thank you. The next question is from the line of Swarnim Maheshwari from Edelweiss. Please go ahead.
- Swarnim Maheshwari:** Good evening. Thanks for the opportunity and congratulations for good set of numbers. Sir my first question is if you can just specify on the 810 MW renewable bid. So what is the threshold that we are looking at and you did mention about three to four land and everything is identified. In the site also connected with the nearest substation, so is everything sorted out over there?
- Prashant Jain:** As I said that we have got the connectivity of work from the PGCIL. So that is very well connected and as regards to the returns we expect to get the normative returns in the project in the mid teens.
- Swarnim Maheshwari:** Sir secondly you did mention that the deleveraging cycle in behind and clearly as you have embarked upon the capex cycle so any number that you would like to share that as you know say 1.5 times or 1.2, 1.5 is where you are looking your debt equity to be by the end of FY2022 or FY2023 and this would also include the acquisition of Ind-Barath?
- Prashant Jain:** Look at this way that at this point of time we are having a clear path of 1050 MW, which is Kutehr as well as 810 MW and therein, if we do it in Q4 of this financial year we get the PPA signed for 810 MW then 24 months you are talking about by FY2023, you will be executing this project and for Kutehr project we are looking at COD in FY2025, with that there will not be any meaningful impact on our debt to equity and debt to EBITDA, than what we are having on

current balance sheet because the kind of a free cash flow, which will be coming up from existing portfolio it will be almost the same, so that will be going off only when we undertake fresh projects during this timeframe and as and when that visibility come, then we will be able to talk about it, but at this point of time there will not be any meaningful change in the debt to equity and debt to EBITDA where we are today on the current schedule.

- Swarnim Maheshwari:** Thank you so much and wish you all the very best.
- Moderator:** Thank you. The next question is from the line of Aniket Mittal from the Motilal Oswal Financial Services. Please go ahead.
- Aniket Mittal:** Thank you for the opportunity. Sir you are trying for 810 MW project, but you have mentioned the estimated cost is anywhere between 4700 Crores to 4800 Crores, what is the blend that you are looking at between wind and the solar?
- Prashant Jain:** As I said it is up to 20% of solar that is the permitted blend and we are in the final stage of doing the engineering, particularly up to 20% anything between the 15% and 20% you can say.
- Aniket Mittal:** 15% to 20% sure. To get an understanding on the blended PLF, if you could let us say assume 15% to 20% on solar mix and renewable mix, what will be blended PLF over here?
- Prashant Jain:** Solar the PLF will be in the range of 26%-27% and then wind will be in the range of 33% to 35%
- Aniket Mittal:** Just to get understanding of this, now obviously awarded the LOA when the SECI gives you an LOA, is there a stop date, let us say for the next six months or so, the next four or five months, if no discoms come up and we are not able to sign a PPA completion, does that contract comes under SECI and go for a rebid and we get out of the deal? Is there a proper stop date is what I am trying to understand?
- Prashant Jain:** No.
- Aniket Mittal:** This is a worry over here that the agreement that we got the LOA but is there any visibility on the PPA itself coming, probably you made it uphold up on cash and the PPA already generate. I am just trying to understand is there a timeframe?
- Prashant Jain:** There is a very strong visibility of PPA.
- Aniket Mittal:** Any particular discoms which you would be able to sign the PPA?
- Prashant Jain:** We will able to disclose it as then when we sign it, but we have a very strong visibility that is why we talked about it.
- Aniket Mittal:** Just on the accounting aspect, I wanted to understand, I think there is a change in the fuel cost happened because of job work - I think one of your captive customers will be now giving you

coal, can we understand the rationale behind it, what happened over there, if you could throw some light?

Prashant Jain: Pritesh you take this question?

Pritesh Vinay: Aniket, sorry can you repeat that question again please?

Aniket Mittal: I just wanted to understand more from your accounting, in your notes you have mentioned that one of your customers is now supplying you coal and hence the fuel cost as well as the revenues have been deflated. So, if we can just understand why this is happening?

Pritesh Vinay: What is happened is that some of our group capital consumers have changed to a job work model from a GST efficiency point of view. You know what happens is at for example when we as a power generator procure coal, we have to pay GST on that, but power by itself the sale of power does not attract GST. So there is no way to claim input tax credit on the GST that was paid on the coal purchase by the procurer of power. From GST efficiency point of view, if they procure the coal on their own and then their end product is a product on which GST is applicable, they get to claim the input tax credit for the GST that they pay. So it is purely GST efficiency route because anyways as far as JSW Energy is concerned, there is no change to the economics because of fuel cost anyways under the two-part tariff was a complete pass through. So it is just saying that instead of we incurring the fuel cost and then passing it on, they will directly be incurring the fuel cost on their own and be able to claim GST input tax that is the rationale of job work arrangement.

Aniket Mittal: May be just one more question, if you could just help me understand on Kutehr, I believe there are certain number of awards that we have done in the last quarter or so and the PPA itself is something is yet to be finalized. So, if you can really throw some light on what sort of capex are, we expecting on Kutehr and when do we see the PPA actually getting finalized?

Prashant Jain: The source approval has already had happened and PPA will be signed in the current financial year. So it is under processing at this point of time. The total project cost is 2750 Crores and we are expecting that the project will be commissioned by September 2024.

Aniket Mittal: Thank you.

Moderator: Thank you. The next question is from the line of Murtuza Arsiwalla from Kotak Securities. Please go ahead.

Murtuza Arsiwalla: I just wanted to get a sense on this job work. Could you help us quantify the impact of it in simply computing the realization and fuel costs if you could help us assess the impact of this job work in the quantum of power that went to job work or the quantum of fuel cost that would have been there that is not there?

Pritesh Vinay: I tell you Murtuza how to look at it. You know because this has been implemented from the Ratnagiri plant- On the fuel cost we do not breakup the fuel cost, station wise, you will be able to oderive that, but the amount of power we can quantify it was just of north of 600 million units, 600 million units multiplied by the fuel cost of the Ratnagiri station that is impact of the job work, which goes away both from the revenue as well as from the fuel cost, so EBITDA neutral.

Murtuza Arsiwalla: Thank you so much Sir.

Moderator: Thank you. The next question is from the line of Sujit Jain from ASK Investment Managers. Please go ahead.

Sujit Jain: Prashant and team. Real complements on a good set of number, I think our performance compared to other players in the industry has always been commendable. My question is quickly on what is the capex that we have? What is the total capex that we planned to on these which is like you said Kutehr then the auction that we won in SECI as well as Ind-Barath and of which what will be the equity portion?

Prashant Jain: As I outlined that the SECI 9 is around 4700 to 4800 Cr which will be done on approx.. 70:30 Debt/Equity and Kutehr is 2750 Cr, which will be done 67:43 debt to equity so that is how we are planning to do that and Ind-Barath what we have talked about that our total project cost was around 2500 Crores and which we were planning to fund by 25% equity and 75% debt, but at this point of time the timeline wise we are not sure that what will be the timeline, so we would like to look at the timeline as and when it crystallizes, but the other two projects we are having a clarity on timelines.

Sujit Jain: So the total equity like you just mentioned is about 3000 Crores and I take a timeline up to FY2025.

Prashant Jain: Yes.

Sujit Jain: What is the current cash balance?

Prashant Jain: It was about 811 Crores at the end of September.

Sujit Jain: You are generating close to 2000 Crores of almost free cash flows now every year. I mean minus the capex that is planned up FY2025 these three projects. So over the next four year 8000 Crores will be generated you already have 800 Crores so close to 9000 Crores against equity requirement is 3000 Crores. The debt to equity level is very manageable as you have just mentioned, and it will remain manageable even after executing these three projects assuming you do not take on anything else. Then in that case what is your thought process about pay out? You have in the past given Rs.1 dividend payout so 171 Crores, 180 Crores but as against the cash flows generation is humongous and against that the planned capex is almost a third of that?

Prashant Jain: As we mentioned is that we are aspiring to be 10 GW company in next five years' timeframe that means we are going to undertake number of other projects in order to grow our balance sheet and also I mentioned that our deleveraging cycle has been seen the bottom so we will leveraging up the balance sheet. We continue to follow a dividend distribution policy wherein we happen making a payout of 20% of the retained profit every year and so board always takes a call in case there are the opportunities and we try to deploy the cash for the growth of opportunity otherwise we can try and increase the payoff also so board evaluates time to time. There have been the time where the payoff had been more than 20% and the way I see it is that this may be the chances of aggressive growth opportunities in time to come because we are seeing the rationalities coming in the competitive environment in renewable space and we have built enough capability than we are undertaking these projects and so we see that she will be able to achieve a growth of another 5 GW in next five year timeframe.

Sujit Jain: I also had a question on how the holding on JSW Steel shares. What is the costing of the share, which on FY2020 is about 1000 Crores only? What is the fair value holding that is sitting on the balance sheet?

Prashant Jain: We are close to 7 Crores shares so at the current market price, it will be north of 2200 Crores and so that is the position.

Sujit Jain: Is there a thought process of liquidating this and using this cash either for your own capex or giving it back to shareholders? We have had our IPO in 2010 at Rs.100. The stock has barely in that price in these 10-year higher than that and even today it substantially remains low. We had an impeccable track record at the time of execution and running a tight shift but when it comes to distribution, I think there we need to probably look into more.

Prashant Jain: Certainly, I take your point and we will deliberate at the board as and when the opportunity comes.

Sujit Jain: Also at the same time close to about, correct me if I am wrong, 44% of promoter shareholding remains pledged of course pledge is not a problem the pledged is getting released off late, but that is the crux of the problem where, in terms of return to shareholders is probably there is some thought I think that you guys should give into?

Pritesh Vinay: Sujit if I may come in here you know we are actually representing the entity JSW Energy Limited. It will not be appropriate for us to comment all the holding structure at the promoter entity activity level because that is the completely different team, which is responsible for that. However, having said that, what we can talk about this that and this will also evident from public disclosures in terms of stock exchange filings is that there has been a change in the structure of the financing mode and therefore if you look at the period October to December 2019 there was a significant reduction in pledges that happened because of the change in these financing structure at the promoter entity level, but beyond that we would not clearly have visibility on that side.

- Sujit Jain:** Thanks.
- Moderator:** Thank you. The next question is from the line of Mr. Abhishek Puri, Axis Capital. Please go ahead.
- Abhishek Puri:** Thank you for the opportunity. Just one point here I mean when I look at the other comprehensive income, there is a 634 Crores profit from items not classified in P&L. Can you elaborate what is that?
- Pritesh Vinay:** That is basically because of the movement in JSW Steel shares so the MTM impact on the OCI.
- Abhishek Puri:** Secondly just wanted to understand the availability of any short-term contracts that we have done for Vijayanagar and Ratnagiri and any ramp up plans that are available now for JSW where we will be signing the contract?
- Prashant Jain:** If you look at this way as well as the merchant market remains very benign and the tariff is not at all viable. However, in terms of the increase in the long-term PPA portfolio from 81% we see two, three events, which will be crystalizing it. One is the increase in the capacity by JSW Steel at Dolvi, which we are expecting by end of this financial year will get completed. Another is like for example acquisition by Asian Color by JSW Steel will be increasing the PPA portfolio, 14 megawatt and also there is a plan by JSW Steel to increase the capacity at Vijayanagar at some point of time in medium term as and when that happens and that will be also improving the long-term PPA portfolio. Another opportunity is the 5000 megawatt RTC blended tender along with renewable energy, which the new guidelines have been issued two days ago so we are expecting by end of this current financial year, the tender should be concluded, so that is another possibility to increase the long-term PPA portfolio. Other than that in the spot merchant market the current environment is quite challenging. At least for the current financial year, I do not see an improvement in the trend in the merchant prices, yes going forward next year probably there will be the improvement in the merchant prices and therefore we can see that the merchant volume may pickup next financial year.
- Abhishek Puri:** Thank you. I think that is helpful. Just one point be clear in terms of Telangana, we had a short-term contract have you booked any revenues or volumes to them or that is expired now?
- Prashant Jain:** That is expired.
- Abhishek Puri:** There was compensation which was required from the previous quarters because they picked up lesser than the contracted value.
- Prashant Jain:** So that is under discussion and we are confident that he will be getting that and as a prudent practice we have not recognized in our income statement so far, but we are quite confident that we will be getting that.
- Abhishek Puri:** Thank you and all the very best.

Moderator: Thank you. The next question is from the line of Anuj Upadhyay from Emkay Global Financial Services. Please go ahead.

Anuj Upadhyay: Thanks for the opportunity Sir. I need one clarification a few days back there was some media article which mentioned that the company is trying to setup almost 14 gigawatts of renewable capacity in and around Karnataka and Tamil Nadu. You mentioned about these 810 megawatts to be setup in Tamil Nadu - are we in advanced stage of discussion with Karnataka to setup another 500 and 600 megawatt of capacity?

Prashant Jain: Look at this way that we have been talking about the we are building a long-term portfolio of the renewable resources and when we talk about resources means that we have to acquire particular locations where we can either setup the solar parks or wind turbines and so we are building that portfolio in various states and that becomes handy with us as and when we are bidding with SECI or we are also evaluating the group captive opportunities because JSW Group is the large power consumer, within the group also the total power consumption is in the region of 2300 megawatt. Based on the various RPO obligations that JSW Group itself will be required close to 1000 to 1200 megawatt of the renewable power in time to come so that is also another opportunity. In addition to that there is a lot big portfolio we want to build. If you look historically the way the renewable business was being done the wind turbine, OEM manufacturers they used to build the portfolio of the sites where there is a potential to install the wind turbines and they used to supply on an EPC basis to the investors who were working primarily as financial investors whereas the JSW Energy approach has been that we have been doing a very efficient project execution and at a very low capital cost therefore JSW Energy has been acquiring such potential sites both for solar as well as wind for the past 12 to 18 months' timeframe and we have build a quite bit of portfolio thereby as and when we made a bid, we will be able to execute those projects well in time at a very low cost. So there are various locations, which we are trying to identify and build in various states including Karnataka.

Anuj Upadhyay: One small clarification on the thing you say just now. Even Vijayanagar was eyeing to park some part of the entire capacity at a group level, so in spite of meeting that RPO obligation, which you mentioned through the upcoming renewable capacity, would still there with some kind of room to park our Vijayanagar capacities out there or more or less it would be now replaced by the renewable capacities going ahead?

Prashant Jain: Both are independent and mutually exclusive because RPO obligation is you have to meet that obligation and second part is that if you are trying to replace some of your capacity by replacing the thermal power with renewable power, both are mutually exclusive requirements and what I mentioned about the group captive point of view for the RPO obligation that is regulatory requirement and building a portfolio is that it can be used for any purpose either for SECI tender or with any other distribution company or within the group.

Anuj Upadhyay: Lastly, Sir on the recent challenges, which we are seeing in the wind sector as such. Year-to-date if we say past 12 months, there has been almost 35% to 40% reduction in the wind power

generation and the developers are citing the reason because of change in some geographical condition and that is across the country, which is now leading to a very low level of PLF across the wind station. I mean basically how we plan to counter such kind of challenges? Are the sites itself would be the sufficient enough which we are eyeing to meet these challenges or there could be some technology upgradation or advancement, which will be using to tackle these situations. I mean as per our discussion with few of the industry player solar generally is some less volatile compared to wind and we have now ventured into a renewable and that too a huge model for the wind play so that is why there was some curiosity to ask this question.

Prashant Jain: I want to clarify one part you know the variation is happening for the developers who are working on P50 and P75 CUF, but if you are working on a P90 CUF there is no variation, so we are very, very prudent and conservative in our approach. As and when then we are looking any wind or solar resources, we are looking at the resources or by resources I mean the location where there is a sufficient data is available with the multiple wind mast or solar radiation and suppose solar as well as wind we are always taking P90 CUF, not P50 or P75. Therefore we do not expect any kind of negative surprises in any of the year both for blend and solar.

Anuj Upadhyay: Thank you Sir. This was helpful.

Moderator: Thank you. The next question is from the line of Aniket Mittal from Motilal Oswal Financial Services. Please go ahead.

Aniket Mittal: Thank you for the opportunity once again. Sir just one question in our receivables front, we have done, I would say decently on controlling the receivables, so if you could just throw some colour as to sector where are we getting the money from and how do we see ending the year with?

Prashant Jain: You know one is that there is a seasonality in our billing cycle because if you look at Q1 and Q2 because of the hydro, the seasonality picture also come in and if I can say that the current financial year and the last financial year was very, very challenging for the industry as a whole and during this pandemic time the overall overdue situation for the industry per se has deteriorated substantially wherein as compared to the last year. the total overdue for the sector was in the range of 70000 Crores to 80000 Crores in September 2019 and as of now it is around 140000 Crores. However our receivable have come down. This demonstrate the quality of our PPA as well as the kind of power mix which we are having so that is what we believe that in the worst of the cycle we could reduce our receivable because we are in the bottom quartile of the purchase basket for the respective discoms and therefore we have been able to do it in a very, very efficient way. Going forward we see this trajectory to continue because the incremental PPA, which we are doing or the capacity which we are building that is in renewable space that is also very low-cost power and therefore we are very confident that this trajectory will continue.

Moderator: Thank you. The next question is from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.

Sarvesh Gupta: If you can give some colour on the profile of your cost of debt and is it coming down and what is the sort of expectation going forward. So that is my first question and secondly you commented that on the 810-megawatt project would be targeting mid teen sort of IRRs. So these are like 15% sort of project IRR pretax is what you are saying and is that the number that should be the base case for the remaining part of the 5-gigawatt growth that you are targeting over the 3-4 years as well?

Prashant Jain: Typically we look at that kind of a hurdle rate whenever we are undertaking the projects but you know historically we have been doing better than that if you look at even our free cash flow yield on our existing entire portfolio because sometimes I have been observing also people have been calculating our return on networth straightway by dividing the profit after tax with the networth and calculating for the return of networth but they do not look at our in spite of the networth with the lot of components which is 2200 Crores is coming from the Steel share and JPVL shares which are not the part of our profit after tax. If you calculate for next 20 years, which is the life of our balance PPA and FCFE it will be north of 16%-17% on our entire consolidated balance sheet. That means whatever projects we have undertaken so far in our 4.5 GW capacity we have been earning more than 16%-17% equity IRR and that is how we look at it and however we will be building the projects for another 5-6 gigawatt, the hurdle rate will be close to 15% rate and all in all we will be doing better than that because of our prudent O&M practices and also our healthier balance sheet we have been doing a lot of financial reengineering and that is what is reflected in our cost of capital also. If you look at our average cost of debt today is 8.33%, which we see would be there is further scope to have a downward trajectory and in spite of the challenging business environment for a power sector in India. So going forward with the renewable space, there will be a lot of opportunities to tap different kind of a capital market globally because for thermal projects there is a limited avenue to source capital and for renewable space, such limitations are not there. Therefore given our track record and also with balance sheet, we believe we will be able to do that. Also it will be mindful to know that you know, a lot of incremental improvement in our equity IRR has been coming from our past track record of very low operations and maintenance cost, which has been coming down year-on-year in spite of the wage inflation. So that is how we look at it.

Pritesh Vinay: If I may add to what Prashant mentioned on the weighted average cost of debt to put things into perspective at the end of March this was 9.1% plus so almost 80 basis points reduction on the overall portfolio has already played out in the last six months so while we do expect a few more resets on some of the portfolios going forward so modest increase is still possible going forward, but I just wanted to put it in the right context.

Sarvesh Gupta: Just one clarification, this 16%-17% FCFE number that you are quoting was that pretax or posttax?

Prashant Jain: Posttax.

Sarvesh Gupta: Thank you Sir.

Prashant Jain: You know if you take the NPV for the balance 18 - 19 years FCFE also on the networth you will be coming out with a similar kind of a number. So that is what also you should see than the typical ROE calculation what you do and if you really do in a like to like basis for operating income basis then you should eliminate the shares, which is owned by the company which is a part of the networth close to 2200 Crores 2300 Crores. If you eliminate that will be further going up another 2% to 3%.

Sarvesh Gupta: Good to know and all the best for the coming quarters.

Moderator: Thank you. As there are no further questions, on behalf of JSW Energy and Axis Capital Limited that concludes this conference. Thanks for joining us and you may now disconnect your lines.

Prashant Jain: Thank you.