



“JSW Energy  
Q1 FY2023 Earnings Conference Call”

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**Moderator:** Ladies and gentlemen, good day and welcome to JSW Energy Q1 FY2023 Post Results Conference Call hosted by ICICI Securities 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 phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rahul Modi from ICICI Securities. Thank you and over to you, Sir!

**Rahul Modi:** Thank you. On behalf of ICICI Securities, I welcome you all to the Q1 FY2023 Earnings call of JSW Energy. From the management, we have Mr. Prashant Jain - Joint Managing Director and CEO; Mr. Pritesh Vinay – Director Finance; and Mr. Ashwin Bajaj – Group Head – Investor Relations. We will start the call with a brief opening remarks followed by Q&A. I will now hand over the call to Ashwin. Thank you and over to you, Sir, all the best!

**Ashwin Bajaj:** Thank you very much Rahul. Good evening everyone. This is Ashwin Bajaj and welcome to the JSW Energy's Q1 call. With that let me hand it over to Mr. Jain for an overview and then we will take your question. Mr. Jain.

**Prashant Jain:** Thank you, Ashwin. Good evening ladies and gentlemen. This quarter has been very interesting quarter for the industry as well as JSW Energy. For the quarter gone the power demand has seen a growth of 18.6% year-on-year and in July till date the power demand is growing at 2% in spite of very heavy monsoon and rain shower what we have seen across the country.

During the quarter, there was a 4.3 gigawatt of capacity addition taking the total capacity to 403 gigawatt. Now the total renewable capacity in the country is 161 gigawatt which amounts to 40% of the total capacity of the country. This capacity addition was mainly from renewable which was through solar.

During the quarter merchant tariff saw an increase of 143% year-on-year at Rs.7.8 per kilowatt/hour, the volume though went down by 21%, the average monthly volume was

3,790 million units. The interesting statistics what we have observed during the quarter the average thermal PLF for India as a whole was 69.43% as compared to 58.79% in the last year and this year at the end of year FY2021 was 46.61%. This is what is telling us that when the power demand is growing in the country the thermal PLF which is the standard capacity is getting more and more utilized and giving the growth opportunity of existing untied capacities.

The renewable PLF for the country as a whole was at 21.43% as compared to 20.64% last year, which was primarily driven by the higher wind PLF, which is again a cyclical trend which we are seeing. The solar PLF for the quarter for the country as a whole was 19.73% as compared to 20.1% a year before and wind PLF for the quarter was 25.86% as compared to 23.84% last year.

As a company we saw a very robust performance, our total generation was up by 14% which was driven by higher thermal generation by 12% which was primarily on account of higher merchant sales. We sold 6 times more volume in the merchant market as compared with the last year at 866 million unties which accounts to approximately 8% of the total power exchange volume in the country for the quarter. This is what reflects that how this current power demand growth is giving JSW Energy an ample opportunity to use its untied capacity. The hydro generation was up by 13% and in addition to that we also since commissioned our solar power plant 225 megawatt at Vijaynagar which is also performing very good. During this June month we saw the P60 level performance which is 110% of the P90 generation we generated close to 94 million units during the quarter. The total generation was 5,850 million units. Also we have been given to understand, on the request of the Government of Rajasthan, Ministry of Coal has given an approval of rectifying the defect of the mining lease of Jalipa and Kapurdi and we are yet to receive the formal communication from Government of Rajasthan as they are processing it but that defect has been rectified and the business has become as usual for the company.

In terms of the financial performance of the company we saw a strong EBITDA growth of 34% year-on-year which was primarily on account of three things one is higher merchant sales and volumes, second is solar plant at Vijaynagar, third is the uprating of the Karcham plant and operational performance improvement in terms of lower heat rates, lower O&M costs.

We have continued and maintained the track record of maintaining the lowest possible and industry-leading receivables. We saw lowest ever receivable days of 45 days during the quarter and the quality of receivables are also such that only 4% was the overdue and as we are speaking I am happy to announce that we have zero overdue and we have been able to

maintain the healthy cash flows of the company and on cash return basis during the quarter we have seen close to 21% of the return.

As regards to our projects all the projects are growing and continuing the growth as per the stipulated timelines. Our SECI X project, we are expecting to start commissioning from the current quarter, the scheduled commercial operations timing is July 2023. So we expect the entire commissioning will be done much earlier than the planned commissioning schedule.

The SECI IX project is also moving as per the schedule and then we are also expecting commissioning much earlier than the planned timelines. The Kutehr power plant is also running ahead of the schedule and we are going to commission the project also ahead of its timeline.

During the quarter, we also added up portfolio of 2.5 gigawatts with Government of Telangana and Government of Chhattisgarh for setting up the hydro pump storage. With this we have a portfolio of 40,000 megawatt/hour of the storage capacity. We are in process of making the DPR. Couple of projects we have already completed the DPR and applied for the approval with CEA and also we have already started applying for the environment clearance and land acquisition process. We believe that we will be starting these projects in couple of quarters and we see this as a great opportunity in time to come.

We also got SECI XII wind project 300 megawatt for which we have already received letter of intent. In addition to that our commitment for decarbonization and growth in terms of the renewable energy, what we have stipulated a total capacity of 10 gigawatt by FY2025 and 20 gigawatt by FY2030 is moving ahead of schedule and I am quite confident that we will be achieving all these targets ahead of its deadlines. Also with respect to our plans for green hydrogen and green ammonia and chemical derivatives are moving as per the plans and there is a substantial progress taking place in terms of tying up various building blocks and I am quite confident that we will be the company who will be starting the large scale construction in the industry and maybe we will be the first company to start the construction as compared to the peer group. As and when we take that project with the board we will be coming back to you.

With this I end my opening remarks and I am happy to take the question and answer. 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 DAM Capital. Please go ahead.

**Mohit Kumar:** Good evening Sir and congratulations on a very, very good set of numbers. My first question is how much equity and debt have been deployed in renewable asset at the end of June 2022?

**Pritesh Vinay:** How much of equity and debt has been deployed for renewable project, is that your question?

**Mohit Kumar:** Yes, that is the question.

**Pritesh Vinay:** We will not be able to give that breakup. You have to wait till the September quarter when the balance sheet and the cash flows are out, but I will just give you a broad sense so that you have a handle on that. For the Kutehr project, we have just started the loan draw downs only in the April to June quarter so whatever money has been spend so far is largely equity funded. I think we would have drawn about Rs.150 Crores of debt for the Kutehr project. For the other renewable projects the only drawdown that we have done is to the extent of the capex LCs that have been opened for when the equipments have been ordered there will be no fund based facility that have been drawn yet. So just to give you again I mean this is incomplete picture because you would also want to know the full picture so let me anticipate the question you have not asked yet. The total amount that has been spent so far is Rs.3,830 Crores cumulatively and the total commitment that has been done is Rs.10,600 Crores. So that is where we are as far as the total project spend is concerned.

**Mohit Kumar:** Sir my second question is that you have signed a lot of MoU for the pump hydro storage and you are doing repetitive work is it right the fair understanding that the development will start post we have some kind of PPAs for this project?

**Prashant Jain:** These are not the MoUs. These are actually the allocation letters which we are getting because these are the self identified projects wherein we are entering into an agreement to build its particular project at any specific location wherein we do the complete development of the project and we get the water allocation done and take the necessary approvals and you are building any other plant. Now we believe that there are number of opportunities in front of us to develop to build the renewable power and make it round the clock now that opportunity could be to supply our own growth requirement for captive purpose that is also for production of the hydrogen and ammonia and other chemical derivatives that opportunity could also be in terms of any competitive bid which is announced by any DISCOM or SECI that persist. So it is development of those kind of projects which we are taking up and as and when we start working on spending the money for a real commitment we will be announcing it to going to the board and then taking a necessary approval and then those necessary tie ups will be done before the financial closure or a financial

commitment is done. So it is not necessary it is a particular DISCOM it can be for any of the opportunity which I have just spelt out which are available on the table.

**Mohit Kumar:** Lastly on the P&L we have reversed 1.2 billion of the losses on the loan. May I know for which particular account this has been reversed?

**Prashant Jain:** JPVL.

**Mohit Kumar:** Thank you and best of luck.

**Moderator:** Thank you. The next question is from the line of Rahul Modi from ICICI Securities. Please go ahead.

**Rahul Modi:** Thank you Sir for the opportunity and congratulations for super numbers. I just wanted your view and outlook on the same how do you see the bidding to take place overall in the next six to 12 months in the renewable space that is one part and secondly do you see more capacities that you will add obviously there is one side where you bid for SECI kind of tenders and the other is the captive tender so what is the opportunity that you are looking at in terms of adding capacity renewable in your kitty over the next 12 months?

**Prashant Jain:** We have already spelt out that we will be making our capacity to 10 gigawatt by FY2025 and then this kind of a visibility which we are having we are quite confident, we will be achieving it much earlier than that so with our existing capacity and the projects under construction we are in excess of 7 gigawatt which we are confident that we will be achieving that in next 18 months timeframe this will be up and running. There are many more project which are in the development stage which we feel that in current financial year we will be announcing and will be completing ahead of schedule as planned by FY2025. In terms of competitive bidding, I cannot comment that what kind of a competitive bidding which will be taking place but we are very much confident that at JSW Energy we are participating only on those tenders and bids where we are confident to have a remunerative/good quality returns for all our projects and we are going to maintain that path. In terms of the scope of the power and demand scenario I have been very clearly advocating that there is more demand growth than actually the capacity addition which is taking place and that is what is reflecting now, which I explained in my opening remarks that the thermal PLFs are already shooting up, they are as a country as a whole you are seeing close to 70% capacity utilization, at some point of time once that is also complete headroom is already absorbed, you are going to see the power shortage situation and then with most of the competitive bids which happened taking place; however, unsustainable and because of which people are not able to do the project because of other headwinds in terms of the solar panel prices as well as the commodity prices. I am seeing the power shortage in

time to come because of demand and supply mismatch, but I am quite confident that will be also overcome by the agility of the Indian entrepreneurship and the industry, which will ramp up to build more and more capacity in three-four years timeframe so all in all it is going to offer a huge opportunity for all the IPPs to have a meaningful growth opportunity and therefore we are also preparing ourselves by locking in most of the resources and building execution capabilities and this is what we have also demonstrated like our solar project was done fastest in the industry in flat nine months timeframe. Our SECI IX, SECI X project people have not even executed the PPA and I am talking about to starting the commissioning in the current quarter as against the scheduled commercial operational timeline of July 2023 that demonstrates our execution capability and then which is we are ramping up and we feel that we will be having a meaningful share in time to come.

**Rahul Modi:** Sir my next question is your comments and view on the fact that recently the reverse option in the wind auctions have been done away so how do you see the overall intensity in this space changing and do you see something of this being introduced or removed I may say in the solar also?

**Prashant Jain:** Very tough to say and very tough to call for the behavioral signs of which you are actually asking and that what I am very clear that the story of building a book and then banking up on certain trajectory of the availability of the equipments which produce either wind power or solar power is the time is over and the ground reality has hit the people with the reversal in the interest cycle as well as the increase in the commodity prices as well as the solar panel prices which has hit the industry hard and that is where a disciplined approach comes into the place. So industry should do that part and then that is a self restraint part so very tough to say that people will do it or not. Policymakers what they have come up with the new proposal wherein the reverse bidding has been eliminated but even that it is a competitive bidding that you will be only doing away with the emotions what happens in the reverse bidding but otherwise that does not refrain people to even bid at a lower prices when they are going to bid that in the field and whether and it is the only one time bid.

**Rahul Modi:** Sure Sir this is very helpful. Last question from my side any development in the Bharath Utkal issue with the NCLT? Thank you.

**Prashant Jain:** That the judgment is reserved and that I want to say that is also one of the projects which we had made the bid in 2019 and whatever be the judgment will come we will evaluate at right point of time and then take it step-by-step.

**Rahul Modi:** Thank you Sir.

- Moderator:** Thank you. The next question is from the line of Swati Jhunjhunwala from VT Capital. Please go ahead.
- Swati Jhunjhunwala:** Congratulations on a good set of numbers. Sir I had a little doubt on the job work part. Can you quantify the amount of job work that you have done this quarter out of the 3000 Crores topline.
- Pritesh Vinay:** No, so are you asking for what is the total quantum of job work that we have now 3000 Crores topline?
- Swati Jhunjhunwala:** Yes, on the 3000 Crores revenue that we have how much is associated with the job work that we have done?
- Pritesh Vinay:** And do you have any other questions?
- Swati Jhunjhunwala:** Yes, I wanted to ask after deducting the job work so the Rs.1770 Crores of the approximately raw material cost so that will be our cost of goods sold for the remaining revenue is that correct, not the Rs.3000 Crores?
- Pritesh Vinay:** Can you just repeat your question please?
- Swati Jhunjhunwala:** The cost of raw material for us was Rs.1770 Crores for the quarter and the revenue was Rs.3000 Crores. If we remove the job work revenue is that the correct raw material cost?
- Pritesh Vinay:** No, so there is a separate raw material cost also that will be available with you, you do not have to try and make all those adjustments right or if you look at a SEBI results format you will see the fuel cost as well. Given the job work nature of things that the cost of fuel is being borne by the customer so all that you are then actually billing is the charges for the job work so that is not a very large number because the main number and especially inflationary environment that we have seen we are on a Y-o-Y basis so the coal price indices they have almost tripled and now to mention the currency depreciation impact. So therefore that will be a very small number that will not if you are talking about the Rs.3000 plus Crores topline that number will be well below Rs.200 Crores ballpark. So that is not a large number the job work amount.
- Swati Jhunjhunwala:** Secondly on the Rs.10,600 Crores capex that we have committed for the renewable projects in pipeline, Rs.3,800 Crores is already spent? Is that correct? Is the Rs.3,800 Crores part of that, and secondly further removing Rs.6,800 Crores how much debt are we planning to take?

**Pritesh Vinay:** You have to understand any project will be funded in a ballpark 75:25 debt equity ratio so you can do that math.

**Swati Jhunjhunwala:** Thank you so much.

**Moderator:** Thank you. The next question is from the line of Nikhil Abhyankar from DAM Capital. Please go ahead.

**Nikhil Abhyankar:** Thanks for the opportunity. I just had one small question. Last year we had booked revenue of Rs.25 Crores through carbon credit. So I just wanted to know how much will it be this year and going forward as our renewable capacity increases what can be the trend in it?

**Pritesh Vinay:** It is very difficult to predict how much will be the carbon credit revenue in any period in terms of looking ahead basis, I mean, just to get you a flavor as you rightly said last year we had certain amount of revenues but if you look at this quarter for example the first quarter there is no carbon credit sale and if you understand what has been happening to that market especially post the Russia-Ukraine conflict and the general economic environment that market has been pretty subdued so as well as this volatility in that pricing as well so I do not think it will be possible to give you a forward looking number on that side because it is not possible to predict that market and the behavior of that market; however, as the renewable energy capacity accretion happens there will be avenues that we will try and tap and to see that how to get carbon credits. I am sure you are aware that that market is also evolved a lot from years ago from a CDM to now a voluntary market and etc. So our teams are closely working on that and as and when there is something significant to report we will be happy to share that, but if given too many moving parts on that side it will be very difficult to forecast something aside.

**Nikhil Abhyankar:** Just a couple of follow up on that. I just wanted to know where do we sell our carbon credit and what is our inventory that we are holding right now unsold?

**Pritesh Vinay:** The unsold inventory will be ballpark 20 million units somewhere in a 15 million to 20 million units, you should take it safely because there is a process as you generate and then that verification happens and then the registry has to issue that and once they issue it only then you get access to it and then it has liquid and available to you for sale as and when you want to do that.

**Nikhil Abhyankar:** And where do you sell it?

**Pritesh Vinay:** So whoever is willing to buy and give certainty of remunerative price with certainty of payment flow. So we do not have any preferred buyers that we will only sell to X, Y, Z, the idea is value maximization. Primarily the European market and European buyers.

- Nikhil Abhyankar:** Thanks a lot that is all.
- Moderator:** Thank you. The next question is from the line of Apoorva Bahadur from Investec. Please go ahead.
- Apoorva Bahadur:** Congratulations on strong results. Thank you for the opportunity. I wanted to understand on our coal strategy basically we are seeing that still the international prices are quite elevated and we are active in the merchant market so how are we ensuring that or how are we offsetting the risk that we take when we book cargos?
- Prashant Jain:** Whatever our PPAs are there, they are 100% pass through whether it is the coal index or the foreign exchange. So in our normal PPA tied-up business it is absolutely pass through, for merchant we always sell in a 15-minute block after covering our fuel price. So any time we are out of money we are not selling that; but even today's market when it is a full of monsoon and we are seeing that the peak prices are at Rs.12 so we are able to do that. As a group we have been following a strategy to rationalize our coal procurement cost and as of now we are buying a lot of Russian coal which is indexed on Indonesian index therefore on a like-to-like basis I can give you a little bit of color that as compared to API IV which is ruling at \$340 to \$380 FOB our coal costs are at similar GCV will be in the range of \$160 to \$170. So that is more than 50% discount and that is how we are sourcing most of our coal.
- Apoorva Bahadur:** That is great Sir, very, very interesting. Sir also I think you have been highlighting this for quite some time that there will be an expectation of power shortage in the country and we are in the situation now any chance of expanding the Rajasthan project Barmer I think we have an opportunity there or entering into new thermal plant maybe after the green business is separated?
- Prashant Jain:** We will talk about when the green business is separated. At this point of time, we are concentrating more on a renewable growth and we are pretty much excited about that and we are seeing a very strong trajectory and there are couple of interesting developments which are taking place and then that make us more and more optimistic and which we will be happy to talk about in the current quarter or next quarter.
- Apoorva Bahadur:** Sir last question from my end that is on the capital cost for pump hydro projects so now that we have prepared the DPR for quite a few projects how you see this spend emerging how much would be the spending on a per megawatt basis.
- Prashant Jain:** It is project to project basis and depends what kind of a storage capacity what kind of evacuation and what kind of a turbine you are going to deploy but I can tell you on a ballpark numbers you should understand that our hydro pumped storage equivalent capital

cost is around \$70-80 of lithium ion battery, so it is so competitive that you are getting a storage capacity what you are getting from the lithium ion battery at \$70-\$80 which is having a shelf life of 7 to 8 years because of the number of cycles it can do whereas pump hydro project will have a shelf life of 100 years so that is what you can see at this point of time that is what make us so optimistic about this particular technology and we are working and we are quite confident that it could offer us a better returns on the normal utility sector or it is typically in a renewable project.

**Apoorva Bahadur:** And when can we expect first of our to be commissioned.

**Prashant Jain:** So you will hear very soon that is why I said there is a couple of developments are very, interesting developments are happening in the company and we are working on a multiple sites and that is why we want to tell you as and when we put all the blocks together and then we see it happening. Very soon we will be probably in the current financial year we will come back with something.

**Apoorva Bahadur:** Fair enough Sir thank you so much and all the best.

**Moderator:** Thank you. The next question is from the line of Rahul Modi from ICICI Securities. Please go ahead.

**Rahul Modi:** Thank you for the opportunity once again. Sir I think group level since we are large procurers of coal overall so what is the view that you are getting in the near-term pricing do you see it is going up, down, sideways if you can throw some light to understand because why I am asking is that in India also we have got this Rs.12 cap on the exchange do you see this going away anytime soon as well on both front.

**Prashant Jain:** Tough question you are asking both the questions are very tough for me. One thing which I can say it is that at a current gas prices European power producers find it even remunerative to produce power from buying a coal at \$350 FOB so as soon as you see the prices of the gas going down in Europe you will see the API IV index and Newcastle index going down. Until that happens I am not finding any strong reason for moderation of the thermal coal prices in Europe. In terms of the power prices of Rs.12 I think it should be reviewed because given the fuel prices where it is capping up power prices is not a fair play because given the track record when the power prices were at Rs.2 then there is no bottom cap which was paid that you know that power is a very crucial and public interest subject and then this is always seem very differently than the economic logic and rationale in the country so we need to really see that how does it happened, but I find it very difficult to comment whether it could be removed or not but it should be removed.

**Rahul Modi:** Now again our receivable days has come off quite significantly which is commendable so do you see a structural or some kind of a change in the attitude of the DISCOM's towards the GENCOs or it is just that JSW's very company specific thing some light on that.

**Prashant Jain:** It is changing in a sense that the lot is being settled at various forum in last 12 years we have seen as the sector got into the difficulty the DISCOM has when it had deteriorated there was a larger amount of the disputes which has happened and then which has been settled by different adjudicating authorities from time to time and because of which the more and more avenues of blocking and delaying the payment has been, or are getting blocked and so I feel that this thing will get streamlined for the industry as a whole and like for the late payment surcharge the issue in our case was settled by Supreme Court so most of the DISCOM's will have now realize that they have no way they can avoid the late payment surcharge so they are also paying late payment surcharge and Andhra Pradesh dispute is also settled at the high court level and now I believe in next 12 months time it will be settled at Supreme Court level also wanted to settle then I think all the contracts will find its sanctity and so the DISCOMs will start paying on time or otherwise they will have to pay the late payment surcharge.

**Pritesh Vinay:** If I may add to what Prashant has mentioned when Prashant has been talking about the general trend and what it looks like and how things have been evolving in the more here and now for the quarter April to June while our receivables have gone down and as Prashant was saying that the quality of that receivables going on is also much better because our overdues have gone down drastically but if you look at the praapti portal data for the same period at the end of June the total outstanding from the DISCOMs to the GENCOs was up by 3% at 1.3 lakh Crores. So I do not think there has been a structural change already but probably we are getting there from a system wide point of view.

**Rahul Modi:** Sure Sir this is very helpful. Sir just couple of last question from my side is one on the late payment surcharge I believe the rules had been changed by the Ministry of Power and there have been some of the GENCOs who have gone against our trend appealed so anything on that are we hearing.

**Prashant Jain:** For the late payment surcharge it is already settled by the Supreme Court we had a case allowed with the Maharashtra DISCOM where they were disputing the late payment surcharge the effective rate also but it has been settled at Supreme Court. Now I think that is not at all a case of course it depends company to company they want to site that kind of a settled law I think every DISCOM is going to honor that part.

**Rahul Modi:** And last question from my side is on the availability of module we have seen a bit of a tightness in the market not from the EPC side but now as there is a BCD which has been

imposed. So how do you see the supply chain within India evolving over the next 12 to 18 months for players like us. Thank you.

**Prashant Jain:** So 12 to 18 months I am not quite optimistic in terms of the improvement of the supply chain but yes 36 months time I will see that there will be a good amount of supply chain which will get created and as a JSW Energy also we are now contemplating and looking at this as a great opportunity to delve into and at some point of time we will be also coming out to play meaningful role to do certain vertical integration to meet this kind of a requirement.

**Rahul Modi:** Perfect thank you and all the best.

**Moderator:** Thank you. Ladies and gentlemen we will take one last question from the line of Lavina from Jefferies. Please go ahead.

**Lavina:** Hi! Sir congrats on a great set of numbers. Just wanted to understand your renewable energy capacity ramp up plan are you seeing delays by any chance on the ground and margin on track for your longer term as well as your nearer term target. Thank you.

**Prashant Jain:** We are not seeing delays we are seeing acceleration so always said that in SECI X my scheduled COD is July 2023 where as I will start commissioning in this current quarter itself and we will complete the project much ahead of the schedule and I want to give you another color is that once I start commissioning much earlier actually I reduce my IDC and other cost project cost and this is what we are doing in this kind of a projects. And also because we logged in lot of resources and also because of our good cash flows we are able to accelerate the growth going forward so that is why I mentioned that while our target is 10 gigawatt by FY2025 I am quite optimistic to achieve it much earlier than FY2025. So as a company we are seeing acceleration and no delays.

**Lavina:** Understood thank you.

**Moderator:** Thank you. The next question is from the line of Atul Tiwari from Citi Group. Please go ahead.

**Atul Tiwari:** Thanks a lot. Sir I was asking about this module manufacturing thing that we are also contemplating, so if you look at some industry wide data it looks like that 30 gigawatt of manufacturing capacity has already been announced at earlier year and while the market size today appears to be more like 10 gigawatt to 15 gigawatt so we will see there is a risk of something similar to what happened with BTG capacity is in 2009 to 2011 timeframe there is a lot of manufacturers started setting up the coal based BTG capacity and that

ultimately people had to take write downs on that and so do you think that something similar could happen with the solar manufacturing as well.

**Prashant Jain:** So everything is possible but the point what I am saying is that the module manufacturing has nothing it is a simple assembly line and that is where we are not that keen. The important thing which is there is the poly silicon which is the heart of the module and that is where and which nobody is having a capacity in the country and nobody is thinking to produce it in the most economical way and that is where we are contemplating so that we can get our modules assemble and manufacture on a contract manufacturing basis by lot of players who have already setup the capacity and also meet their requirement to supply to the other people.

**Atul Tiwari:** Which we are not well versed with how capital-intensive poly silicon manufacturing is I mean would you be able to give some idea about how capital intensive it could be and where is the technology so wherever it is going to come from or is it like a simple enough job that one can do on that zone?

**Prashant Jain:** So that is how I said that we are contemplating and then we are putting all the building blocks together. We are in a process of putting in the technology piece, the costing piece, economic viability piece together but we see that this is one space to fill in which will make it a very viable option so as soon as we are able to put that thing in final shape we will be letting you know.

**Atul Tiwari:** Thanks a lot.

**Moderator:** Thank you. Ladies and gentlemen that was the last question for today. I would now like to hand the conference over to the management for closing comments.

**Prashant Jain:** Thank you very much operator and Rahul for hosting. Please feel free to get in touch with us ladies and gentlemen if you have any further questions. Good evening.

**Moderator:** Ladies and gentlemen, on behalf of ICICI Securities Limited that concludes this conference call. Thank you for joining us. You may now disconnect your lines.