



“JSW Energy Limited  
Q1 FY26 Earnings Conference Call”  
July 31, 2025



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**Moderator:** Ladies and gentlemen, good day, and welcome to the JSW Energy Q1 FY26 Earnings Conference Call hosted by JM Financial Institutional 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 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 for his opening remarks. Thank you, and over to you, sir.

**Sudhanshu Bansal:** Thank you, Muskan. Good evening, everybody. On behalf of JM Financial, I welcome you all to the conference call of JSW Energy to discuss the 1Q FY26 results. We have with us the leadership team of the company, led by Mr. Sharad Mahendra, Joint Managing Director and CEO; Mr. Pritesh Vinay, Director Finance and CFO; Mr. Bikash Choudhary, Head Investor Relations and Treasury. Thank you so much, sirs for your kind presence and giving us the opportunity to host the call. I would also like to congratulate the entire team for a very, very good performance.

And with this, I would like to hand over the call to Sharad sir, for introducing his team and opening remarks and taking the call forward. Over to you, sir.

**Sharad Mahendra:** Yes. Thank you, Sudhanshu. Good evening and thank you all for joining us today. It is my pleasure to share the highlights of our performance for the quarter gone by.

JSW Energy commenced the year on a strong footing, marked by robust growth momentum and solid earnings performance. Our results reflect not only superior earnings growth, but also the stability and quality of our earnings, underscoring the resilience of our business model and the disciplined execution of our strategy.

With a robust under-construction portfolio and a continued focus on efficient capital allocation and execution excellence, we are well-positioned to sustain this growth trajectory and deliver high-quality returns to all stakeholders

During the quarter, we successfully added 1.9 GW of new capacity, increasing our total installed capacity to 12.8 GW. This represents a substantial year-on-year growth of approximately 70%, up from 7.6 GW in the corresponding period last year. Net generation also witnessed a robust increase of 71% year-on-year, rising from 7.9 billion units to 13.5 billion units, reflecting the enhanced operational efficiency and expanded asset base. The addition of 1.3 GW of organic wind capacity in the second half of FY 2025, coupled with the strategic acquisitions of O2 Power and the Mahanadi thermal plant, has begun contributing meaningfully to our earnings. These developments underscore our commitment to scaling up clean and reliable energy solutions while delivering sustainable value to stakeholders. This has resulted in company reporting the highest ever quarterly EBITDA of ₹ 3,057 Cr up by 93% year on year and Record PAT of ₹ 743 Crore up 42% year on year.

Before we delve into our performance, I would like to share some key developments from the sector. The energy landscape is undergoing a strategic shift, with increasing emphasis on

enhancing energy security and catering to the evolving, customized requirements of distribution companies.

India's total installed power generation capacity has now reached 485 GW, reflecting a strong growth trajectory. Over the past 12 months, the country has added 46 GW, with 19.9 GW added in Q1 FY26 alone. India reaches 50% clean energy capacity, achieving its Paris Agreement NDC target five years ahead of schedule with a Non fossil fuel capacity of 243 GW.

Renewable energy continues to lead this expansion, contributing 12.3 GW of the total additions during the quarter. This growth was predominantly driven by solar power, which accounted for 10.6 GW, followed by a more modest 1.6 GW from wind energy. In terms of generation, renewable energy contributed 16% of the total electricity generated, reinforcing its growing role in India's energy mix and its importance in achieving long-term sustainability goals.

FY2025 had marked an emerging trend in India's power sector dynamics, with several state distribution companies increasingly turning to competitive bidding for thermal power procurement. This trend continues in FY 2026 as many states prepare for thermal power procurement to address growing urgency to secure firm power and to compliment the intermittent renewable generation.

In Q1 FY26, the country's power demand registered a year-on-year decline of 1.5%. This moderation was primarily due to a high base effect, stemming from an 11% year-on-year growth in the corresponding quarter of the previous year, coupled with the early onset of the monsoon, which impacted consumption patterns. We anticipate this seasonal demand fluctuation to normalize in the coming quarters and remain structurally optimistic about strong medium-term power demand. Notably, the peak demand during the quarter reached 243 GW in June 2025.

The merchant market remained resilient during the quarter averaging around ₹ 4.41 /unit on exchanges despite record capacity addition and lower coal prices. The DAM market rates were flat quarter on quarter while softened compared to year on year. In line with our strategy to ensure stable earnings, we have tied up the open capacity of our imported coal-based Vijayanagar plant with JSW Steel, thereby significantly reducing our exposure to the merchant market for imported coal-based generation

For the quarter gone by coal prices reduced to 90/t from \$ 108/t. Currently API 4 coal prices are around \$95/t while within the domestic coal market, sufficient steps are taken to keep a robust coal supply.

Coming to company performance- I am pleased to report a strong start to FY 2026, with earnings growth underpinned by the new capacity additions achieved in the second half of FY 2025, which have now begun contributing meaningfully to EBITDA. Importantly, the quality of our earnings has improved, with a larger share now derived from our PPA-tied portfolio, offering enhanced long-term revenue visibility and stability. Our net debt to EBITDA for the operating portfolio stands at 4.7x, well within our targeted range, reflecting our prudent capital allocation strategy and strong financial discipline.

During the first quarter, we added a total of 1.9 GW of operational capacity, marking a robust beginning to the fiscal year. This includes 1.3 GW of inorganic capacity through the acquisition of O2 Power, and 550 MW of organic renewable energy capacity. These additions have resulted in a 71% year-on-year increase in net generation, reaching 13.5 billion units. Generation from our tied-up portfolio rose 73% year-on-year, while short-term generation increased by 58% year on year. Our thermal portfolio continued to perform well, achieving a healthy Plant Load Factor of 76% during the quarter.

Complementing our organic growth initiatives, we have strategically acquired O2 Power, a 4.7 GW renewable energy platform. As of now, O2 Power has an installed capacity of 1.8 GW, which is expected to scale up to 4.7 GW by June 2027 through a planned capital expenditure of ₹13,000 to ₹14,000 crore. Upon full build-out, the portfolio is projected to deliver a steady-state EBITDA of ₹3,750 crore, reinforcing our long-term earnings visibility. As previously highlighted, this platform benefits from high-quality offtakers, a seasoned management team, and a highly skilled workforce, aligning well with our strategic and operational priorities.

The Mahanadi Thermal Plant, acquired in March 2025, operated for the full quarter and generated 2.7 billion units, accounting for 20% of the company's total generation. The plant delivered a robust EBITDA of ₹867 crore, contributing 28% to the total consolidated EBITDA, underscoring the strategic value of the acquisition.

We would also like to highlight our strategic shift towards more resilient earnings within the merchant market. As part of this transition, we have successfully tied up our imported coal-based Vijayanagar plant with JSW Steel, resulting in a 92% year-on-year increase in generation to 1.4 billion units. This move significantly reduces our exposure to merchant market volatility linked to imported coal.

As of now, approximately 8% or 974 MW of our 12.8 GW total installed capacity remains open and untied, with only 10% of this open capacity based on imported coal. The remaining untied capacity comprises Utkal 700 MW and KSK 88 MW—both domestic coal-based plants located in coal-rich regions. These assets benefit from favorable dark spreads, making them more economically viable compared to imported coal-based generation.

This transformation marks a decisive shift towards a more resilient, domestic coal-based open capacity, effectively reducing exposure to global coal price volatility. Consequently, the breakeven price for our open thermal capacity has also declined, driven by increased reliance on domestic coal.

Looking ahead, as all our under-construction capacity is backed by long-term PPAs, the share of untied or merchant market capacity in our overall portfolio is expected to continue declining, further enhancing earnings stability.

Coming to Hydro, the generation across the country witnessed an improvement during Q1 FY26, supported by the early onset of the monsoon and improved reservoir levels. National hydro generation reached 39.5 billion units, marking a 13% year-on-year increase compared to Q1FY25. At our hydro facility, we recorded a 4% year-on-year increase in generation,

successfully meeting the design energy target for the quarter. This performance is consistent with other hydro projects located along the Sutlej River.

I would also like to take this opportunity to provide an update on the recent Supreme Court ruling concerning our hydro asset and the associated free power obligation. Pursuant to the order and judgement of the Supreme Court, the Company has started supplying free power of 18% from July 19, 2025 to government of Himachal Pradesh. Further, the Company is in discussion with the Government of Himanchal Pradesh on the modalities of supplying additional free power of 6% for the earlier period from September 14, 2023 to July 18, 2025 from the available untied capacity.

Turning to our under-construction portfolio, JSW Energy is currently constructing 13 GW of generation projects, all of which are fully tied up under long-term Power Purchase Agreements.

During the quarter, the Company has signed power purchase agreements for 605 MW of renewable capacity, further 350 MW FDRE, 100 MW Solar along with 100 MWh of BESS PPA was signed after the quarter end.

I'm pleased to announce a significant milestone in our renewable energy journey with the successful synchronization of the first 80 MW unit of the Kutehr Hydroelectric Project, which comprises a total of three units. The phase-wise synchronization of the remaining units is expected to follow shortly.

This marks a major step forward for JSW Energy, as Kutehr stands among the fastest-developed greenfield hydroelectric projects in the country.

I also want to highlight that we are currently constructing a 20 MW floating solar plant at Vijayanagar, marking our first venture into floating solar technology. This project demonstrates our capability to execute innovative and forward-looking energy solutions.

Coming to Energy products and services. We recognize the critical role energy storage plays in integrating renewable energy therefore, we have expanded our locked in energy storage capacity to 29.4 GWh. During the quarter we have signed PPA with UPPCL for 12GWh of PSP project to be delivered in next 6 years. So far, we have also signed Battery Energy Storage Agreement for 1.2 GWh of Battery energy storage system.

To strengthen our supply chain and enhancing our products and services footprint, I am pleased to announce that we have started putting capital through strategic investments in key areas of equipment manufacturing. We are currently establishing a battery assembly plant in Pune with a rated capacity of 5 GWh per annum, dedicated to supporting Battery Energy Storage Systems. We envisage initial capital outlay of ₹ 165 crore for the project. Additionally, we started committing capital for blade manufacturing facilities located in Southern and Western India. Our investments in equipment manufacturing are expected to yield cost efficiencies, particularly in logistics, due to the proximity to our power plants.

On our 3,800 tonnes per annum green hydrogen project at Vijayanagar, the plant is nearing commissioning with trial runs currently under progress.

Coming to outlook. We are making strong progress in integrating both KSK Mahanadi and O2 Power into our operations. The integration is advancing smoothly and is contributing to the strengthening of our overall portfolio.

With 1.9 GW of capacity already added in Q1 FY26, we are well-positioned to achieve our target of 3 to 4 GW of capacity addition during the current fiscal year. This momentum reflects our continued commitment to scaling our portfolio in alignment with the country's growing energy needs, while ensuring that our growth remains sustainable and strategically balanced.

Thank you. With this, now I pass on to Pritesh to talk on the financial performance for the quarter. Thank you.

**Pritesh Vinay:**

Thank you very much, Sharad. A very good evening to all the participants. I'll just very quickly summarize the financial performance, and I'm sure most of you have had a chance to go through it. Net generation for the quarter was up 71% to 13.5 billion units on account of capacity increase from both inorganic as well as organic route.

Consistent with that, the revenue for the quarter went up by 78% YoY at over ₹5,400 crores. The EBITDA increased by 93% YoY to over ₹3,000 crores for the quarter. And the cash profit after tax was up by 65% YoY at over ₹1,580 crores. The reported profit after tax went up by 42% YoY to ₹743 crores.

So the key message is this that the increase in capacity addition has now started to yield output in terms of both energy generation and into operating profit growth, and we would expect this trend to continue for the rest of the year. Coming to balance sheet. The net debt at the end of the quarter stood at ₹59,300 crores. This has gone up by close to ₹15,000 crores QoQ.

This is due to a combination of a consummation of the O2 platform acquisition plus the incremental capex that was done during the quarter. While the headline leverage on a trailing 12-month basis remains close to 6x net debt to EBITDA. But more important is that sitting in the ₹59,300 crores of net debt, almost ₹12,900 crores is due to capital work in progress for under implementation projects, which are likely to yield EBITDA and profitability over a period of time.

So the operating debt on the operating entities stood at about ₹46,500 crores and the ratios are pretty comfortable there. The weighted average cost of debt, as we had guided last time in sync with the rate easing cycle, we have started to see the weighted average interest rate also come down. So we've seen almost a 15 to 20 bps correction QoQ. And as incremental facilities, the repricing dates come in subsequent quarters, we'll continue to see a downward trajectory there.

The cash returns on net worth, which is adjusted for investment in JSW Steel shares continues to maintain a healthy high teen, 19% to 20% trajectory as a litmus test of our hurdle rate of a mid-teen returns for any incremental capital allocation. And finally, one word on the receivable side. The total receivables at the end of June stood at about ₹3,700 crores. In terms of days sales outstanding, a very healthy trend. It stood at about 58 days compared to 65 days in the same quarter last year. So I'll stop there, and let's open the floor for Q&A, please. Thank you.

- Moderator:** The first question is from the line of Mohit Kumar from ICICI Securities.
- Mohit Kumar:** Congratulations on a very good quarter, especially on operating performance. My first question is on the EBITDA for Mahanadi and Mytrah. Just want a clarification. Are there any one-offs in the EBITDA for Mahanadi and Mytrah? There seems to be a strong growth in EBITDA for Mytrah in particular and a strong EBITDA in Mahanadi in the quarter.
- Pritesh Vinay:** So Mohit, I'll take that. In Mytrah, there is a one-off late payment surcharge. But more importantly, even if you look at the generation profile, the Mytrah generation YoY has gone up by almost 16%, and this is primarily because of a 23% higher wind generation there. So operating profitability is also high, but there is also a one-off late payment surcharge there.
- On KSK, there is actually no one-off. We just took it in the month of March, and this is our first full quarter of performance. Of course, we still see there is room to continue to implement our efficiency enhancement initiatives as we had talked about last time. So progressively, we'll continue to see improvements in O&M cost, et cetera, but that will happen over a period of time. But there's no one-off in KSK.
- Sharad Mahendra:** And also, Mohit, to add what Pritesh just said regarding especially the KSK Mahanadi, we acquired the asset on 6<sup>th</sup> March and we took some initiatives to improve in terms of the efficiency parameters. So a lot of actions have been implemented during the quarter.
- The full benefit will come in the balance part of the year, what Pritesh just say is that still there, we see upside on that front when we start getting the full benefit of all the identified areas where the improvement is possible. Some partly has been implemented. Some are still under implementation.
- Mohit Kumar:** Understood. I understand that you've been approved to acquire the KSK Water Infrastructure Private Limited. Is it possible to help us understand the synergy and the price you are paying for acquiring the asset?
- Sharad Mahendra:** See, the synergy, Mohit, is that this is the company which supplies water to the plant. So, which is equally important as for the KSK Mahanadi plant as well as KSK Water Infrastructures.
- So right now, that this company is supplying water and this is being paid as a part of the O&M charges. So, it is critical for both the companies. So that is the reason that we are in the process, as we have announced to acquire and then take the control of this company.
- Mohit Kumar:** And any color on the valuation, sir? Is it possible?
- Sharad Mahendra:** Yes, we're still working. At the right time, we will definitely inform.
- Pritesh Vinay:** So Mohit, we will be making the suitable disclosures upon the consummation of the transaction, yes.
- Moderator:** The next question is from the line of Sumit Kishore from Axis Capital.

- Sumit Kishore:** My compliments on a strong all-round performance. My first question is, how much organic capex has JSW incurred in Q1? And what is your target organic capex for FY26 and even FY27? Also, second part of this question is how much capacity is due to be commissioned in balance FY26 and FY27?
- Pritesh Vinay:** Sumit, I'll take it. In the first quarter, the actual capex spend in cash terms is about ₹2,400 crores for the quarter. If you recall, we have guided for a full year capex of ₹15,000 crores to ₹18,000 crores. So we stick to that.
- Similarly, as Sharad also reiterated in his opening remarks, over and above O2's opening capacity of 1.34 gigawatt, last quarter in the earnings call, we had guided for a 3 to 4 gigawatt incremental capacity addition during the course of this year. So Sharad just reiterated a few minutes ago that we stick with that 3 to 4 gigawatt incremental capacity addition.
- Sumit Kishore:** This is an addition to the O2 power opening capacity of 1.34 gigawatt that.
- Sharad Mahendra:** Yes, exactly. That's right. That's right.
- Sumit Kishore:** And I know FY27 is still some time away, but would a similar number given your large pipeline of under construction projects, is that on for FY27?
- Sharad Mahendra:** Yes, Sumit, we have signed PPAs. And within the timelines, we will be completing that. So it can be estimated. It is a bit -- will not be appropriate to give exact numbers for FY27, but it will be in line what we are doing in the current year based on the PPA timelines. We will be delivering on time because we are known that we deliver the projects absolutely on time or before.
- Sumit Kishore:** You have spoken about prudent thermal expansion with the aggressive RE storage build-out in your annual report. So basically, can you give us an update on progress regarding execution plan for 1.6 gigawatt Salboni? And what has actually been deployed or planned to be deployed for 29 gigawatt hour of storage capacity, which is tied up separately across PSH and BESS?
- Sharad Mahendra:** Yes. See, Salboni 1.6 gigawatt, we have already signed the PPA and within the guideline, the land is fully now in place that challenge, which is normally a challenge in a greenfield plant is fully taken care of. So now, it is basically that what we have been knowing, seeing and reading that about the supply chain constraints of BTG, that also has been taken care of, so within the timelines of the PPA.
- So, presently, the next step is that we have already applied for the environmental clearance, and it is at a very advanced stage. So, the things are moving as per the plan, and we don't see right now any challenges in terms of the execution in the way it has been planned.
- Pritesh Vinay:** So Sumit, maybe I'll just step in there and add to what Sharad said. So what happens is, particularly for greenfield thermal and greenfield pump storage projects, which are slightly nuanced by the fact that there's a very long gestation period. On a 3 monthly basis, we rarely have very significant progress to report. It is a continuum of small progresses that will ultimately add up to that.

So therefore, to be very frank, the first 6 months basically goes in a lot of groundwork before you can hit the construction, right? So we are going through all those preparatory activities, and zero date has not commenced anywhere. But as Sharad said, the bigger picture is this that in line with the PPA timelines, we will be progressing on those.

**Moderator:** The next question is from the line of Atul Tiwari from JPMorgan.

**Atul Tiwari:** Congratulations on a strong set of numbers. Sir, beyond Salboni, 1,600 megawatts, could you throw some color on your thermal expansion plans, specifically where you might have land already available or where you have some visibility on fuel supply or some kind of visibility on PPA?

**Sharad Mahendra:** Yes. Atul, as you may recall that after our acquisition of this KSK Mahanadi, which is a 1.8 gigawatt operational plant with the potential further expansion for which balance of plant for balance 1.8 additional is fully ready. We are right now exploring for the fourth unit, we are in discussion for the commissioning of fourth unit of 600 megawatt, work for which is almost 40% to 45% work is already completed.

So right now is this. And then we will be looking for balance other 2 units also once we finalize in terms of the project start for this fourth unit of 600 megawatts. So, this is apart from Salboni right now in the thermal space is what we are looking for.

**Atul Tiwari:** So total of, say, 1,800 megawatt at KSK looks quite likely over a period of time. And what about the PPAs of the same?

**Sharad Mahendra:** See, as I mentioned in my opening remarks also now with the kind of the way the demand is growing and every state, like all of the major states are now looking towards to have a security in terms of the round-the-clock power. So, we are absolutely certain a lot of states have the plans.

And once we are ready, there will be opportunities for the PPA because of enough coal availability and a lot of states are showing interest because this is again a low-cost power for them, round the clock. So we don't see a challenge going forward the way thermal requirements and the demands are coming from various states.

**Atul Tiwari:** Yes. And sir, Salboni BTG orders you have placed already, that is what you only mentioned...

**Sharad Mahendra:** We are working on the equipment supplies and we are quite certain that will not be a challenge because we have made all the necessary arrangements of turbine generator supply and also for the boiler supply. So that will not be a challenge at all for us.

**Moderator:** The next question is from the line of Ketan Jain from Avendus Spark.

**Ketan Jain:** Congratulations for a very good set of numbers. Sir, just a follow-up from the previous question, the participant asked. You were speaking about the fourth unit of KSK Mahanadi. Do we have the FSA for the rest of the 3 units of KSK or how does the coal FSA work?

**Sharad Mahendra:** See, Ketan, we have to understand that this plant is in the very, very large coal belt only. And because the way the domestic coal availability is there, we don't see coal at all as a challenge

because if you see that what we have said when we acquired this asset that -- and which has contributed to our margins in quarter 1 that the open capacity, which was about 85 to 90 megawatts, which has hardly operated at a very lower level last year, we have been able to utilize the full open capacity and have been able to comfortably get the coal also for this untied capacity.

So going forward, getting the coal, so many bids are coming. We don't see at all that as a challenge, and we are sure that, that will not be a stopper in any way. Coal rich belt is there, so we don't see that as a challenge.

**Ketan Jain:**

Understood. Sir, the next question is on the lines of your opening remarks, you said you had plans on BESS battery manufacturing and wind manufacturing. If you can speak about a bit about that. One, on batteries, isn't importing battery better for your projects? Isn't that cheaper than building a plant and assembling it over here? That is number one. Number two is on the wind manufacturing. How are you looking at after the domestic mandate, which the government has given the draft circular?

**Sharad Mahendra:**

Yes. Ketan, first, coming to the battery energy storage when we are saying the best containerized solution, this is more of an assembly plant in which the battery cell packs are being imported, and it is being assembled here. We have to understand that the way the restrictions which are coming from not only from the Indian government side of imports from China, But also at the same time, the restrictions which now China has started imposing in terms of to their manufacturers for exports to India.

So keeping both the things in mind, which we anticipated about a year back, we had been working on this project, and we are at a very advanced stage, and we are confident that we will start the trial runs in this quarter, by the end of quarter 2 for this battery energy storage systems in Pune area where we are setting up this plant.

Coming to wind turbines, what you said, wind turbine generator, one that the notification from the government, which has come, we have to please note that we are completely protected from that reason is that all bids which have been won by the developers, whether PPA signed or not, the import restrictions are not going to apply for those for a particular date.

This is currently at a draft stage. And whenever it comes, so that we don't see as a challenge, we are absolutely certain that will not be. But more important is that for us, the WTG manufacturing is in India. And just to clarify that we have a technology license agreement with SANY from China.

And SANY is present for more than 15 years now in India in the construction equipment division in the heavy construction equipment, where they have set up in Pune, the same WTG manufacturing also and which is already they are supplying. So they have a facility in India while some of the components they are importing. But at the same time, there is a clear plan laid out of those imported parts also to be taken from India going forward.

Blade is something which is for the SANY machines, we are setting up ourselves. We are setting up the blade plants at 2 locations, one is western part of the country and one is southern part, where majority of our wind projects are being executed.

There are two basic reasons for this, first to de-risk our supply chain and to have ensured that timely suppliers of the blades are there. And second is that importing the blades contribute to a high logistic cost. So, there will be more efficiency in terms of the cost in the project execution. We are going to commission both the blade plants in the current fiscal.

**Moderator:** The next question is from the line of Rajesh Majumdar from B&K Securities.

**Rajesh Majumdar:** Congratulations once again for a great set of numbers. So I had again questions on the wind CUF of this quarter, which has jumped from 26% to 30%. Now it seems that there have been some factors which have been favorable for us in the wind generation, which has contributed to a large rise in the Mytrah profitability. Now do we take this as sustainable or the CUF to be normalized over the coming quarters? That was my first question.

**Sharad Mahendra:** Okay. Yes. See, Rajesh, very valid. I'd just like to tell that increase from 26% to 30%, there are 2 reasons contributing to this.

Our overall wind portfolio, percentage of more efficient machines has increased significantly. If we compare for us last year, the share of Mytrah in the overall wind portfolio was significantly more, and these are old winds, old technologies, lower capacity wind turbines, giving lower use of CUF. The new wind capacities we have commissioned are of 2.7 and 3.3 megawatt machines, which we commissioned in the second half of last fiscal, which have seen the current year, full year season they are seeing. And that high wind speed has resulted in a better CUF. So these 2 are the factors which has resulted in this CUF.

**Rajesh Majumdar:** Right. Fair, sir. And secondly, sir, you mentioned KSK Mahanadi, there is no onetime. But earlier, we were looking at a kind of ₹2,400 crore EBITDA for the year for KSK Mahanadi and the 1Q is more than ₹800 crores. So would you hazard a guess as to the -- should we take a better number for the year in terms of the EBITDA? Or is it going to be similar or slightly lower than ₹2,400 crores what we had kind of looked at earlier?

**Sharad Mahendra:** We see, as we have guided also in the quarter 1 performance has demonstrated, you can definitely very well assume that what is going to be the full year number. But I think one thing I'll tell you that as I said in my opening remark or maybe in one of the questions, that there was an untied capacity also, which maybe has not done or has not been used last year during the CIRP process, which also has contributed significantly.

And we expect that going forward, our PLF on an annualized basis will be more than last year. So there is no reason to assume that achieving ₹2,400 or surpassing that will be a challenge.

**Pritesh Vinay:** Rajesh, I'd like to add to what Sharad has said. See, in the context of an acquisition, you typically look at a long-term trajectory, right? And you're not doing it for the next 12 months only, right? You've got to own the asset for the residual life of the asset.

So if you recall what we had said the last time around is that this is a Section 63 competitive bid PPA, the long-term PPA that they have. So there will be a tariff trajectory, which will vary from year-to-year, correct?

So when we talk about capital investments, we, as strategic owners look at normalized, levelized long term. And we are a conservative company. So we talk about worst-case scenarios, right? So the ₹2,400 crores has to be seen in that context, please. It was not for FY26 guidance, right?

**Rajesh Majumdar:** Right.

**Pritesh Vinay:** I hope that clarifies because the trajectory will vary year-to-year. But at least no matter what happens, in any particular year, we do not see it going below ₹2,400 crores, right?

**Rajesh Majumdar:** Right. Sir, and sir, if I could sneak in just one question. The net debt is ₹60,000 crores around at the end of 1Q, and we are talking about ₹15,000 crore capex for the year. So is it fair to assume that the debt can go up to ₹70,000 crores before we kind of look at some kind of evening out of the debt or something like that? Or I mean, what is the net debt-to-EBITDA ratio highest that the company can go to or what you're comfortable with?

**Pritesh Vinay:** I don't think one will be able to guide that, Rajesh. We will repeatedly come back to 2 things. We are conscious of the leverage. We are very conscious of where we are allocating incremental capital and is this being allocated into cash flow-generating assets where returns are more than the cost of capital. And the third thing is this from time to time, what is the right thing to do to derisk the capital structure and the balance sheet.

So we'll continue to be operating within these guardrails because one thing which is very strategic and important for us is our credit ratings, right? Because that is one source of competitive advantage to deliver our equity IRR, right? The cost of capital in a 3:1 debt equity project has a very high variability to that.

So therefore, absolute way, it is an arithmetic. You will be able to reach. And hopefully, there will be EBITDA generation and cash flow generation as well. So it will not just be just capex, right? So you will be able to do that math, but we would not want to give a specific net debt absolute number or a peak ratio number guidance out here, yes.

**Moderator:** The next question is from the line of Aniket Mittal from SBI Mutual Fund.

**Aniket Mittal:** My first question was actually related to your capital allocation between renewable and coal. So when you decide to put capital within any of these space, how does your threshold equity IRR or your IRR expectations vary between the 2?

**Pritesh Vinay:** So Aniket, very good question. So as we see, money sees no color, right? So capital doesn't care for is it CO2 emitting or non-CO2 emitting or anything else. So capital has to meet one uniform hurdle rate, which is a mid-teen equity IRR on a levered basis, regardless of whatever project you are pursuing.

The only exception to this will be -- which is typically not very large size, will be things like on the safety or environmental or regulatory, those kind of things. Those are the only exceptions where you've got to do certain things and you will invest that money. But for capacity enhancement projects, whether it is thermal, solar, wind, hydro, whether it is battery storage, hydro pump storage, whether it is anything else, the hurdle rate is the same, yes.

- Aniket Mittal:** The reason I ask this is because you're pointing out, there's a lot of state tenders and state plans that are out there for thermal right now. So just trying to understand as long as those threshold mid-teen equity IRRs are available or can be made, we will not be shy of putting up more thermal, is it?
- Pritesh Vinay:** There is another limiting factor, I would say, or a boundary condition, which is also, call it, management bandwidth or call it execution. We can't be implementing so many greenfield projects at the same time, right?
- And then it's not just PPAs, right? Will you have the necessary ingredients to deliver on that, whether it is land, whether it is water, whether it is evacuation, whether it is the other or equipment and so many things go into that, right? So it is not just, oh, if tomorrow, you have an opportunity to do 10 gigawatt of incremental thermal just because the hurdle rates are being met, it can't be done like that, right?
- Sharad Mahendra:** And also, as we have announced, if you remember, 30 gigawatt by 2030 in our Strategy 3.0, and we have been maintaining for quite some time that 2/3 of green and 1/3 thermal. So that also in capacity terms, we will continue to maintain with 30 gigawatt capacity.
- So there are many factors, as Pritesh said, apart from just that the requirements are coming because there are enough requirements. Government of India has announced the fresh additional capacity addition of 97 gigawatt of thermal by maybe 2032 or '33. So there will be enough capacity going forward. So we will be definitely looking into it as and when we feel appropriate, we will definitely be going ahead with it.
- Aniket Mittal:** Got that. Just one more question. When I look at the PLF for solar during this quarter, they're down to about 21% versus 24% last year. Is this entirely related to the O2 Power acquisition? Or is there something else?
- Pritesh Vinay:** Sorry, can you repeat the question, please?
- Aniket Mittal:** So when I look at the plant load factors for solar during the quarter, it's come down to about 21%, I think, versus 24% last year. So just trying to understand, is this because of the O2 Power acquisition? Or are there any PLF changes in the existing portfolio.
- Sharad Mahendra:** See, as we know that the early onset of monsoons and the radiation levels when we compare in the current quarter, as compared to last year have been slightly on a lower side, which has resulted in lower PLF, not because of O2. Because O2 are new more very efficient plants, not very old plants. It is primarily only because of the radiation and early onset of monsoons.
- Pritesh Vinay:** Actually, just to add to what he said, when I said earlier that Mytrah saw 16% higher generation, 23% higher generation wind, solar was minus 7%, so exactly for the reasons that Sharad mentioned, that the early onset of monsoon and higher amount of cloud covers, et cetera, solar irradiation was low.
- Moderator:** The next question is from the line of Nikhil Jain from Crisil.

**Nikhil Jain:** So my question is regarding the SECI BESS plant. So we are awaiting the tariff approval from CERC. So are we having any guidance on the same? And related to the same capacity, you guided 60% of the contracted capacity is under ₹10.8 lakh per megawatt per month. So is it now 100% or it is still at 60%?

**Sharad Mahendra:** See, one is that it is still at 60%. There is no change. And second, as we have informed earlier also that there was a delay from CERC side to adopt this tariff. So it is pending with APTEL, wherein the order is reserved. And maybe the next outcome, we will update only once the reserved order is pronounced.

**Nikhil Jain:** And one more question on these lines. So like given a scenario where LoAs are received from SECI, do you foresee any risk of PPA not being signed due to change in tariffs like in this case, which we are not getting approval for?

**Sharad Mahendra:** See, the thing is the kind of more significant variation when it happens, it is a question of timing. So going forward, the way it is expected, if these kind of variations are expected, this is a very one-off unique case wherein this kind of delay in adopting the tariff and things have happened. So this is a very one-off case that cannot be generalized resulting in any challenges for the sector in general or industry developers in general. So we don't see this as any challenge going forward in terms of tariff adoption or the LoAs which are issued getting converted into PPAs.

**Moderator:** The next question is from the line of Satyadeep Jain from Ambit Capital.

**Satyadeep Jain:** The first question on thermal. I know a lot of questions have been asked on KSK. Just if I look at the Section 63 tariff order, I would assume the tariffs, the charges, energy and capacity charges are going to decline this year.

And there is a steep jump in EBITDA, mathematically, it doesn't seem just the merchant open capacity will lead to such a big swing. So within a short period of time, you've been able to improve efficiency so much. And because even if you take out merchant EBITDA, the run rate still looks much higher than the ₹2,400 crores EBITDA that we're looking at.

So how do we look at EBITDA for KSK for maybe this year, next year? And I'm not sure if I'm mistaken, but somewhere in the release, I see that you're looking to tie up some of the remaining open capacity into PPA.

But in your opening comments and all, it seems like you have the remaining open capacity has better cost position, domestic coal. So that didn't tie up. So I'm just trying to clarify, is that what you're looking to do on the remaining untied capacity. That's on thermal.

**Pritesh Vinay:** So Satyadeep, on KSK, I will come back to what I said a few minutes earlier. Tariff trajectory will follow the bid-out path. So no one can do anything with that. But no matter what -- howsoever bad the condition is, ₹2,400 crores of EBITDA, we will always make, upside is a function of market opportunities, efficiencies, optimum utilization of assets, et cetera, et cetera, right? So we would not be able to give a forward-looking asset-specific guidance on that, right?

On the second part of your question, which is on open capacity, I want to bring out one -- and we've been talking about this for some time now. Two things have structurally changed. If I were to compare with, say, at the end of March versus end of June, what has really happened to our open capacity on the thermal side, right?

So at the end of March, our open capacity on the thermal side was about 1,400 megawatts, of which about 55% was domestic coal-based and 45% was imported coal-based, primarily the Vijayanagar untied capacity, right? What has changed now is this that 1,400 has come down to about 900 megawatts, okay? But within this 900 megawatts, 90% is now domestic coal-based because Ind-Barath Unit 2 has come and KSK incremental capacity has got added.

So 2 things are happening. One is, and we keep on repeating this, our strategic intent is to derisk the portfolio and enhance the predictability of earnings stream, right? So as the incremental organic capacity addition happens, because all the incremental pipeline is 100% contracted into long-term PPA.

So what is the 8% open capacity at 12.8 gigawatt will progressively keep on coming down because that numerator is not increasing, whereas the denominator will keep on increasing. But even within that, the quality is better because your breakeven barrier is lower because bulk of that capacity is domestic coal-based instead of imported coal based. That is the point that Sharad was trying to say in his opening remarks.

**Satyadeep Jain:** I was just trying to clarify this 900-megawatt open capacity, there is no intent to convert that into PPA because it seems like from the earnings release.

**Sharad Mahendra:** No. See, one thing is that, as you have said that KSK, whatever small capacity open is there, presently, we will like to continue in the merchant, taking advantage of being in the core coal belt with low fuel cost and being in merchant with a bilateral short-term trades or through exchanges. So we'll continue to remain open because the plant is tied up otherwise entire capacity as compared -- when we talk of JSW Utkal, which is 700 megawatt entirely open and again, there also the fuel cost advantage.

As and when the time develops, as and when the things move, we will take a call. But maybe presently, we will like to continue as it is in merchant, but we will not be averse if we are assured of a good price in a medium-term or a long-term PPA with fuel now available under Shakti and other schemes for the power supply against the PPAs, long- and medium-term PPAs. So we'll be open and keep evaluating the options available. Saying that we will not do or we will do will not be right. But as and when what we feel is the best and sustainable, we'll be taking accordingly the action.

**Pritesh Vinay:** But direction will be derisking...

**Sharad Mahendra:** Direction will be derisking, yes.

**Satyadeep Jain:** Understood. Second question, on the battery, you mentioned 5 gigawatt hour. It seems like if I'm understanding it correctly, it would be a cell to pack assembly plant. Or is it you're importing electrode and then assembling into cell? I didn't understand what you're trying to do there.

- Sharad Mahendra:** No, no. As I told you that we are going to import the cell from China, and it will be an assembly plant here right now, not the cell manufacturing or battery manufacturing.
- Satyadeep Jain:** I believe you were exploring cell manufacturing also, so that...
- Sharad Mahendra:** Yes, yes, we continue to do that. We are in discussions with the various technology suppliers to have the right technology. We are still in discussions. But as and when we reach any stage, we will definitely inform.
- Satyadeep Jain:** Just one quick question, if I can squeeze on wind. I just wanted to understand, given you're also using blades from JSW steel erecting towers and you'll have your own wind blades. So what can be the capital cost that we can look at for setting up a turnkey project for wind for JSW. And when you look at maybe newer mills versus older, how much delta could be there in P90 generally for newer mills versus Mytrah? Just trying to understand how big a gap in efficiency is.
- Pritesh Vinay:** So Satyadeep, I can request you to connect with the IR team for some of these discussions because a lot of theoretical things are involved in this. We would rather not make conjectures on this side. On the first part of the question that you asked, I'll come back to 2 things. what is the intention?
- The intention is to ultimately reduce your LCOE, correct? And whatever are the measures to get into that, we will try and do that from time to time, right?
- Moderator:** The last question is from the line of Abhishek Khanna from Kotak Securities.
- Abhishek Khanna:** I just wanted to check of the 1.9-odd gigawatts that you've added in the quarter, that includes 1.3 gigawatt O2 acquired, right, which means the organic capacity addition is about 550 is my understanding. Could you just share what part of that 550 is the O2 portfolio, which was already under construction there? -- of the 550 incremental?
- Pritesh Vinay:** So bulk of that is actually O2 because just for the sake of fullness, O2 ended at almost 1.8 gigawatt. So bulk of that incremental is O2.
- Sharad Mahendra:** Out of 550, 450-odd megawatts is O2 and balance is our ongoing projects of JSW Neo.
- Abhishek Khanna:** Got it. And when you say you're planning to add 3 to 4 gigawatt overall capacity in the year, I assume that excludes at least 1.3, right, of O2.
- Sharad Mahendra:** It excludes 1.3 of acquired capacity, yes.
- Abhishek Khanna:** Okay. And just one more thing. When there's a slide on the presentation, which says that about 10 gigawatt -- actually 13 gigawatt of projects are PPA signed, of which the renewable part is about 10, 10.5 gigawatts. Does that mean all of that has to come as per PPAs within the next 2 years? Is that a fair understanding? Or do some of the PPA terms extend beyond...
- Pritesh Vinay:** About 3 years is the right figure. Because at certain places, connectivity of substation, the evacuation substation is back ended. So therefore, that's how it will...

**Abhishek Khanna:** Okay. So let's say, broadly 3 years as per the PPA terms is when this 10, 10.5 gigawatts of renewable...

**Sharad Mahendra:** Yes, you can assume. That's a very fair assumption, yes.

**Abhishek Khanna:** All right. Perfect. That's helpful. Just one thing maybe because you said we are nearing the completion of this green hydrogen facility in the next 1 or 2 quarters. Any broad sense on how the economics are for us to understand? My apologies if you've shared this before, but anything that you could share ballpark, on the green hydrogen projects?

**Sharad Mahendra:** See, one is that this is not 1 or 2 quarters. We are confident that in the current quarter only, this will be commissioned. The trial runs are at very advanced stage. Second is in terms of the economics and the financials you're asking, as we have been maintaining that any investment on any project we do, the mid to high-teen IRRs are protected, and that is what we are going to achieve here also.

Because this is comparatively a slightly different green hydrogen plant in which the 2 aspects of setting up the entire plant, the costs related to the transportation and the storage are not a part in this project because this is a co-located project for the user, and it's a direct live supply through the pipeline. So this has optimized the cost and has ensured that our benchmark returns are protected.

**Pritesh Vinay:** And to add further, what we have been maintaining is this, the underlying assumption is the entire cost has to be amortized over a period of 7 years. Operator, if there is something else, I would request any follow-up questions to be taken by the IR team, please.

**Moderator:** Okay. Ladies and gentlemen, as that was the last question for the team, I now hand the conference over to the management for closing comments. Over to you, sir.

**Sharad Mahendra:** Yes. Thank you very much for being with us today. And in case any other questions or some of the questions we may not be -- have not been able to address, request to please kindly write to our IR team. We assure you that you will get a suitable and positive response immediately. Thank you very much once again, and a very good night.

**Pritesh Vinay:** Thank you.

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