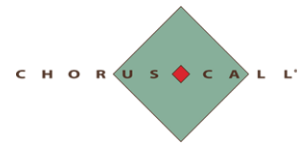




“JSW Energy Limited Q3 FY25 Earnings Conference
Call”

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MODERATOR: MR. VISHAL PERIWAL – ANTIQUE STOCK BROKING

Moderator: Ladies and gentlemen, good day, and welcome to the Post Result Q3 FY25 Earnings Conference Call of JSW Energy 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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vishal Periwal from Antique Stock Broking. Thank you, and over to you, Mr. Periwal.

Vishal Periwal: Yes. Thanks, Sagar. Good evening all. First of all, apologies for the slight delay to start the call. On behalf of Antique Stock Broking, I welcome you all to the post-result earnings call of JSW Energy Limited. And from the company side, we have leadership team led by Mr. Sharad Mahendra, Joint MD & CEO; Mr. Pritesh Vinay, Director Finance and CFO; and Mr. Bikash Chowdhury, who is Head of Investor Relations and Strategic Finance.

So as usual, we'll have brief from the management on the quarter gone by quarter, and then we'll have lines open for Q&A. Yes, Sharad, sir, over to you.

Sharad Mahendra: Yes. Thank you, Vishal. Good evening, ladies and gentlemen. Thank you for joining us today. It is my pleasure to share with you all the developments and updates for the quarter gone by. The sector dynamics are evolving towards energy security, meeting rising base load and peaking load demand, and the adoption of low-cost energy storage solutions to integrate intermittent renewable power. This provides a blend of opportunities for developers like us having a presence across all modes of generation and will continue to provide affordable and sustainable power.

Regarding the economy, RBI has estimated GDP growth of 6.6% in the current fiscal year and a projection of 6.9% in Q1 FY26, which is primarily driven by robust economic activity and expectations of higher government expenditure in coming quarters.

Before I delve into our quarterly performance, I would like to provide an overview of the current power sector landscape. The power demand for the country grew at 4.5% in the first 9 months of the current fiscal 2025. In the third quarter, we have seen a demand growth moderating at 2.7%, but we have to recall that this is on a higher base of 9.9% growth witnessed during the same quarter last year.

However, structurally, we continue to expect strong power demand in the medium term. The peak demand witnessed in this quarter is 224 GW in Dec'24 versus last year during the same quarter; the peak demand was 220 GW. Overall, for FY24, the previous year, we have seen a peak demand reaching 250 GW as compared to 243 GW in the current fiscal.

In line with power demand growth, the country's generation increased by 5.3% year-to-date in FY25 and 3.7% in Q3. All India thermal PLF stood at 66.7% in the quarter as compared to 66.9% in the corresponding quarter last year. The share of intermittent renewables in the total generation stands at 12.4% during the quarter.

Talking about the generation capacity, the total installed capacity in the country has reached 462 GW, and the country has added 20 GW so far in this current fiscal year. The total renewable capacity addition in 9 months in FY25 stands at 19 GW, dominated by 16 GW of solar installations.

Coming to the quarter, the net capacity addition stands at 9.3 GW, which compares with the 2.9 GW added last year in the same quarter. Capacity additions in the quarter were driven by a renewable capacity addition of 7.9 GW, dominated by solar capacity addition of 7.1 GW, while wind capacity addition was 800 MW during the quarter.

Moving on to the bidding activity. In the current fiscal year, the total utility-scale auction of approximately 38 GW capacity was bid, which is continuing the pace that we witnessed last year, and for Q3, the total auction that took place was 16 GW, 9 months was 38GW, and Q3 has seen 16 GW with a notable dominance of customised solutions of hybrid and FDRE projects.

Coming to the coal, as we speak, API 4 coal prices are currently ruling at \$100/t as compared to an average price of \$110/t in Q3 of FY25 and \$116 in Q3 of FY24. Within the domestic market, sufficient steps are taken to keep a robust domestic coal supply. We have seen a low e-auction premium for domestic coal procurement, especially in Orissa and Chhattisgarh.

Coming to the merchant markets, we have seen a strong volume growth; the quarter gone by witnessed approximately a 16% increase in total cleared volumes at the power exchange, while day-ahead volumes increased 14% YoY. The higher volumes due to higher firm power availability and better hydro generation have led to moderation in prices.

The day-ahead market prices have decreased 26% year-on-year to ₹ 3.71 per unit as compared to ₹ 5 per unit in Q3 of last year. The higher volumes across the exchanges led to lower realization in the merchant market, which impacted the dark spreads of our short-term sales. However, our short-term realization continues to be at a premium to the average exchange prices. Having said that, we remain confident in the strong power demand in the medium term.

Regarding the acquisitions. On 27th of Dec 2024, we announced the acquisition of O2 Power, a leading renewable energy platform with a capacity of 4,696 MW. This acquisition valued at ₹ 12,468 crores marks a significant milestone for JSW Energy. O2 Power's assets are spread across 7 resource-rich states with 2.3 GW of the capacity to be operational by June '25 and an additional 2.4 GW at various stages of development. This transaction will enhance our renewable energy portfolio and our footprint in this space. As guided earlier, the additional capex of 2.4 GW of under-construction and pipeline projects is expected to be between ₹ 13,000 crores and ₹ 14,000 crores. This platform also comes with a total connectivity, which we all are aware is a big challenge now in the country, of 900 MW of transmission capacity already in place over and above 4.7 GW of generation capacity, and an additional approval for 800 MW of connectivity is at various stages. So this gives us a very good space in accelerating our capacity addition going forward.

O2 Power assets are of high quality, having a blended tariff of ₹ 3.37 per unit with the majority of utility-scale projects tied up with high-quality off-takers like SECI, SJVN, and NTPC. Just to give a view of this total 4.7 GW at a blended tariff of ₹ 3.37, the solar component out of this total capacity is 64%, and wind capacity is 36% of the total 4.6 GW and this blended tariff, this capacity gives ₹ 3.37.

On 10th January 2025, we have also completed the acquisition of a 125 MW wind project from Hetero Labs and Hetero Drugs Ltd. at an enterprise valuation of approximately ₹ 630 crores. This portfolio has a blended tariff of ₹ 5.22 per unit and an average remaining plant life of 15 years. Accounting for this, our installed capacity as of today stands at 8,242 MW.

In another strategic move, we had bid for KSK Mahanadi Power Company under IBC proceedings, and we have now received a Letter of Intent for a 3,600 MW thermal power plant in Chhattisgarh near the coal belt. As the transaction gets completed, this asset, along with O2 Power, will start generating cash flows from day one. KSK Power is one of the largest thermal power plants changing hands under the IBC process.

The plant's strategic location, fuel supply agreement, and efficient operations will ensure a reliable power supply, further solidifying our leadership in the energy sector. Currently, 95% of the operational capacity of 1,800 MW of KSK Power is tied up with states of UPPCL and TANGEDCO, Tamil Nadu, in long- and medium-term PPAs.

Now talking about our progress towards 10 GW by FY2025, we have fully revived the JSW Energy Utkal Limited (formerly known as Ind-Barath Thermal Power Plant) by synchronising the second unit of 350 MW on the 15th of January and should receive COD for Unit 2 soon.

We are on track to reach 10 GW of capacity by the end of FY25. In the quarter gone by, we have added 377 MW of capacity to our organic renewal projects, which is entirely wind and represents 47% of the country's wind capacity addition of 800 MW in the third quarter. We are currently constructing 1.1 GW of wind projects for SECI and Group Captive, and our Kutehr hydro plant of 240 MW capacity is progressing well for commissioning in the current fiscal FY25 only.

Now to give the update on projects beyond the 10 GW, to reach 20 GW before FY2030, our total under-construction capacity stands at 7.8 GW with signed PPAs, which is beyond 10 GW, and we have 3.9 GW of capacity where we are expecting PPAs to be signed soon. In addition, we have 8.3 GW of capacity of transactions under acquisition, of which bolt-on capacity is approximately 4 GW. With all of the above, our locked-in generation capacity is now 28.3 GW.

On our energy storage projects, our SECI BESS project of 1 GWh, where CERC has not allowed the tariff adoption, is currently on hold. To provide some background, the project bidding was conducted transparently and in accordance with the bidding guidelines of the Ministry of Power on 25th August 2022, where JSW emerged as the L1 bidder in the e-Reverse auction. There were a total of 8 developers, and we were issued a Letter of Award in Jan 2023.

The fixed capacity discovered was INR 10.8 lac/MW/month, which includes the VGF, the viability gap funding, which was being provided for this project by the government. The project, being the first of its kind, was on a BOOT basis after 12 years with a residual battery capacity of not less than 75% of the project capacity. The developer, i.e., JSW Energy, had no guaranteed offtaker for 40%.

As per the arrangement, SECI was to execute a Battery Energy Storage Purchase Agreement (BESPA) with the BESS developer identified through bidding and the Battery Energy Storage Sale Agreement (BESSA) with the end procurer on a back-to-back basis.

In March 2024, the company signed a battery energy storage purchase agreement for the first project of 250 MW/500 MWh out of the allotted 500 MW/1000 MWh. However, on 2nd January 2025, the current year, CERC, in its order, has not allowed tariff adoption, observing that the proposed tariff is not aligned with the prevailing market prices due to a delay by SECI in signing the Battery Energy Storage Purchase Agreement and the Battery Energy Storage Sale Agreement. We have appealed against the order in APTEL, and we are confident that this will be looked at because there are a lot of precedents in this area of such tariff adoptions, tariffs being adopted earlier. So we have appealed, and we are waiting for the outcome.

In storage, our PSP project that we won in October 2024, where we were constructing 12 GWh of PSP at Bhavali in the State of Maharashtra, which is tied up with MSEDCL. We have signed the PPA. We have 48 months starting on Oct 24 to complete the project. The energy storage facility agreement is for the supply of energy storage capacity for a period of 40 years, where the company will be entitled to receive a fixed capacity charge of 84.66 lakhs per MW per annum.

Coming to the operational performance of the quarter. Our net generation for the quarter rose by 10% YoY to 6.8 billion units, driven by an 18% YoY increase in renewable generation; this was driven by RE capacity additions and higher thermal generation. Total net generation from the tied-up portfolio was up by 7% year-on-year in the quarter, while short-term generation, including hydro, increased strongly by 28% YoY.

Coming to our thermal, the net generation increased 8% YoY, driven by the contribution of 571 MUs from JSW Energy Utkal Unit 1. Our long-term thermal generation was up 4% YoY, while our short-term generation increased 23% YoY. The average PLF of our thermal assets stands at 72% as compared to the country's average thermal PLF of 66.7%. Our renewable generation increase of 18% YoY was particularly driven by the addition of 928 MW of wind capacity in the last 12 months and a robust 14% YoY increase in hydro generation due to better hydrology.

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

Pritesh Vinay:

Thank you, Sharad. Very good evening to all the participants who have joined us for the third quarter and 9 months results conference call. Picking up a thread from what Sharad said, while the overall generation was up by 10% YoY, the total revenue was largely flattish and the reason for this was that the incremental sales from the new RE capacity addition.

And Utkal Unit 1 were offset by both lower short-term realization at the Ratnagiri and Vijayanagar plant as well as a lower tariff at hydro plant because of the change in depreciation policy as per the CERC tariff regulations. The EBITDA for the quarter stood at ₹ 1,115 cr, which was down by 9% YoY.

What has also happened during the quarter is that we have commissioned about 377 MW of incremental wind capacity, and this capacity has come in basically post peak generation season.

Moderator: Sorry to interrupt, sir. Sir, you're sounding a bit distant right now.

Pritesh Vinay: Yes. Is this better?

Moderator: Much better, sir. Please go ahead.

Pritesh Vinay: Yes, I was saying that we have commissioned 377 MW of wind capacity during the quarter, which has come in post peak generation season. Typically, it has come in a lean season and that too was not available for the entire 90 days of the quarter. So there's been additional capitalization due to new capacity commission, which has led to the finance cost and the depreciation going up. As a result, the profit before tax was down and the reported profit after tax for the quarter stood at ₹ 168 cr, which is down by 27%.

If you look at the 9-month performance, the revenue was largely flattish, but the EBITDA also marginally grew flattish at about ₹ 4,600 cr, and the profit after tax for the 9-month period stood at ₹ 1,543 cr, which is up by about 12%. Talking about the balance sheet as the company continues to grow and invest additional amounts towards capex, the net debt at the end of December stood at about ₹ 26,500 cr with a cash-on-cash equivalents just shy of ₹5,000 cr.

This is a sequential increase in net debt by about ₹ 1,575 cr. The leverage ratio continues to be healthy. We reported a Net Debt to TTM EBITDA of 4.5x. Because of the additional capitalization, what has happened is that the debt on the operating companies has now gone up by about ₹ 3,000 cr. And so excluding the capital work in progress, which was about ₹10,200 cr of net debt due to capital work in progress, the net debt on the operating company stood at ₹ 16,250 cr and this translated to a net debt to EBITDA of 2.8x.

The weighted average interest cost inched up marginally due to the annual resets of some of the facilities and the increase in the MCLR by some of the lending institutions, but still stayed well below 8.9% at the end of the quarter. From a receivables profile, again, pretty much in control. We reported total receivables of ₹ 2,500 cr at the end of December.

The days sales outstanding, including the amount not due stood at about 96 days. A large part of the overdue at the end of December has been received in the month of January. That is a broad from a financial metrics point of view. I think I'll stop there. And operator, we can open the floor for Q&A, please.

Moderator: Thank you very much. We will now begin the Question-and-Answer session. Our first question comes from Mohit Kumar from ICICI Securities.

Mohit Kumar: My first question is how do you think about the leverage given the 2 large acquisitions and a very large pipeline of under construction assets?

Pritesh Vinay: So Mohit, good question. I'll repeat what we have consistently been maintaining for the last couple of years since we embarked on this growth journey that the strategic priority is to protect the credit ratings and whatever growth opportunities we want to pursue, we would ensure that we are well within the guardrails from a credit metrics point of view to protect the credit ratings.

Especially since you asked that in the question, I would like to reiterate and bring to everybody's attention that after what you're calling as 2 very large acquisitions, which I completely agree with, even after that, if you look at the flash put out by the credit rating agencies at the end of December. The rating agencies are comfortable maintaining our 'AA' with a stable outlook after digesting in these 2 large acquisitions because what is probably getting under-appreciated is that these 2 large acquisitions are also coming with large EBITDA. It is not just adding to the leverage, but it is also adding to the EBITDA.

So, from an overall ratio point of view, we would be comfortable. Of course, we've also rightly mentioned about the organic growth pipeline, and hence, if you recall about a year ago, same time, we were talking about acceleration of the growth because of a very conducive returns environment.

And hence, in order to prepare ourselves better, we had gone ahead and raised capital and equity capital raise at the start of the fiscal year. It was precisely with this intention to build a war chest and ensure that the balance sheet is healthy to protect the growth.

So, I just want to reiterate that, that yes, large acquisitions, but coming with strong EBITDA generation and cash flow generation profile, and we will give strategic priorities to protect the ratings.

Mohit Kumar: Understood. My second question is on the KSK Mahanadi like what is the plan here? Is there a plan to expand capacity by 1 unit or more than 1 units in the medium term? And what is the status of NCLT for the other SPV, I think the all the SPVs are under NCLT right, water and rail. Can you please help us with that?

Sharad Mahendra: See, this process is already on. As you rightly said, the other 2 SPVs also are in NCLT, and processes are at advanced stages. So, all those things have been accounted when we have gone for this. Regarding KSK Power, we would like to say that this is already at NCLT and the hearings are likely to take place soon, and we expect a faster earlier decision on this.

Regarding the capacities, the balanced capacities, what we are talking, we'll just like to highlight that the operational capacity which is 50% of the total, which is 1.8 GW is fully operational tied up. Balance capacity, we have to recall that, I've earlier also said that most of the balance of plant is complete, whether it is power evacuation, whether it is water into the pipeline or running the plant, everything is ready for entire 3.6 GW plant capacity.

And also, for the balanced 1.8 GW expansion, significant part in one of the units has already been done and other 2 also part work has been done. So, we are quite confident the one positive,

which is there is that the balanced capacity increase to take it to entire 3.6 GW operational, it will be significantly lower than the benchmark cost of setting up a new greenfield capacity. So that is there and that we will be planning as and when the IBC process gets completed.

Moderator: The next question comes from Rajesh Majumdar from B&K Securities.

Rajesh Majumdar: Sir, my question was first question was on recent CERC order, which actually does not pay for the infirm power, this is dated Jan 23rd and this actually does not pay for the infirm power between the time of commissioning of a plant and the commercial generation. Since Ind-Barath 2 has just being commissioned, as well as we have so much of thermal capacity additions coming in KSK Mahanadi, including capacity additions.

What is the kind of impact that you envisage on this? And b, do you think it can change?

Sharad Mahendra: See, yes, this new regulation which has come, it is not going to have any significant impact because we have to see what it says that there is a ramp-up of the unit, and whenever we are working on the project, the entire process that has in case of Ind-Barath, there has been a very good learning while ramping up to full capacity, the first unit. And we are in a position to ramp this unit to full capacity and demonstrate for 72 hours.

So, it will not take significantly long time, and we are confident that we will be reaching this capacity at a much earlier time lines keeping in mind the learnings from Unit 1. So it is not going to have any significant impact. And whatever we capitalize in terms of before we do the COD, everything is well within the budgeted numbers, what we have planned and budgeted for this commissioning and up to COD, so this is well in control. And in the same process, we will be following whenever we go for the COD commissioning and COD. So if it is a very large time line to stabilize the unit and reach the full capacity to demonstrate, I don't see that any significant challenge in that. We have done the evaluation ourselves.

Rajesh Majumdar: So what about the project in the NCLT, KSK Mahanadi? Do you think that, that will be a problem in the new 1,800 MW that you envisaged because those will take much longer in terms of between the date of commissioning and the COD?

Sharad Mahendra: No, the balance 1.8 GW, what you are talking?

Rajesh Majumdar: Yes, that's right.

Pritesh Vinay: No, no, Rajesh, see the first priority is to get the assets in our fold, right? I mean, I would request not to put the cart before the horse because first, we need to be in saddle, own the asset, and then we'll have to assess potential expansion optionality's, offtake optionality, techno-economics a whole host of work before we'll be in a position to press the button on the expansion post acquisition, right? So I think it will be a bit pre-mature to comment on that, yeah?

Rajesh Majumdar: No, appreciate it. My second question is, sir, on the O2 Power and KSK Mahanadi. Could you give us some color on the EBITDA that we can generate at, say, 1,800 MW of KSK and the full O2 Power capacity say, FY27 or something, what can be the additional EBITDA from these 2 acquisitions?

- Pritesh Vinay:** No, Rajesh. I don't think at this stage because it is
- Rajesh Majumdar:** Some color on that may be.
- Pritesh Vinay:** KSK, historical number is available last financial year in fiscal 2024, they had done an EBITDA of INR2,600 crores. So that is, in a way, public domain information. So happy to share that because there's no breach of NDA obligations on that one. O2 Power we kind of have guided a steady-state EBITDA. When we go to a 2.3 GW operational capacity, which is expected, say, in the middle of this year. Then on an annualized run rate basis, that portfolio will generate about ₹ 1,500 crores of EBITDA. There's a particular slide we had put in the deck that was uploaded at the time of the O2 acquisition. So you will get that at the 2.3 GW, a steady-state run rate is about ₹ 1,500 crores, where it goes to the 4.7 GW, the expected steady-state EBITDA run rate is about ₹ 3,750 crores. So, beyond that, we'll not be able to add anything else.
- Rajesh Majumdar:** Right. And one small booking question. What was the merchant tariff in Q3?
- Pritesh Vinay:** So, merchant tariffs, we do not share, but you will be able to derive, let me help you how to do that. In the total generation in the appendices, you will see total and long-term differentiation, the gap is a short-term volume. There is an EBITDA bridge where we are talking about the EBITDA impact due to that. You know what the coal price indices, how they have moved. So you will be able to gross it up, yes?
- Moderator:** The next question comes from Sumit Kishore from Axis Capital.
- Sumit Kishore:** My first question is of the 7.8 GW over and above the 10 GW target for FY '25 that you have PPAs for? How are you placed in terms of the transmission evacuation and land for these projects?
- Sharad Mahendra:** Yes. Sumit, a very a relevant point because everyone is questioning about the connectivity and land, which the industry is facing challenge, but we acted upon and majority of the capacity, the PPAs which we are trying, we are fully ready, whether it is land or connectivity. And to overcome the connectivity issue, the significant portion of this total 7.8 GW is within the state for the same state through the STU connectivity, which is available in most of the states.
- So that was the step which we had started acting about 9 months a year back. So that is the reason our readiness we are absolutely certain that the 7.8 GW of the PPA signed, these projects will be completed within the time frame as per the PPA terms and connectivity and land will not be a challenge in the both the cases.
- Sumit Kishore:** So, most of these projects will not require CTU?
- Sharad Mahendra:** Majority, wherever the CTUs capacities are there, we have where it is available. But this 7.8 GW is entirely locked-in, in terms of connectivity and also the land. So there is no challenge in terms of land and connectivity for the 7.8 GW of projects to be completed within the time frame as per the PPAs.

Sumit Kishore: My second question is more at an industry level. What are the emerging trends you are seeing in wind and solar sizing for FDRE projects with the evolving battery economics? How is it changing the sizing for wind and solar in FDRE projects?

Sharad Mahendra: Again, a very I will say a very good question in terms of when we say FDRE till now, what we have seen in the last 6 months a small change which we are seeing, it is more of a better planning for the project to provide the right solution to the end buyer as per their requirements in FDRE that we were seeing in majority of the cases earlier, which was happening for a hybrid wind and solar maybe combined with the storage at normally single location, which was restricting the solutions.

Now, in fact, we also in the C&I space have signed wherein to optimize and take out the best of the generation and the lowest cost per unit of investment, that wind is in one state connected with CTU and solar is in a different state along with battery if required or if it's a hybrid and providing the solution to the same customer. So, this is one case which we have seen from co-located to diversified hybrid solutions, along with the storage is one we are seeing.

Another thing which has been witnessed in the last 6 to 8 months, if you have monitored the kind of bids which are coming are with so much of solar capacity additions and whatever capacity addition country has seen about 20 GW in maybe first 9 months, 16 GW is solar.

The solution, despite a moderate growth of 4.5% during the evening peak hours or early morning peak hours, the demand supply situation is going to be even more challenging. The demand will keep on growing. So with this, the solution of solar plus battery energy storage projects are coming up now, which has a two-pronged advantage. One is that solar during the day times and charging the battery and releasing during the evening peak hours when the demand is more. And second is better utilization of the country's grid infrastructure because solar project blocks the capacity for 24 hours and only uses for 8 hours.

So, this is a better utilization of countries assets and a solution for the peaking. So, these are certain changes that we see. The states are now working very seriously towards the solution for peak hour requirements, which after 5 years from now the gap is going to be significant if there is a continuous 5%-6% demand growth for that pump storage for a longer storage solution is again now taking due importance and preference. And states are coming up with their bids for pump storage also. So these are significant changes which we have noticed in last 6 months.

Sumit Kishore: My final question on your energy storage projects, particularly on stand-alone BESS, SECI XV and Group Captive. So, has there been any slowdown after the CERC order in your efforts to commission your SECI stand-alone project because it has had a merchant component? And how are the others progressing in terms of commissioning, and if you could give us some color on what kind of pricing you would have for capex for the battery capacity that you create?

Sharad Mahendra: See, one is that there is no slowdown. A lot of bids are coming, people are participating and Battery Energy Storage System for a short duration is the best solution right now, which is required fast. So for this one there is no slowdown. Apart from that, as I have told in my opening remarks that this now case where the decision has been challenged.

So, I don't think, we have to remember that when anyone evaluates and compares that what was the price discovered during that time, during that project, and why even now tariff adoption has not been done and this is challenged by us when compared to the tariff discovery today. It apparently looks very high, but we have seen two significant difference in that project as compared to the current projects which are coming in which also have a good viability that this was with a viability gap funding of more than maybe 40%-45% in terms of the tariff discovered which we have got. And apart from that, this is a BOOT model in which after 12 years the asset gets transferred.

Now the bids which are coming is not on the BOOT model in most of the cases. So it is not a like-to-like comparison from what the today's project cost is and what is the core tariff discovery. So, this is what we would like to say in terms of the capex and all these are very dynamic numbers. The tariffs which being discovered are based on -- what is the design, what is the storage, what is the loading, all this is dynamic.

Sumit Kishore: So, you had mentioned on the previous call that 1 GWh BESS will get commissioned by June25, so just wanted to check whether that plan would still be on track?

Sharad Mahendra: Because of this development, it may take maybe a few -- depending on how fast the decision comes it may take maybe a few months here or there, that is all. We will be in a better position once this legal matter gets closed.

Sumit Kishore: Because the capacity can be fungible across your other

Sharad Mahendra: Absolutely, absolutely, absolutely. These are all containerized solutions, and it is not at all possible. We have enough of order book within the Group Captive and other locations to use the same assets. So that is not at all a challenge.

Moderator: The next question comes from the line of Nikhil Abhyankar from UTI Mutual Funds.

Nikhil Abhyankar: Sir, my first question is regarding the Mytrah generation, have you seen a dip in Q3? And was it related to machine availability or due to lower wind.

Sharad Mahendra: See, there is a slight dip in Mytrah generation, which is basically because of the wind speeds which were slightly lower than what was expected, but that is very temporary and short term. we don't see any lasting impact of that, but machine availability wise, there was no challenge, the machine availability continues to remain at almost close to 98% to 99%. So machine availability is there. It is only the wind, which is the 97% to 98% availability remains there.

Nikhil Abhyankar: Okay. And sir, after we announced our O2 Power acquisition, I think they won a SECI bid for FDRE VI for 200-MW into 4 hours and the tariff disclosure is almost 8.5. That project will also be transferred to us?

Sharad Mahendra: Once this happens, yes, definitely. It is part of the platform. So, 4.7 then will become 4.9 plus GW.

Nikhil Abhyankar: Okay. And sir, just a final question on the capex. How much was done till 9 months? And what do you expect the capex to be in FY26?

Pritesh Vinay: So, Nikhil, for the first 9 months, the total capex that has been spent is about ₹ 6,200 cr. And we are expecting to end the full year with close to ₹ 10,000 cr. If you recall, earlier, we had said we were expecting a ₹ 15,000 cr total capex for the year. But of course, the current batch of projects that we are planning to complete are getting completed. And we had anticipated a higher amount of investment in the organic future projects.

But looking at the constraints that Sharad was earlier talking about from and some of you have also raised questions about, which is a reality in the sector from connectivity, etcetera point of view. What we have done instead, as you would have seen by our strategic actions in the quarter is to press the pedal on the inorganic side, right? The idea is to continue to deliver growth at a certain CAGR. So, because organic is kind of seeming to be a bit challenging to scale up after considering everything, we have gone ahead and press the pedal on the inorganic route. And this also gives time for us from a better planning and taking the long lead time actions well in advance to maintain the organic growth trajectory going forward.

Nikhil Abhyankar: Understood. So, do we expect any kind of delays in renewable capacity additions for our 28 GW of locked-in capacity because of the transmission constraints?

Pritesh Vinay: So, it's the other way around, right? What we have actually publicly stated is we were aiming to be a 20 GW generation company by 2030. We had shared this in May 2023 with the market. Now you can see in front of you, that we are already just shy of 30 GW platform and hopefully, we should be able to deliver all of this well before 2030. So clearly, there's an acceleration of growth.

And there will have to be calibration. They will have to be because it is a block and tackle project by project, location by location. We are actually not quantified anything beyond 10 GW on an annual basis. But if I were to just do a broad map assuming that at least by June quarter, if we are able to consummate both KSK and O2 Power plus our own hitting the 10 GW mark, we will be a 14 GW operating platform by Jun 25, right, which is few months from now.

So and then we'll take it from there. When we come back with the annual fiscal year results, we would have gone through the business planning exercise for the next year, and we will be in a better position to give you an organic capacity accretion target for fiscal '26.

Moderator: Next question comes from Saket Yadav from India Capital.

Saket Yadav: So, I have a couple of questions on KSK Mahanadi. We understand that there are lenders who still own 26% of the stake. So, I just wanted to understand that the bid you have placed is for the 100% stake? Or will that 26% still remain with the lenders?

Pritesh Vinay: No, no. 26% will stay with the lenders, but there is a put option with the lenders, which will get active after 1 year and within 1 to 5 years, they have a right to exercise that put. And obviously, no lender has a strategic intent to remain a minority equity investor in a non-core business. So, their idea is to maximize their recovery and recoup all the losses of the past.

So, there is a plan. The first step is to get through the regulatory adjudication process of getting the asset in control, and then we will get into discussions with the lenders on the balance 26% stake.

Saket Yadav: All right. Understood. And my next question is again on KSK Mahanadi. I wanted to understand that I write it somewhere that there are some ₹ 3,000 cr to ₹4,000 cr held with one of the units of KSK Mahanadi. I wanted to know that, will that be absorbed by the company? Or will it be distributed to the lender?

Pritesh Vinay: No, no, no. See, the terms of the RFP when the IBC process commenced, was that whatever was the cash accrued, receivables, EBITDA generation, etcetera all of that belongs to the lender. So any resolution applicant to put in their plans for consideration by the CoC took that into consideration, right, that you are only bothered as an applicant with how much of money you're offering to both the financial creditors and the operational creditors.

There was a specific scoring mechanism and hence, as an objective, of winning strategy, your idea is to maximize the score and work with that. So, whenever the plan gets adjudicated until then or whenever the plan gets implemented or consummated, till then whatever accrues will go to the lenders. So, there should be no surprise on that front.

Saket Yadav: Understood. Congratulations on the acquisition.

Moderator: The next question comes from Swati Jhunjhunwala from JM Financial PMS.

Swati Jhunjhunwala: Sir, first question is on the green hydrogen. So, we expected to commission it soon. Any idea you can give on the revenue and EBITDA that we can generate from this?

Pritesh Vinay: No, Swati, not at this stage, please. We'll complete it and as we have said at the stage of announcing this pilot project is that the modality that has been worked on is that we will get a 15% equity IRR on this project, which is to be amortized completely over a period of 7 years. So that's how the economics is going to work. So once the project gets completed, the project cost is frozen, basis that on a normative debt equity and underlying equity IRR.

And that is how the tariff is going to be worked out. When you look at our total balance sheet, even if that number materially changes, I'm sorry to say that's going to be a rounding error, right? It's a very small project. So, it is not going to materially move the needle either way.

Swati Jhunjhunwala: Got it. Second is on the commissioning. So right now, we are close to 8.1 GW and another 7.8 under construction. Now if by June, we are commissioning another 1.8, making it 10 GW plus the 4 of the acquisition. The balance is under construction, if you could give even a broad split between FY '26 and '27, that would be great.

Pritesh Vinay: I just said a few minutes ago in response to another question that when we come back in the month of May with the annual results, having gone through an annual business planning exercise, we will be able to give an FY26 capacity addition guidance and then the balance will be basic arithmetic for you.

- Moderator:** The next question comes from Samarth Khandelwal from ICICI Securities.
- Samarth Khandelwal:** Yes. Firstly, congratulations on the KSK Mahanadi acquisition. Secondly sir, my question is on the battery energy storage system front. If I am supposed to how do I read a 250 MW by 500 MWh battery project? In terms of how much time would it take for the solar project to charge that amount of battery, how much time would we be able to supply and how much units would it be able to supply to the customer? What would be the battery life? How much would be the capex per MW basis, if you could help.
- Sharad Mahendra:** See, we have to understand that if we are talking of 250 MW of battery energy storage capacity with the 2-hour discharge means 250×2 , which is 500 MWh. When we convert it into energy and assuming that we are charging it with solar, it's a solar plus or any kind of input energy, We have to assume that whatever this 500 MWh discharge is there. Maybe there is an efficiency loss when the input energy and the output energy depending on the battery design, how you design, how efficiently maybe 15%, 18%, 20%, whatever incremental energy for charging, which is required. So out of 100 maybe 120 is the input or 115 or maybe the output will be 100, that is the ballpark.
- In terms of battery life, battery life, there is as per the PPA term, the project is designed in such a way that the minimum availability of the battery is always there. So normally you can use the word repowering of the battery, maybe once in 4 to 5 years, which is part of the capex depending on the requirement is done to maintain the output.
- The benchmark is for most of the storage bid, which has come is for 12 years. After 12 years, battery life of at least 70% is available even if we are not doing the repowering, and you are allowing the normal battery decay, then also after 12 years, the 70% of the battery life is still there in energy terms.
- Capex number, as I told you, depends on a lot of factors. Straightaway giving a capex number is a challenge because there are lot many factors which are variable in terms of whether related to connectivity, land and everything. So, this is the next thing you can say that 70% of the battery life is there after 12 years.
- Samarth Khandelwal:** So, we would be using lithium type of or sodium type of battery? And secondly, we would be charging the customer based on the number of units supplied or how much the solar generates to charge that amount of battery?
- Sharad Mahendra:** See, again, it depends on the bid design. Mostly, if it is a storage project alone it is not a unit, It is a rental model or lease model per MW per month, if it is 250 MW for 2 hours, then the bid normally asked for that it is 250 MW capacity per MW per month is the rental which is assured, only thing is that the plant availability is to be ensured as per the terms.
- If it is a battery, there are some cases in which in energy terms also some bids are there, wherein combined with solar and evening discharge of 2 hours of battery and the number of units of what minimum is required during evening then it is per unit bids. So, it is depends on the bid terms, for us it is either rental model.

- Pritesh Vinay:** And Samarth to answer your other part of your question, I mean, so far, we are not aware of sodium batteries being used for commercial large-scale operations. So, I mean our limited understanding is that it's only lithium-ion batteries. Operator, can we make that the last question, please. Or maybe we can take one more question, because Sharad and I have to rush into something else.
- Moderator:** Sure.
- Pritesh Vinay:** Let's take one last question, please.
- Moderator:** Sure. We'll take one last question from the line of Ritwik Sheth from One Up.
- Ritwik Sheth:** My question is a clarification, earlier you mentioned in the call the O2 Power acquisition, the 2.4 GW, which is under development, will require a capex of ₹ 13,000 crores. Did I hear it right?
- Pritesh Vinay:** Yes. So, you're right, Ritwik. And you don't have to rely on hearing or our speaking skills. My request is if you can go to our website or look at the stock exchange filings, there was a presentation that was made at the time of O2 Power acquisition in the last week of December. And there are two tables on 1 particular slide where you will get all the numbers linked to that, yes. There's a ₹ 13,000 crores to ₹ 14,000 crores expected capex. That was a balance of 2.4 GW.
- Ritwik Sheth:** Got it. Got it. And just on the KSK acquisition, what would be the pending capex which will be required to do to operationalize the balance 1.8 GW?
- Sharad Mahendra:** See, as I said earlier also that we will be coming out with the numbers when the process gets completed. But while doing the due diligence, as I said earlier in my opening remarks also, that the total plant capacity was fully operational is 3.6 GW and 50% is operational. But balance of the plant, most of the balance of the plant is ready for entire 3,600 MW, whether it is the transmission evacuation line or whether it is the water pipeline. And even there are 3 more units which have become one of the units more than 40% of the work is complete, Balance of other 2 units also part work is complete. So it will be at a significantly lower cost per MW capex at which the plant will be fully operational then the benchmark greenfield cost for 1.8 GW. So this is what we can say, giving the exact numbers, maybe at the right time, we will come back.
- Moderator:** Ladies and gentlemen, I now hand the conference over to the management for closing comments.
- Sharad Mahendra:** Thank you, everyone. Thanks for being with us during this Q3, and as I have said in my opening remarks, we see the things to be better in the coming year with what we see, expect and we are reading that maybe more of government spend and also the private investment likely to increase now, which will basically have a positive impact on the power sector. Thank you very much for being with us.
- Pritesh Vinay:** And in case if there are any follow-ups, please feel free to get in touch with our IR team. Thank you very much.
- Moderator:** Thank you. On behalf of Antique Stock Broking, that concludes this conference. Thank you for joining us. You may now disconnect your lines.