



# “JSW Energy Limited Q3 FY24 Earnings Conference Call”

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**Moderator:** Ladies and gentlemen, good day, and welcome to the JSW Energy Q3 FY24 Earnings Conference Call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the call, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mohit Kumar from ICICI Securities. Thank you, and over to you, sir.

**Mohit Kumar:** Thank you, Rio. Good evening. On behalf of ICICI Securities, we welcome you all to the Q3 FY24 Earnings Call for JSW Energy Limited. Today, we are privileged to be joined by Mr. Prashant Jain, Joint Managing Director and CEO, and Mr. Sharad Mahendra, Joint Managing Director and CEO Designate. We also have with us Mr. Pritesh Vinay, Director, Finance and CFO, Mr. Bikash Chowdhury, Head, Investor Relations and Treasury. We'll start with brief opening remarks, which will be followed by Q&A. Over to you, Prashant, sir.

**Prashant Jain:** Thank you, Mohit. So good evening, ladies and gentlemen. First of all, this is my last conference call with all of you. And so I would like to start by thanking each one of you as well as the JSW management for giving me this opportunity. And I'm joined along with me, Mr. Sharad Mahendra, who is going to take over for me effective 1st of February.

If you look at the quarter gone by, the power demand was very robust at 10% in the quarter three. And for the first nine months, it was up by 8%. And we, first time, recorded a peak demand of 222 GW in the month of October. The installed capacity in the country is now sitting at 428 GW, with a total capacity addition of 12 GW in the first nine months, and of which, close to 8.7 GW was the RE capacity, which was added up in nine months. During the quarter, 2.1 GW of the RE capacity was added up.

Another trend which we have been seeing in the first nine months as well as which continued in the quarter three was lower hydro generation. During the quarter, it was down by 30%. And for the first nine months, it was down by 17%.

Merchant tariffs have started improving now. But during the quarter, it was subdued at INR5, which was down 13% year-on-year. But as we are speaking, the merchant tariffs have gone up. We are in the range of now INR6.5 to INR6.7 per kilowatt hour.

Thermal coal is showing a very declining trend. In the month of October, it was ruling at \$130 and continued to slide down to \$100 by December end, and then now it is ruling at \$94, \$95. So that is showing a declining trend at this point in time.

In terms of the company, the total generation was up by 43%, which was primarily from all accounts. We saw the long-term sales went up, short-term sales went up, also the RE generation went up. And EBITDA was up 69% at INR1,229 crores, primarily because of the same reasons.

And the interesting part was, as we promised, we have been talking about Mytrah turnaround. On a pro forma basis, Mytrah did INR1,160 crores of EBITDA, which was equivalent to what it did in the 12 months of the previous year. So the Mytrah turnaround is looking to be quite robust going forward.

And the total capacity is at 7.19 GW operating, and we are on course to achieve 9.8 GW by December 2024, as we have outlined. And we are happy to share that we commissioned the Ind-Barath, Unit-1 in the month, and it is progressing quite well. As we are speaking, this unit is running more than 150-160 MW of the load, and we are expecting to achieve the full load in the current month. And whatever power we are generating, we are doing selling in the short-term sales. And we are quite encouraged by the trends going forward and further during the quarter.

The second unit will be commissioned in the current quarter. And the RE capacity addition program is also moving as per the schedule. And then we are expecting to complete in quarter one and quarter two, both SECI projects as well as group captive projects. So I'm in SECI IX, SECI X and as well as the group captive projects, and also, the hydro projects will get commissioned. And with that, we will be achieving this 9.8 gigawatt.

For Strategy 2.0, we are pursuing aggressively both on the group captive side as well as on the SECI bids. I'm happy to share that off-late in the last three months, we have been seeing very encouraging trends in terms of the tariffs, which are being discovered in the SECI bids, which has boosted our confidence to tap on this side immediately. And then now we are bidding aggressively on the quantitative side in various bids, which are coming in front of us. So for Strategy 2.0, we will be seeing both group captive as well as the SECI bids and other credible third-party bids which are in the pipeline in the next two to three months time frame, and then that will be forming the next pipeline.

In terms of the storage projects, the predevelopment activities are going on schedule. And I'm expecting, post-election, there will be a substantial amount of storage bids, which will be coming going forward. As you might be already seeing there is an increasing number of trends for the more and more wind bids are coming, and then various states are looking for those kind of opportunities to tap more power going forward. So storage will be also coming to the forefront going forward.

And with that, I would like to open the forum for questions and answers. Thank you.

- Moderator:** The first question is from the line of Anuj Upadhyay from Investec. Please go ahead.
- Anuj Upadhyay:** Thanks for the opportunity, sir. Can you provide an update on the module manufacturing capacity which was expected to be in Rajasthan? Any update on that one would be helpful?
- Prashant Jain:** So thanks, Anuj, for the question. Actually, this is another interesting aspect that we have been seeing in the business dynamics which is what is also talking about the agility of JSW Energy. We have seen in the last quarter the panel prices have been dipping close to single digits as we are speaking and now something around \$0.10 to \$0.11. So we have been absolutely ready to do

the ground-breaking, but we have put the project on hold at this point in time to re-evaluate the business viability for some more time.

So I do not think that at the prevailing panel prices it will make sense at this point in time in spite of paying 40% duty. So we will -- we would like to wait for some more time and then evaluate it again. So at this point in time, we have put it on hold.

**Anuj Upadhyay:** Okay. That's helpful. And anything on the pump hydro sir? I believe you are targeting to commission on project, which is largely captive currently stands of over next two-to-three-year plan speciality?

**Prashant Jain:** Yes. So on the captive side, I think in the next one quarter, we will be announcing the formal agreement signing, and that's the approvals process, which is going on. However, the preoperative activities we have already started. So we will be able to commission it on schedule, which we have to outline. So in the -- in one quarter, we should be in a position to formally sign the agreement.

**Anuj Upadhyay:** Thanks a lot. And wish you good luck, sir.

**Prashant Jain:** Thank you.

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

**Nikhil Abhyankar:** Thank you, sir. Thanks for the opportunity. And wish you a very good luck for your future endeavours. Sir, my question was regarding captive thermal capacity that we have. We will be having around 700 additional coming now from next year. So are we looking at similar opportunities in a stress assets to add thermal assets going forward?

**Prashant Jain:** So thanks for the question, and thanks for your kind wishes. We see there are a substantial number of opportunities from the brownfield expansion side and in thermal space. So one opportunity we see at the Ind-Barath location itself, there are the opportunity to set up another up to 4,000 MW of capacity. And those projects are on the drawing board stage at this point in time. And very soon, we will be moving for necessary approvals. And as soon as we are in possession of those kinds of approvals, we will be starting those projects in a phased manner.

And second opportunity is Rajasthan, where we can expand the capacity by another 1,100 to 1,200 MW, and Rajasthan state has already announced that particular project. And then with the new government in place, very soon that expansion will be started. So these are the two locations which are going to be the pithead, and these will be low cost because we have all land and water and other infrastructure in place. And we will be able to put up the new plants at a very competitive price very quickly.

**Nikhil Abhyankar:** Understood. So I believe these projects were not within your 2.0 project, right?

**Prashant Jain:** That's right. That will be the incremental capacities which will be coming up.

- Nikhil Abhyankar:** So in all, we are looking at 5.2 GW of thermal capacity addition?
- Prashant Jain:** So I would like to put that as a blue sky thinking that we see this kind of opportunity is in place. But everything will be unfolded slowly because fuel security, environment clearance and other approvals are required. So we need to tap each and everything because right now, on a serious note, we are talking about is that there is a shortage of power in the country, and power demand is growing by double digits.
- And therefore, it is a huge expectation that more and more PPAs on the thermal side are going to happen, but PPAs are not yet happening. So in order to do the financial closure of any thermal project, you need a competitive bid to be announced by the state government. But we are preparing ourselves -- shovel-ready, approvals ready. And then as and when we see the PPAs are happening, we will be able to latch upon.
- And then most important thing, what we are preparing ourselves is that we are at a location where our variable costs will be one of the lowest in the country for future projects. So that's how we are trying to put it.
- Pritesh Vinay:** So Nikhil, if I can comment here, the keyword that Prashant added is phased. It will be phased and modular and not like 5,200 MW in one go, right? So based on all the factors that Prashant talked about, they fall into place, and in a modular way, you take up one phase and do it let do subsequent.
- Nikhil Abhyankar:** And sir, we will be looking to tie up the entire capacity, whatever we add additionally? Or will we like to keep some as merchant capacity as well?
- Prashant Jain:** No, it will be case-to-case basis, like the current capacity is on a merchant basis. But eventually, with such a large capacity, keeping one merchant is not at all a good idea. So I think we need to create a balanced portfolio. Today, if you are looking at it we had 700-800 MW of open capacity, which has now increased by 350 MW and will increase by another 350 by the end of this quarter. So you are talking something like 1.4 GW of open capacity, which is already quite a large capacity.
- So eventually by the end of the calendar year 24, you are talking about 14%, 15% of the open capacity. It's quite a large capacity. So I think incrementally, we need to see more on the PPA tied-up side. But on a short term basis, there could be an opportunity to add another 500-1,000 MW but not beyond that.
- Nikhil Abhyankar:** Understood, sir. I've got more questions, but I will get back in the queue. Thank you.
- Moderator:** Thank you. The next question is from Rajesh Majumdar from B&K Securities. Please go ahead.
- Rajesh Majumdar:** Good evening, sir and congratulations on a good set of numbers. So sir, I had a couple of questions. One was around the talks around Amarkantak and whether JSW Energy is bidding for this project. Been hearing reports that the bid is going to INR4,100 crores in the last bid, which we've seen from Adani and some rumours to that effect. That was my first question.

**Prashant Jain:** So Rajesh, thanks for the question. And as I always mentioned we are a growth-oriented company. It is always safe to assume that we are interested in each and every place. Wherever there is any opportunity, we will be looking at that opportunity at all times and evaluating it on a continued basis. So count me in for any opportunity you are hearing.

**Rajesh Majumdar:** Right. And when you gave a debt-to-EBITDA range you obviously take into account whatever new acquisitions or expansions you are beyond the 2.0 plan that we've already outlined, right? Or if you get something that is very attractive, the debt can go slightly more than that what was accounted for in this plan?

**Prashant Jain:** So Strategy 2.0 was outlined based on certain covenants keeping in mind as well as keeping certain headroom in front of us. And everything is contingent upon the kind of cash flow we are generating, a kind of rating we would like to retain by keeping certain debt-to-EBITDA ratios and other ratios in line.

We feel, based on our own estimates, that our framework allows us to do better than Strategy 2.0. And I'm also seeing that on cards Strategy 2.0 could be achieved much earlier. Sharad is a more aggressive leader than me, and then I see that it is going to happen much ahead of schedule.

And, once we complete Strategy 2.0 ahead of the schedule, more cash will allow us to do more capacity, and Strategy 2.0 was conceptualized without any capital raise or monetization at either at Neo level or at the hold-co level. And those are also the opportunities at some point in time when the opportunity arises. So there is a lot of headroom to grow beyond that.

**Rajesh Majumdar:** Sir, is it possible to outline some of the monetization opportunities, for example, JSW Neo or anything that you have in mind?

**Prashant Jain:** So we have always maintained that we have been mindful about the value unlocking and then doing that at the right point of time. And this question was asked to me one year ago also, but today, in hindsight, if you see that if I had done that monetization one year ago, I would have been doing a disservice to the shareholders. And today, it is the valuation where we are sitting today and where the power sector tailwind is coming.

So I think that it's a dynamic situation. We are always evaluating at the board level. And at the right point of time, certainly, we will do that, and that's what I can assure you, and then we will be keeping the most interesting and most paramount thing for us will be the interest of the minority shareholders that at what valuation, at what time we should do that.

**Pritesh Vinay:** And Rajesh, if I may supplement what Prashant mentioned, it will also be linked to the end use. So for example, if you look at our delivery and execution, we have not been capital constrained so far, right? So as Prashant is saying the right balance will have to be struck in terms of the value accretion as well as the need for capital. So at the crossroads of both points, we'll definitely not mind moving. Yes.

**Rajesh Majumdar:** Sure. That's helpful. Thank you so much.

- Moderator:** Thank you. The next question is from Sumit Kishore from Axis Capital. Please go ahead.
- Sumit Kishore:** Good evening and thanks for the opportunity. My first question is if you could speak about the progress on the LOA, LOIs for the SECI BESS, PCKL and MOUs with JSW Steel for storage and RE capacities?
- Prashant Jain:** Yes. So Sumit, BESS, I think within the current quarter, we are expecting it will be formalized. Part of the capacity they have already closed, but part balance they are trying to close within this current quarter. So we expect that this will be done. And then the silver lining for us is that the battery prices are quite attractive now. So that's going to be quite good. PCKL, we have given to understanding that by the end of next quarter, this will be signed.
- And also, as I mentioned in my opening remarks for entire JSW Steel capacity for both storage as well as for the group captive will get signed in -- within one quarter. So current quarter and next quarter put together everything will be on the stream.
- Sumit Kishore:** So you mentioned that even for JSW Steel storage and RE capacity, something could get signed?
- Prashant Jain:** Yes. We are expecting.
- Pritesh Vinay:** The first phase of that.
- Sumit Kishore:** And first phase would be how big in terms of the overall...
- Pritesh Vinay:** So we will announce that with the signing of capacity. So exactly that configuration is being worked out, Sumit. If you go back and look at our disclosures the last time, we have said they will need 6.2 gigawatts of RE generation. And there was a storage capacity.
- Sumit Kishore:** 1.8
- Pritesh Vinay:** But that was till 2030. So obviously, it can't be expected that that entire thing will be signed today, right, because there are still both offtake and all of that, right? So also a substantial chunk of that will be in Phase 1, and we'll make the right disclosures once the Boards of both the companies have greenlighted that.
- Prashant Jain:** So between 1/4 and 1/3, you can see that, that will be -- yes, it's around 25% to 30% could be in the Phase 1.
- Sumit, we need to also understand that post December 2024, we are building the execution pipeline, which is very, very important for us. And that's where we are and you will see everything getting signed and closed in the next 90 days to 120 days.
- Sumit Kishore:** Got it. And specifically in relation to the hydro projects, water flow is turning out to be a recurring issue now for three quarters. Is there something we should worry about? Or is the EBITDA, which is down 6% year-on-year for the quarter, is just a temporary factor?

**Prashant Jain:** So very tough call, but it has been always a seasonality. We have seen it, but we are close to achieving the design energy a little bit short. And then the interesting thing, Sumit, these are the two-part tariff projects where in case there is a structural change in the hydrology, then there will be the recalculation and revalidation of the design energy, and we will be recouping our fixed cost. And, all these are depreciated old projects. So the impact on the DISCOM and anybody will not be there.

**Sumit Kishore:** Right. But I mean there is no anticipated massive change in hydrology?

**Prashant Jain:** Nothing. No structural change, but I'm just giving you -- for a hypothetical question, I'm giving a hypothetical answer. Should it happen, a permanent structural change of lower generation, then design energy will be changed lower, and the EBITDA will be maintained by increasing the per unit cost, and that's what is under the regulation.

**Sumit Kishore:** So your ROE will be intact?

**Prashant Jain:** Exactly.

**Sumit Kishore:** Just one last question. I mean there have been few bids for some dispatchable RE power in the last few months. Is there any sort of impression that you have in which direction is the bidding activity or renewable projects with storage taking? And what are the sustainable tariffs that you see in such bids?

**Prashant Jain:** So there are two things one needs to see. One is the inflationary pressure, which has been happening. So the cost of the projects has gone up anything between 9% to 14% because of the increase in the commodity prices, construction costs and various other aspects as well as the cost of the capital has also gone up. And because of this you can see that wind tariffs are sustainable, anything between INR3.5 to INR3.70, so these are the numbers which I feel are the sustainable number.

And of course, solar prices are contingent upon the panel prices. So at today's price, I don't know how long they are going to sustain. And so current tariffs are okay at current panel prices. But I'm not sure what is going to happen in the panel prices going forward. So if the panel prices start going up, the solar tariffs will have to go up.

**Sharad Mahendra:** And also just to add in this FDRE, basically, you have to see that it is a firm dispatch which is a mix of wind, solar and storage. And when -- whatever the bids which have come or are in the offing, when it has been studied, it is seen, it is wind-dominated because of the requirements of the state at the peak demand, which is there and also the right mix that some states are asking 90% delivery at least.

So it is early to say because right now to go to 100% or 90%. The cost, again, because being wind-dominated and storage-dominated, becomes a slightly higher-priced power. How long it will go, this is evolving right now, and states are modifying some of the bids are minimum 80% where the storage requirement is reduced also which optimizes the cost. So the right mix is being



worked out. But yes, going forward, this is going to be what we see as a mix of hybrid and FDRE is what we are also preparing ourselves for.

**Sumit Kishore:** Thank you so much for answering my question. Prashant, wish you all the very best for coming times.

**Prashant Jain:** Thank you, Sumit.

**Moderator:** Thank you. The next question is from the line of Aniket Mittal from SBI Mutual Fund. Please go ahead.

**Aniket Mittal:** Just one question. You mentioned that the module manufacturing plant, you're having a relook because of the drop in module prices. At what module prices would you say that you'd start having a relook or the project would become viable for you?

**Prashant Jain:** So it's not that mathematically we are doing with, Aniket, because we need to really see the business environment and everything around it. So we see there is a lot of turbulence in the market at this point in time. And suddenly, this kind of trend was absolutely unexpected for us. So the panel prices from \$0.27, \$0.30 falling back to close to \$0.10. So we are just trying to reassess the situation. It is not only the panel prices which has led us to think this way, it is also the kind of velocity at which this turbulence has happened. So we want to understand that what are the core reasons for this, and then we need to really look at it.

**Aniket Mittal:** Okay. In terms of the time line because I think on the PLI scheme, there would be specific time lines for which you would have to commission this to get the PLI benefits. And in case you're given go-ahead with this, are there any penalties also?

**Prashant Jain:** So Aniket, you're right, there is a timeline, which if I recall correctly, is April'25 for this project, if one wants to avail of the PLI concessions. Interestingly, what is also happening is that if you look at all these developers who had bid for different segments, whether it was W-C-M or C-M, even other developers had participated in W-C-M, the orders that they have placed is only for C-M and not for ingot-wafer-cell.

So there is a very active consultation that is on between the industry and MNRE. MNRE is cognizant of this. In certain situations, there are also restrictions by equipment suppliers in China that are coming in. So I think the government is also cognizant of this and will take a holistic view.

Talking about the penalties, there is no penalty, but the performance bank guarantees that the worst case is that, that gets encashed, which is not a very significant amount. But I think it is too premature given that this is not something that is only specific to us as a company, but it is specific to the industry, and let's see how the outcome of these discussions goes.

**Moderator:** Thank you. The next question is from the line of Ketan Jain from Avendus Spark. Please go ahead.

- Ketan Jain:** I just have one question. When do you expect the first PSP projects to go online?
- Prashant Jain:** So as we said that in next one quarter, we are expecting the first group captive agreement to be signed. And then at that point in time, we will be announcing the schedule of commissioning.
- Ketan Jain:** Okay. This is for the 300-MW project, right?
- Prashant Jain:** 130 MW, which is equivalent to 1 GWh.
- Moderator:** Thank you. The next question is from Dhananjai Bagrodia from ASK Investment. Please go ahead.
- Dhananjai Bagrodia:** I just wanted to understand now with you're saying module prices have fallen out with module prices falling down. What are the projects in terms of bidding? How has that been going amongst competitors? And what IRRs are they looking at now?
- Prashant Jain:** It's a very tough question you're asking about competitors; what IRR they are looking for. But certainly, I can talk about JSW. We have been always looking at projects to do mid-teen equity IRRs, and we are quite confident that we will be doing whatever bids we are doing.
- Dhananjai Bagrodia:** Okay. So are you all seeing intensity increase now because now with module prices going down, more players would look to get back into this segment because they also see the same opportunity as we are seeing? Or are we seeing that's still concentrated amongst four or five of the larger players instead?
- Prashant Jain:** No, no. I think the competitive landscape is changing, and now you are not seeing so much participations. If you are following the bids closely, there is -- the aggressiveness is going down, and then people are becoming more and more rational. And some of the bids are going -- getting undersubscribed also.
- Dhananjai Bagrodia:** Okay. And is that because the IRRs are coming below mid-teens also in those?
- Prashant Jain:** No, the other way around. I think enough equity is not available with the people to do the projects because if people are getting good dollar-based IRR in the U.S. market, then why they will be putting the money at a lower-equity IRR in rupee terms. So the funding is drying up, both in terms of the debt as well as equity for reliable projects because that was an attractive scenario when there was huge liquidity globally as well as the interest rates were very low. And at current yields in the dollar market, it is not making sense for most of the platforms to get enough debt as well as the equity.
- Dhananjai Bagrodia:** Okay. Okay. Understood. So that means for the larger players like us, this will be really beneficial now with, let's say, lesser competition, module price is also reducing. So we could expect even faster growth. Would that be fair, considering the slowdown where prices go up?
- Prashant Jain:** Yes, that's the whole idea, and we would like to do that.

**Moderator:** Thank you. The next question is from the line of Sudhanshu Bansal from JM Financial. Please go ahead.

**Sudhanshu Bansal:** Sir, just two questions. One is like in the last quarter, we had average merchant tariffs of around INR8 per kilowatt hour. So how much is actually around in this quarter? Second is, in terms of the wind execution, like how you are seeing from an execution point of view in terms of land availability and the grid connectivity? Thank you.

**Prashant Jain:** Okay. So the merchant tariff was INR5 in the last quarter. And sequentially, it was down, but so was the fuel price. So that's the situation.

And in terms of the wind execution, yes, we have been facing quite a bit of challenges, but we are on schedule to complete all the projects. We do not have any kind of connectivity issues because of most of the projects that we are doing, either for SECI, which is CTU connected. And second, we are doing group captive, which -- in which we are doing our dedicated transmission line.

So our issues are with respect to primarily the right-of-way and land and rain and seasonality because in most of the wind projects, you have to construct the roads to move the large blades. And these are the onetime movement. And every time you move one blade and then there is a right-of-way. And then again, after two weeks or four weeks, again, if you are moving another thing, you have to get the, again, approval.

And these are the kind of things which are primarily the issues in the wind. But we have built a capability to manage these kind of things. And that's why if you look at it, that our execution is one of the fastest. So I think that can be seen by the fact we are the only company that has made a bit of around 1,460-odd MW of the capacity in the SECI bids. SECI IX SECI X, put together 1,260, and another 300 was in SECI XII.

So out of the 1,260, which we are commissioning by another next two quarters, I think we will be the only company in the SECI IX and X that is commissioning this. And for most of the other competitors who had participated other than us, maybe another 100 or 200 MW will be commissioned by the end of this calendar year. And that's what demonstrates our capability to execute the project on the fastest pace and within the schedule. But yes, it's quite challenging, but we are trying to build the capability to do even larger capacity per year by doing it all in-house.

**Sudhanshu Bansal:** Yes. I truly appreciate your execution capability. There's no doubt about that. Like from the equipment side, is there any challenges you are facing?

**Prashant Jain:** Other than the inflationary pressure, we don't see any other challenge. So we have been continuously evaluating on the equipment side that how can we deploy the better technology and at a lower cost. And that is what we have been doing. So we are continuously roping in the new platforms and newer turbines, and that's what is the whole idea because initially, we went for 2.7 MW platform. Then we went for 3.4 MW. Now we are working for 3.6 MW. So like that,

we are continuously getting the better platform which is giving us the lower life cycle cost. But other than the inflationary pressure, we don't see any challenge.

**Sudhanshu Bansal:** Best wishes for future endeavors.

**Pritesh Vinay:** Operator, can we take the last question, please?

**Moderator:** Sure. We'll be able to take one last question. We take the last question from the line of Rohit from Antique.

**Rohit:** So my first question is more to do with the JSW Steel captive part. I believe you had highlighted about this 6.2 GW that you have in MOU. Can you help us understand as in if the steel capacity expansion is largely confined to blast furnace, would we require that kind of electricity consumption through green energy?

**Prashant Jain:** So I think you should consider that we are putting all the things into account when we are estimating the final requirement because in any case, the Phase 1, the whole idea will be that utilize the off-gases first and then replace the coal. So this is the Phase 1 of the decarbonization of any industry.

So when you look at the steel, they use the gases for their internal consumption. And then after that, it goes for the power generation. And then balance power requirements either option was either thermal or renewable. So the first phase was to replace coal and replace the thermal power requirement.

The second phase at some point in time, which is not included in this 6.2 GW of requirement, is using the gas for an alternate purpose like making various value-added products from the off-gases. And at that point in time, the power requirement further goes up, and then their carbon footprint further boosts up.

But that is not included in this Phase 1 requirement, which is 6.2 GW. And as Pritesh said this 6.2 GW is also in some time likely by 2030, it was calculated. But at some point of time, the decarbonization will happen to the next level.

**Pritesh Vinay:** We can take one more question if you have a queue.

**Moderator:** Sure. The next question is from the line of Sumit Kishore from Axis Capital. Please go ahead.

**Sumit Kishore:** Quickly, I just wanted to check in the SIGHT program where JSW Neo Energy has also been selected. I think you quoted for 10,000 tons per annum. What is your likely cost of green hydrogen production after the incentive that you have bid? And if you can share any other color around the green hydrogen bidding?

**Prashant Jain:** Yes. So part of that will be 3,800, which is already what we are doing, and we have already explained to you about the mechanism that we are doing on a cost-plus structure. And balance, we are evaluating, but we are quite optimistic about the numbers that we were talking about

initially, but they are going to be better as the scale go up. But at this point in time, we are not disclosing the number, but they are going to be more competitive as the scale goes up.

**Sumit Kishore:** So 3,800 would be part of this 10,000?

**Prashant Jain:** That's right.

**Pritesh Vinay:** So of that 10,000, the notification of award is for 6,500 tons, Sumit.

**Moderator:** Thank you. That was the last question. I would now like to hand the conference back to Mr. Mohit Kumar for closing comments.

**Mohit Kumar:** Yes. Thank you, Rio. On behalf of investor analyst community, we would like to congratulate Prashant sir on a great innings and wish him all the best in future endeavours. Would you, sir, like to make any closing comments?

**Prashant Jain:** So thank you very much Mohit, and thank you very much, each one of you for your continued cooperation as well as trust. And I would like to say all the very best to Sharad as well as Ashok and Pritesh and then the entire JSW, management team.

**Sharad Mahendra:** Maybe on behalf of JSW Energy -- I'm Sharad this side, maybe I'd just like to say a few words for Prashant. I think the platform, which has been set in the last few years, we have been seeing the way JSW Energy has been growing not only in quantity but with quality. I think Prashant, the benchmarks, which have been set and the team which is geared up to take the next level, is there.

And I assure to you all that whatever Prashant has set the direction, I think the company will be moving in right direction with right speed and right governance. And definitely, the results in the coming quarters of the outcome will be visible. Thank you very much, and all the best, Prashant, to you all from the entire JSW Energy team. It has been wonderful with you indeed. Thank you.

**Prashant Jain:** Thank you. Thank you, sir. Thank you very much everybody.

**Pritesh Vinay:** Thank you.

**Moderator:** Thank you very much. On behalf of ICICI Securities Limited, that concludes the conference. Thank you for joining us. Ladies and gentlemen, you may now disconnect your lines.