



## “JSW Energy Q1 FY17 Results Conference Call”

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**MODERATOR: MR. DHRUV MUCHHAL – MOTILAL OSWAL SECURITIES**

**Moderator:** Ladies and gentlemen good day and welcome to the JSW Energy 1Q FY17 Earnings Conference Call hosted by Motilal Oswal Securities. As a reminder all the 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 \* followed by 0 on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Dhruv Muchhal from Motilal Oswal Securities. Thank you and over to you.

**Dhruv Muchhal:** Hi, good evening everyone. On behalf of Motilal Oswal I welcome you all to JSW Energy's 1Q FY Earnings Conference Call. At the outset I would like to thank the management for giving us this opportunity. I would hand over the proceedings to Mr. Pritesh Vinay – Head of Investor Relations at JSW. Over to you Pritesh.

**Pritesh Vinay:** Thank you Dhruv. A very good evening to all the participants. I welcome all of you to the first quarter fiscal 2017 results earnings call of JSW Energy. We have with us today the senior management team of JSW Energy represented by Mr. Sanjay Sagar – Jt. Managing Director & CEO and Mr. Pramod Menon – Director (Finance). So I will hand over the floor to Pramod for his opening remarks and then we can get into Q&A and make it efficient for everyone.

**Pramod Menon:** Welcome everyone to the first quarter FY17 analyst call. JSW Energy had a mixed operation as far as this first quarter was concerned. We had very positive performance at Ratnagiri as also in terms of the hydro plants. However, we were below target in terms of the performance levels at Vijayanagar as also at Barmer which was primarily on account of lot of back downs at Barmer and low availability of schedule at Vijayanagar besides taking the planned shutdown of the various units at both the locations. At Vijayanagar we had kept the capacity available in terms of various tenders that were being participated for which the process is underway and once the orders get confirmed we should have the operations in place.

The performance in Ratnagiri has being commendable with almost 86% in terms of deemed PLF as against 73% in the corresponding quarter the previous year. Similar was the case at Barmer. The hydro operations in Himachal have seen overall PLF of 69%. More importantly at Baspa we had the best ever generation since the COD of that project during the first quarter for any of the previous years. The total generation was about 6.65 billion units as against 4.48 billion units in the corresponding quarter of the previous year. After taking out the supply on account of free power (in hydro), out of the balance volume, 63% was sold under long term PPAs and 37% under merchant.

During the current quarter from 1<sup>st</sup> April, 2016 onwards the company has adopted reporting of the financial results on the basis of IndAS and have accordingly migrated from Ind GAAP to IndAS. As part of this migration process, there are five major areas where changes have been significant – which has impacted the reserves and the P&L figures. #1 in respect of Baspa we have stopped recognising the project on a plant, property, equipment (PPE) basis and it has been treated as a service concession agreement in accordance with IndAS 11 Appendix A. #2

the first unit of Ratnagiri which has been tied up under the long term PPA with MSCDCL has been derecognized as PPE and is being treated as an embedded lease arrangement in accordance with IndAS 17 Appendix A. #3 the proposed dividend and dividend payout related expenditure is being recognized under IndAS only after the shareholder consents are received. #4 the fair valuation of investments has been carried out especially for those investments which are not in subsidiaries and associates and the impact of which is there in the reserves as also appearing in the other comprehensive income. #5 BLMCL was being consolidated under Indian GAAP on the basis of proportionate addition of the assets and liabilities which under IndAS is being consolidated on an equity method. Apart from these most of the other adjustments are customary in nature requiring adjustments between Indian GAAP and IndAS. These adjustments have had a bearing as far as the opening reserves are concerned as also the quantum of debt and the revenues which have been recognized under IndAS.

Considering the above the company had a total turnover of Rs. 2492 crores which was up 15% compared to the corresponding quarter of the previous year and as part of this turnover its income from operation was at Rs. 2450 crores for the current quarter which had yielded an average realization of Rs. 3.61 per unit as against Rs. 4.16 per unit in the corresponding quarter of the previous year. The drop in per unit realization is primarily on account of addition of the hydro, which has pulled down average realization significantly besides a marginal impact on the sales in the non-hydro segment. The fuel cost during the period has gone up by 6% from Rs. 983 crores to Rs. 1041 crores on account of the increased generation as also on the account of the change in the fuel cost in case of RajWest Power Limited pursuant to the regulatory orders as compared to the corresponding quarter of the previous year.

The EBITDA margin during the current quarter was 47% as compared to 41% in the corresponding quarter of the previous year primarily on account of the hydro generation which has played a big part. After providing for interest of Rs. 429 crores and depreciation of Rs. 240 crores during the current quarter and as also the taxes, the total profit after tax stood at Rs. 367 crores as against Rs. 309 crores in the corresponding quarter of the previous year. And the total comprehensive income for the current quarter was Rs. 496 crores as against Rs. 283 crores in the corresponding quarter of the previous year. The company's net debt to equity stood at 1.35 times as compared to 1.50 times as at 31<sup>st</sup> March, 2016 with net debt of Rs. 13,836 crores as at June 30<sup>th</sup>, 2016 carrying a weighted average cost of debt of 10.32%. The company continues to evaluate various opportunities for inorganic growth and as part of its strategy it has recently on the 18<sup>th</sup> July, 2016 had entered into a definitive agreement to acquire 500 MW Bina Power Project from JPVL. The project is an operational power plant which has got 2 units of 250 MW each with the plant equipment being supplied by BHEL which has been a standard machine and it has got all the infrastructure facilities in terms of power evacuation, in terms of ability to move the coal through railway as also a very good rail network, besides having sufficient water for the project. More importantly, this project has secured fuel for its entire requirement and has got long term PPA on a two-part tariff basis for almost 65% and another 5% to be supplied under variable cost.

And another pretty significant part for the project is that the project cost has been approved by the regulator and there are no surprises on that front. The proposed acquisition is being planned by way of purchase of securities of the Bina project which is proposed to be hived off from JPVL into a separate SPV and upon the demerger or transfer of the asset into a target SPV, the securities of the SPV will be bought by JSW Energy for a base enterprise value of Rs. 2700 crores and with a transaction long stop date at 31<sup>st</sup> May, 2017.

We believe this acquisition is a right fit for JSW Energy given that it is a project which is an operational project. This is the kind of project that we have been looking to acquire which is a completed project, which has got a 2-part tariff and given the operational efficiencies of JSW Energy we will be able to bring in our efficiencies and make the project a value accretive one immediately upon consummation given the various benefits that this project enjoys. Besides this JSW Energy has also been evaluating acquisition of another project Monnet Power Company Limited, for which the company has been in dialogue and discussions with the stakeholders which included the lenders and a proposal which was given by the company was not accepted by the lender. Subsequent to that, the company has withdrawn itself from the existing process which it had initiated for acquisition of MPCL.

Besides this in terms of an organic growth that we were pursuing on Kuthar there has not been any significant developments and we believe that any significant activity on this is only likely towards the latter half of this fiscal and we will keep you informed as and when we initiate any major expenditure on this front. With these remarks I now open the floor for questions and answers. Thank you.

**Moderator:** Thank you very much. Ladies and gentlemen we will now begin the question and answer session. The first question is from the line of Sumit Kishore from JP Morgan. Please proceed.

**Sumit Kishore:** My first question is related to a comment you made post the annual analyst meet where you said that the merchant realization in FY17 is likely to be 15 to 20 paisa lower as compared to FY16 levels. Where do we stand at the end of the first quarter?

**Pramod Menon:** The merchant realizations as we have guided at the beginning of the year was in the region of about 15 to 20 paisa lower than what we had realized in FY16. I would say that given the quarter 1 and our outlook we believe that the realizations will be more or less in and around Rs. 4 per unit.

**Sumit Kishore:** Okay and this is including the generation you will have from Karcham Wangtoo and the merchant sale from Karcham Wangtoo.

**Pramod Menon:** Yes.

**Sumit Kishore:** Sir, could you give us an update on the Vijayanagar maintenance schedule and the kind of demand schedules you are getting at Vijayanagar currently?

- Sanjay Sagar:** Well at the moment the tender that we had participated in, it was a medium term tender for 3 years which was supposed to have been decided but it is still undergoing the process with the Government of Karnataka. So as of now as we speak there is no schedule for the Vijayanagar plant because we have offered 750 MW of that power to Karnataka under that tender. And the process is on and we expect that they should conclude the process shortly. As far as the maintenance schedule is concerned, we have taken advantage of this lull in demand and we have advanced the maintenance which was scheduled for later date to this period and as of now we have carried out the maintenance on all the four units at Karnataka during this period.
- Sumit Kishore:** Okay, so the maintenance schedule is likely to end by when?
- Sanjay Sagar:** It is already ended.
- Sumit Kishore:** And my last question is on the Karcham Wangtoo project, could you give us an update by when you see visibility on tying up the 200 MW into the PPA for 704 MW and is there any update on final tariff order.
- Sanjay Sagar:** To the best of our knowledge the tariff order is at its final stage and we could receive it anytime now because the hearing was concluded almost 7-8 months back and I understand that CERC is in the process of issuing the final order now.
- Sumit Kishore:** Okay, and the 200 MW which is open, is it likely to get tied up in a PPA as well?
- Pramod Menon:** See as far as 200 MW is concerned that is already secured to Punjab and they will be ready to take it only after the CERC order comes in. And we are fairly confident that Punjab will definitely take it. If Punjab does not to take it, then the other existing procurers are already calling us up to take it. So we do not see any issues in terms of tying up the balance.
- Moderator:** Our next question is from the line of Inder from Macquarie. Please proceed.
- Inder:** My first question is on the fuel cost side and recently we have seen internationally coal prices go up, so do quarter 1 numbers fully reflect that or we still had some inventory or earlier locked in coal prices which was coming in into our quarter 1 numbers?
- Pramod Menon:** I think there have not been any surprises – so whatever has been the lead-lag effect earlier, the same kind of inventory policy we have continued with. So the entire fuel cost movement as far as the indices are concerned are in accordance with the past.
- Inder:** Okay and second is if you could talk about this Bina a little bit more in terms of the existing operations, what kind of at an EBITDA level kind of profitability is being generated in that plant currently. And what kind of interest cost reductions or synergies that we are looking at to bring in once we kind of acquire that plant.

- Pramod Menon:** See as far as Bina is concerned only thing what we would like to presently place is: its a project which is under a 2-part tariff. So as far as the operations are concerned, once you have got a firm PPA, the capacity charges are payable. And for any acquisitions, what we have been clearly stating as our philosophy is that we are looking at those assets which has got tie-ups and also has the ability to provide us the normative returns. We believe that we will be able to achieve that in this particular acquisition.
- Inder:** Last question, if I may squeeze in, regarding this Karnataka PPA is the delay more procedural in nature or the government is still negotiating or trying to bring down tariffs further given that the open market or the exchanges prices are very-very depressed. So is there a change of heart or something like that from the government side or it is just purely a procedural delay?
- Sanjay Sagar:** No, I think I was very clear when I told you that the process is already on and so any delay at this moment is procedural and we have not been approached by the Karnataka government for any negotiations in the prices so far.
- Moderator:** The next question is from the line of Atul Tiwari of Citi Group. Please proceed.
- Atul Tiwari:** My question is again on the Bina Project, so as per the final tariff order roughly the capacity charge which has been approved I guess is about Rs. 520 odd crores per year for 65% of the capacity. So my question is that even if the PLF is very low I think it was 30% last year and now it is even lower than that. Is the project getting paid that fixed charge in cash or is there a build-up of receivables?
- Sanjay Sagar:** See as per the regulations, when there is a firm PPA or any part of the capacity the capacity charges are assured, so as long as the plant is available for generation – and to the best of our knowledge the plant has been available – they are assured of the capacity charge that is decided by the regulator for that capacity.
- Pramod Menon:** And during our diligence we have not found any kind of increase or any abnormal debtors at that project.
- Atul Tiwari:** So sir I do not know whether it is an appropriate question to ask that if the plant is getting Rs. 500 crores of capacity charge and JSW Energy is buying it for Rs. 2700 crores, it is like a payback of 6 years or less than 6 years or may be 7 years and with some upside option, if you can ramp up the capacity. So it looks like too good to be true that you can get your investment back in 6 years and you have 30% additional capacity which you can tie up and make money on that in future.
- Sanjay Sagar:** See I think you were very right in starting your question by saying that it is not appropriate, and I would sort of tend to agree with you. I do not think there is anything we cannot comment on the statement that you have made. You have done your numbers; you have come to a conclusion.

- Moderator:** The next question is from the line of Prakash Goel from ICICI Securities. Please proceed.
- Prakash Goel:** Sir, I have two questions with respect to the coal charges – has the increased coal Cess reflected in the first quarter number or it will come from the second quarter.?
- Pramod Menon:** It has always been there.
- Prakash Goel:** The 200 become 400, has it become effective?
- Pramod Menon:** Yes, 1<sup>st</sup> of March.
- Prakash Goel:** Okay, so it has got affected. And the second is the RWPL, the accounting with respect to the increased fuel cost it has become effective from Q1, right?
- Pramod Menon:** Yes.
- Prakash Goel:** And that is what is reflected into the lower profitability.
- Pramod Menon:** Yes.
- Prakash Goel:** Rest of my questions have already been answered.
- Moderator:** The next question is from the line of Mohit Kumar from IDFC Securities. Please proceed.
- Mohit Kumar:** Sir one clarification – you just said that the Barmer profitability has declined due to increase in fuel cost. Is it due to increase in fuel cost or is it because of maintenance and shut down?
- Pramod Menon:** As far as the RajWest is concerned again it is a regulated 2-part tariff. The regulator's order on tariff is at Rs 4.06 per unit. While the overall tariff last year and the current year remains the same, there has been a change in the mix of capacity charge and energy charge. When energy charges have gone up, the capacity charge has been brought down. And since the capacity charges have been brought down, it has impacted the profitability. Now as far as the plant is concerned, it has been made available that's why you see a deemed PLF in excess of 70% and the plant availability that we are required to maintain for the current year is about 78% or thereabouts, which is being maintained. So as long as we're maintaining and there is a back down, we're being paid for the entire capacity charge. So as such the capacity charge does not have an impact on your underlying performance except for small efficiency related issues.
- Mohit Kumar:** Sir, can we expect this run rate going forward for Barmer profit?
- Pramod Menon:** More or less, yes.

- Mohit Kumar:** Sir, second question pertains to the Barmer Lignite Mining, where is the capital cost approval right now and when do you expect this order to be in place? Second about the APTEL we have appealed against the capital cost order of RERC. So is there something to share?
- Sanjay Sagar:** As far as RWPL is concerned, the appeal has been admitted by the APTEL a few days back and the hearings are now due to start. As far as BLMCL is concerned for the transfer price order, the regulator is presently seized with the hearings and we can expect this regulator to at least expedite it rather quicker than what the previous regulator was doing.
- Pramod Menon:** See the thing is in a regulatory environment especially like power sector, we can't give a kind of timeframe, but let us say in terms of whether it is Himachal or whether it is in terms of RWPL or BLMCL, at all the places, the processes are on and we are expecting the issues to get expedited ASAP. To that extent, the company is trying to do whatever it can at its disposal.
- Mohit Kumar:** No. Last question, when do you expect the Vijayanagar Power Plant to start operating at full capacity?
- Sanjay Sagar:** Well as soon as the tender formality gets completed and we get the order.
- Mohit Kumar:** Sir, can you put a timeline to that, 1 month?
- Sanjay Sagar:** Promod just told you, it's very difficult for us to put timelines on government procedures or regulatory procedures for that matter.
- Mohit Kumar:** Can we expect 1-month sir?
- Sanjay Sagar:** Well if you want to presume 1 month, I really can't prevent you from doing that, but I would not like to give you 1 month because as per the tender, the supply was supposed to start from June, then there were some delays in the tender process itself and now those tender processes are over. The balance procedures are going on.
- Moderator:** Thank you. The next question is from the line of Deepak Agarwal from Elara Capital. Please proceed.
- Deepak Agarwal:** My first question is on just continuation in the earlier one on Bina. This plant as you rightly mentioned was operating almost close to 3.5 years, but the plant has been operating at just 30%, 40% PLF and this year it has been almost shut. So is there any technical problem with the plant like why it has been happening so? Just to follow up to this, there would be a significant fixed cost under recovery owing to low PLF, so what kind of adjustment we can see in this enterprise value one year down the line?
- Sanjay Sagar:** Deepak as I had mentioned to the gentleman a few minutes back, this is a regulated project under a two-part tariff, so irrespective of the PLF, as long as the plant is available for generation, the fixed cost is assured to us and the DISCOMs are obliged to pay that fixed cost.

To answer your second question, there is technically nothing wrong with the plant. The PLFs have been low because of the backing down by the customer, but that does not impact the revenues of the plant because as I said the fixed cost payment is assured.

- Deepak Agarwal:** Okay. So even if the plant is shut, technically you will get paid?
- Sanjay Sagar:** Even if the plant is shut and it is made available to the DISCOM, the entire fixed cost will be recovered.
- Deepak Agarwal:** Does this plant have a scope for Brownfield expansion in terms of availability of land and to what extent?
- Sanjay Sagar:** It has a huge scope for Brownfield expansion.
- Deepak Agarwal:** So how much you can go in for in future?
- Sanjay Sagar:** Well at the moment, we would not like to give a number on how much we can go in for, let us leave it. We've got a huge scope for expansion.
- Deepak Agarwal:** Okay. And my last questions is on Vijayanagar. Like even in the past we have seen short-term tenders that you were entering into, which generally expires in May and in June, you've managed to sell in some other contracts. So why in this particular year, we're seeing such a low PLF from the Vijayanagar. It's purely because that you have submitted bids for Karnataka or is there anything else?
- Sanjay Sagar:** No, if I have submitted the bid to Karnataka for 750 megawatts, then obviously I can't tie up that power elsewhere and Karnataka unfortunately is taking more time than expected to sort of complete their procedures and finalize the contract.
- Deepak Agarwal:** Okay. So even if the procedure is on, you cannot sell technically to any other customer?
- Sanjay Sagar:** I'm not sure if I sell to a customer today and Karnataka asked me for the power tomorrow, then I'll start defaulting there.
- Moderator:** Thank you. The next question is from the line of Rahul Modi from Antique Stock Broking. Please proceed.
- Rahul Modi:** Sir, a couple of questions. Sir, firstly relating to Bina. Obviously PLFs have been low due to backing down as you said. But on an overall basis, the plant won't make significant profits in terms of the ROEs that you get for 65% - will get diluted if taking on 100%. So sir, what is the problem that the plant is facing - is it because of high-fuel cost and what can we do to improve that?

- Sanjay Sagar:** Well, I think I have gone at great length to explain and I think so as Pramod that it has been always our endeavour that whenever we make an acquisition, we try to keep in mind that we should be able to get at least the normative return on the plant in an as is where is basis and that is what we have tried to ensure in this acquisition also. So obviously if the project cost has been approved at some 3450 crores odd and the acquisition has been made by us at 2700 crores, then we have obviously kept in mind that there is a certain threshold of return that we expect from our acquisition and we're reasonably sure that we'll be able to maintain at that level. As I have also explained that there is nothing technically wrong with the plant, these are very well time tested 250 megawatt units of BHEL, which are operating all over the country at almost 100% levels.
- Rahul Modi:** Right. Sir, how do we plan to fund it, obviously it'll be leveraged, but any numbers that you're thinking on initially?
- Pramod Menon:** See we generally have been evaluating in terms of acquisitions, most of this assets to be financed in a 75:25 debt-equity.
- Rahul Modi:** And sir, just a very bookkeeping question, it means in terms of coal mix for the imported, how are we consuming right now in terms of South African/high grade to low grade Indonesian so if we can help on that?
- Pramod Menon:** Yes, the total coal consumption during this particular quarter was about 1.43 million ton and about 89% odd was in terms of South African and high CV coal and about 11% was the non-South African kind of coal with the slightly lower CV.
- Moderator:** Thank you. The next question is from the line of Murtuza Arsiwala from Kotak Securities. Please proceed.
- Murtuza Arsiwala:** I have two questions, one is relating to the standalone financials and one again to Bina. On the standalone, you also talked about Ratnagiri becoming an embedded lease, right, for one of the units, which has been sold to the group company.
- Pramod Menon:** To MSEDCL.
- Murtuza Arsiwala:** So how does that impact sir in terms of the revenue EBITDA, I mean how is the accounting done? Are we just taking one-line item of lease income or you know how does the accounting change for that?
- Pramod Menon:** I would request you to definitely refer to Ind AS17, appendix C, but just to give you broadly the impact – the revenue are the top line in terms of the tariff gets reduced and the depreciation also gets reduced. So these are the two impacts and whatever is the capacity charge that you get against this particular unit will get split into two portions – one portion goes towards the lease income and another portion goes towards the repayment of the lease deposit.

- Murtuza Arsiwala:** So the lease income then sir would get accounted under the other operating income.
- Pramod Menon:** It's been accounted under the income from operations only.
- Murtuza Arsiwala:** Okay. It's been accounted under income from operations only. So the fuel cost part does not come in and only the capacity charge part comes in if I'm getting it right. So the fuel cost does not reflect in your fuel cost as well.
- Pramod Menon:** No, no, fuel cost gets accounted at both.
- Murtuza Arsiwala:** Okay. Maybe I'll try and get a little more handle on that. Also the standalone revenue would have been impacted by the fact that part of the capacity you could not get the schedule because you had kept it aside for Karnataka, am I right about that?
- Pramod Menon:** Yes.
- Murtuza Arsiwala:** Okay. And the last part sir on Bina one of my understandings, some of the data points that I was able to collate suggested that Bina had a relatively higher fuel cost and in my interaction with certain people also came across that there was consideration to try and move the linkage to another mine, the rationalization that the government been talking about. Can you elaborate if operationally we can make the energy charge for Bina less, which could then help improve the PLFs for the plant. Is that a fair assessment?
- Sanjay Sagar:** See even if we were try to and sort of make the energy charge less, it would be a pass through to the consumer, so it would not impact the financials of the Bina project in any manner.
- Murtuza Arsiwala:** Yes, but for the balance 35, maybe it would become more competitive.
- Sanjay Sagar:** I think we will tackle that issue once the plant gets transferred to us.
- Murtuza Arsiwala:** Okay. But there is that scope for improvement? Is this a fair issue on the landed cost of coal?
- Sanjay Sagar:** No, not to our mines at this moment because since we are looking at our returns on the current tied up capacity and anything over and above that would be a bonus, so I really don't think it makes much of an impact.
- Moderator:** Thank you. The next question is from the line of Anirudh Gangahar from Nomura. Please proceed.
- Anirudh Gangahar:** Sir, the first question is on RWPL, sorry I could not understand how to profits have half year-on-year when we look at 57 crores versus 107 crores given that how much of capacity charge and the revenue is still at 4.06 if you could just help me understand that please?

- Pramod Menon:** Yes. Anirudh, the corresponding quarters of previous year, the capacity charge was Rs. 2.38 per unit and in the current quarter the capacity charge was Rs. 1.97.
- Anirudh Gangahar:** Right sir.
- Pramod Menon:** Now I would request if you want to work out based on the said capacity charge numbers, you'll automatically come to the EBITDA and PBT as also the PAT.
- Anirudh Gangahar:** This is based on the reduced availability for the quarter?
- Pramod Menon:** As I mentioned to you and there was an earlier question on the same, as long as you're making your plant available – in our case, we have made a plant available more than the normative – so there has not been any reduction as far as the capacity charges are concerned. So you are entitled to get the capacity charges on your entire normative capacity for the quarter irrespective of the back down by the Discoms.
- Anirudh Gangahar:** Okay sir. Sir one of the clarifications, you mentioned the realization on merchant will be Rs. 4 per kilowatt hour for this year this is what you expect. This is assuming that the Karnataka PPA comes through at Rs. 4.36 or Rs. 4.38.
- Pramod Menon:** I am not giving any kind of estimation on any particular tender, rate. At this point in time, let us say our estimate is that it would be more or less in this range for the whole portfolio. As against the earlier guidance range of 15 to 20 paisa lower than FY16; we are moving to a number, which is around Rs. 4 per unit.
- Anirudh Gangahar:** Okay sir. Sir the last question from my side is that we had a build-up of receivables at the end of March 2016, how the receivable situation currently is?
- Pramod Menon:** The receivable situation is marginally improved between March 2016 and June 2016. When I say marginal improvement, it's about 3 to 4 days reduction in debtors cycle, which was there as of 31<sup>st</sup> of March 2016.
- Moderator:** Thank you. The next question is from the line of Devam Modi from Equirus Securities. Please proceed.
- Devam Modi:** Sir just one clarification – there is a line mentioning that in the Bina acquisition, the EV of 2700 would get impacted by mutually-agreed adjustments, if we could just highlight this adjustment?
- Pramod Menon:** For any transaction of this nature, which is having a particular time period, there are adjustments which are quite customary on account of let us say the passage of time so those adjustments would get done. Depending on when we happen to close the transaction, we'll be able to give you a realistic picture on what the value would be on account of passage.

- Devam Modi:** So this is mainly to do with the increase in current assets or things like that basically.
- Pramod Menon:** As also let us say, there could be some impact on the EVs as well as I mentioned you because of the passage of time.
- Devam Modi:** Yes, but there is no such milestone arrangement which for example if there is something like the Tamnar thing, there is no such milestone arrangement over here.
- Pramod Menon:** No, no, there is no milestone related arrangement. But let us say again adjustments would be there with respect to, let us say, compliance to the CPs.
- Devam Modi:** And finally, you obviously mentioned that because of the change in accounting standard, there is increase in the net worth, this would mainly be reflected in an increase on the investment side?
- Pramod Menon:** Partly the investment side and partly as I mentioned is also on account of the different accounting treatment for proposed dividend.
- Devam Modi:** So to that extent, your liabilities would have gone down and it would be reflected in net worth.
- Pramod Menon:** Yes.
- Moderator:** Our next question is a follow-up question from the line of Atul Tiwari from Citigroup. Please proceed.
- Atul Tiwari:** Sir, just one more follow up on Bina, so in this impression that – relating to 65% of the capacity, regulator has approved roughly Rs. 5.2 billion of capacity charges. Is this information right or is the number substantially different from this?
- Pramod Menon:** See it's a regulated project and there are orders available on this particular project which is in the public domain. I don't think there is any dispute as far as those numbers are concerned.
- Atul Tiwari:** Okay. But there is no appeal against this order in APTEL or anywhere, I mean that is the final in done deal.
- Sanjay Sagar:** This is the order which is in finality There has been no appeal against this one.
- Atul Tiwari:** Okay and the cash payments are happening against that order?
- Sanjay Sagar:** As Pramod said in the beginning, we did not find any unusual debtor levels.
- Moderator:** Thank you very much. As there are no further questions, I now hand the conference over to the management of JSW Energy for closing comments. Over to you.

**Pritesh Vinay:** Yes, well, thank you everyone for participating in the call. In case there are any follow-ups, please feel free to reach out to Shubhro and/or myself, we will be happy to engage with you. Once again, thank you very much and I now hand it over to Dhruv.

**Dhruv Muchhal:** Thank you. Thanks for the call. Thanks again to the management to allow us the opportunity. Good evening and you may disconnect the call now.

**Moderator:** Thank you very much. Ladies and gentlemen, on behalf of Motilal Oswal Securities, that concludes today's conference call. Thank you all for joining us and you may now disconnect your lines.