



“JSW Energy Q2 FY17 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the JSW Energy Q2 FY17 Earnings Conference Call hosted by IDFC Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing '*' and then '0' on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Shirish Rane of IDFC Securities. Thank you and over to you, sir.

Shirish Rane: Good afternoon everybody. Welcome to JSW Energy's second quarter FY17 earnings conference call. I will hand over the call to Mr. Pritesh Vinay, who will introduce the participants for today's call and then we will start with opening remarks. Over to you, Pritesh.

Pritesh Vinay: Thank you, Shirish. A very good evening to all the participants who have dialled in to discuss JSW Energy's second quarter and first half fiscal 2017 results. We believe you have already got some time to go through the results. The results press release and presentation are already uploaded on the website and the links should be in your inboxes.

We have with us today, the senior management team of JSW Energy represented by Mr. Sanjay Sagar - the Joint Managing Director and CEO and Mr. Pramod Menon - the Director (Finance). I would request Pramod to start with opening remarks and we will then move over to Q&A. Over to you, Pramod.

Pramod Menon: Good evening to all to the second quarter analyst conference call on the results of JSW Energy. This quarter as you would have seen, has been a not so encouraging quarter for JSW Energy. The only positive element was the next generation, which has been up by 11% at 6.27 billion units, which is primarily due to the hydropower plants, and this is the peak quarter for hydropower generation as well.

Compared on a year-on- year basis at plant levels, the generation was lower by about 17% in Ratnagiri. At Vijayanagar we have seen a sharp dip of about 63% and in Barmer, a dip of about 8%. The generation has been impacted at Barmer primarily on account of back down of the units, but at Vijayanagar, where we have seen a very sharp reduction, is primarily on account of our inability to get the schedule for the entire power plant. And in the last three odd months we have seen certain significant changes, which were not planned for and have been unprecedented in nature. Wherever we have participated in bids, those processes are still continuing and have not got translated into firm orders.

We have seen certain spurt as far as the prices of imported coal is concerned and more importantly; as far as the merchant rates are concerned, they have also softened beyond what we had anticipated. So, all these had an impact on the topline and has also led to a contraction of margins.

As far as the sales is concerned, out of the current generation of 6.2 billion units, after we net out the quantum of free power for Karcham, the quantum of saleable power was at 5.96 billion units. 22% of this has been sold under short-term contracts and 78% under long term, primarily on account of the lower schedule at the imported coal-based power plants.

For the current quarter, we had a total turnover including other income of Rs.2,099 crores as against Rs.2,751 crores in the corresponding quarter of the previous year - down by 24%. EBITDA margins were at 48%, primarily because of the increased generation that we had from the hydropower plants resulting into a total EBITDA of Rs.1,014 crores, and total profit after tax of Rs.217 crores for the current quarter. The financial leverage continues to be at about 1.34 times. The company has put the Kutehr project on hold till we have achieved the financial closure.

Besides this, as we mentioned, we have hit certain air pockets, which were not anticipated. As I have mentioned in my earlier comments, these are with respect to our ability to schedule the plants due to the Discoms shying away or having an elongated process in terms of entering into a PPA and also at the same time being hit with lower merchant prices.

However, we are hopeful that over the few quarters as and when we see the demand pickup happening, the situation should look better.

With these opening remarks, I now open the floor for Q&A. Thank you.

Moderator: Thank you very much sir. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Abhishek Puri of Deutsche Bank. Please go ahead.

Abhishek Puri: Sir, just couple of bookkeeping questions. One, if you can tell us why the tax rate has gone up this quarter, it is closer to 35% and secondly in terms of the fuel mix, we have seen prices going up, so are we again considering mixing the Indonesian coal going forward?

Pramod Menon: As far as the tax rate is concerned, it is higher primarily on account of the company following the effective tax rate method. So, if your average tax for the entire year is going to be, let us say 25% or 28%, we will come to the same number, but on a quarter-on-quarter basis depending upon the profitability of each of the SBUs, this would look to be a distortion. With respect to the mix of coal, I think that is a continuing thing. We will continue to evaluate the best fuel mix wherever we can make it as economical as possible and which is something that we have been trying and it is not only restricted to Indonesia as a geography. If there are other geographies, which can provide us with a cheaper option of charging the fuel into the boilers, we will continue to evaluate that as we are currently doing as well.

Abhishek Puri: My last question will be you gave a merchant tariff guidance of 4 to 4.25 earlier, would there be any revision on that and when can we expect Bina consolidation to happen?

- Pramod Menon:** See on the first one, as you would have seen, we have missed the targets, and as I had mentioned, there is significant amount of volatility in the market and we will not be in a position currently to guide the range. Because earlier whenever we used to provide guidance, I would say that we had reasonable amount of visibility with respect to the PPAs as also the rates during this quarter. So I would not like to give any kind of range at this point. When we have visibility, we will definitely share it with you.
- Abhishek Puri:** As regards to the Bina consolidation, when it can be expected?
- Pramod Menon:** Bina consolidation has a long stop date of May 2017 and consolidation is not expected before that. The processes have to be completed during this period.
- Moderator:** Thank you. We will take the next question from the line of Inderjeet Singh of Macquarie. Please go ahead.
- Inderjeet Singh:** My question is with reference to Vijayanagar. Now given the limbo the PPA is in, are we not looking at selling in the short-term merchant market or the merchant market is so bad that we are not able to cover even the variable cost? So how should we look at it and if you could give some idea as to next couple of quarters, how does the Vijayanagar utilization would look like?
- Pramod Menon:** If you look at the merchant portfolio, we would be impacted by the vagaries of the market. So as and when it is feasible for us to operate and generate and sell in the merchant market, we will do so. The economics of the rates will definitely determine at what level we will be able to operate. At this particular point in time, you yourself have been observing that markets have been pretty volatile. So it is very difficult to guide as to the levels we will be able to operate.
- Inderjeet Singh:** But just a clarification there. Given that we are waiting this bid opening, there is no regulatory issue in terms of we going out and participating in the short-term market.
- Sanjay Sagar:** No, there are no regulatory issues, as long as I am able to supply them power as and when they require it and decide the tender. There are no regulatory issues.
- Inderjeet Singh:** And last question is that, if you could give us the fuel cost per unit and does hit the international prices, which have moved up, how much of that is already factored into our coal prices or there is still some more room for coal cost to go up?
- Pramod Menon:** See, we have never been giving any fuel cost per unit. You are aware of the prices and everything. As far as the inventory is concerned, we have lead-lag effect of over 45 days and it continues.
- Moderator:** Thank you. We will take the next question from the line of Atul Tiwari of Citi Group. Please go ahead.

Atul Tiwari: Sir, my question is on this recent announcement of MoU that you have signed in Swaziland for setting up the power plant. So if you could share some more details as to how much CAPEX will be there on the power plant? What will be the size of power plant and what are the timelines you are talking about? And on the coal prospecting side, it appears to be a landlocked country, so what is the method for evacuating coal from there?

Sanjay Sagar: See the release that we gave out very clearly said that the first activity we intent to carry out is the prospecting of coal and the availability of coal in that area is going to determine the size of the power plant that we ultimately put up there, and that in turn is going to determine the CAPEX. As far as the evacuation of coal is concerned, the power plant is going to be a pit head project. So the country being landlocked does not really matter because if you are doing a pit head project, the coal is going to get transported through a conveyer belt to the power plant. The estimated requirement of Swaziland itself is about 300 megawatts and there is also a possibility of being able to export the power from there to seven neighboring countries, which are connected through a common grid. So, if we are able to find adequate quantities of coal, we would also try to explore the possibility of exporting that power beyond Swaziland.

Atul Tiwari: So sir, just to clarify, so in case there is excess coal available, there is no plan of tying up the imported coal requirement that you have in Vijayanagar and Ratnagiri from Swaziland and that is not on the board.

Sanjay Sagar: Well, at the moment, we are not planning to do that. However, if we do find such quantities of coal, which make it feasible for us to export the coal even after we catered to the requirement of the power plant that we set up there; we will look at that possibility at that time. And to answer your question, even though Swaziland is a landlocked country, evacuation is possible from there through Maputo as well as Richards Bay. Richards Bay is, obviously, out of the question. Evacuation is possible through Maputo, which is just about 100 kilometers away from this mine.

Atul Tiwari: And the rail link is in place or?

Sanjay Sagar: Yes, it is, it is very much in place. It is an operational rail link.

Atul Tiwari: And sir, my second question is on Kutehr. So a couple of quarters ago, obviously we saw company kind of restarting work on Kutehr and placing EPC contract. And in one of the conference calls, you also said that the company has taken a view that by the time the plant is up and running, there will be enough demand for PPAs, etc. So, why this sudden reversal in stand and toning down of confidence. Are you seeing some signs in the power sector that even in two, three years the enough demand may not be available and hence it will not be possible to undertake the construction.

Sanjay Sagar: I do not think I am the only one who is seeing such cries in the power sector in the last few months. I think across the country, the numbers speak for themselves and starting the project at

this moment really is not making a lot of sense to us as an investor, unless two things happened. One, there is an uptick in demand and the financial institutions again get positive on the sector, number one, or alternatively the Ministry of Power announces the much-touted hydro policy in which there is a likelihood of covering the hydropower as part of the renewable portfolio. In which case, it will suddenly start making a lot of sense again.

Atul Tiwari: And sir, my last one is just on the Karnataka PPA, so any color when can it be signed or have you heard anything from them and if it is not signed, say for three more months, do you have an option of walking out and tying up capacity elsewhere?

Sanjay Sagar: See at the moment, the bid is still valid and till the bid is valid, we do not have the option of walking out because we are committed to them. And as regards to your earlier question of when can we expect it? We expected it six months ago. So your guess is as good as mine because we are continuously following up with the government, but for some reason the government is still.....

Atul Tiwari: What is the expiry date for bid validity as per the tender conditions?

Sanjay Sagar: Well, if not extended then it will expire somewhere in November.

Moderator: Thank you. We will take the next question from the line of Deepak Agrawal of Elara Capital. Please go ahead.

Deepak Agrawal: My first question is, if I look on the standalone basis in the balance sheet, the debtors have come down by almost Rs.400 crores, but the same is not reflected in the consol balance sheet, where the debtors is down just about Rs.100 odd crores. So what explains this difference?

Pramod Menon: What is captured in standalone is only the imported coal-based power plants, but in consol you have debtors in different locations. But as I have been maintaining, since we have got Pan India operations with different Discoms, our view generally is that, with a release of debtors at one location, there could be increases in other. Overall we are at more or less about 90 days give and take three odd days here or there in terms of the debtor cycle.

Deepak Agrawal: Which would be the top state, if you can share in this entirety?

Pramod Menon: I do not want to share any state but let us keep it that it has generally been about 90 days.

Deepak Agrawal: My second question is in the consol balance sheet, there is a sharp jump in the investments booked as a part of non-current assets. So what exactly is the nature of this investment - it is showing a jump of over 300 crores versus March quarter?

Pramod Menon: It is the mark-to-market valuation under the Ind-AS with respect to the investments that we have in the shares of JSW Steel.

Deepak Agrawal: And so it is just a mark-to-market thing. There is nothing that you have spent additional into various subsidiaries?

Pramod Menon: No.

Deepak Agrawal: And my last question is, in Ratnagiri we were hoping that you will have almost half of the demand coming from your group company JSW Steel. So how that is panning out and do you see that 50% of the sales would go through in the second half. So, on an annual basis we might reach that kind of a target?

Pramod Menon: Presently in Ratnagiri, there has not been any increase in PPA with respect to the last year and JSW Steel is evaluating various options in terms of optimizing their power requirements and during the course of this financial year, I do not think there will be any increase. As and when their capacity and optimization program eases off, we will have a clearer picture as to when we are moving closer to 600 megawatts from current 473 megawatts.

Deepak Agrawal: So because I think in earlier calls, maybe not this year, but last year you mentioned that is already tied up for 550 megawatts?

Pramod Menon: No. What we had already got request but the PPAs have been currently and has always been executed for 473 megawatts and that is what continues. They had given indication that once they are expanding from 3.3 to 5 million tonnes, the requirement of power from a long-term perspective will go to not 550, but closer to 600. So we will have to dedicate, let us say, two units to them. Let us say their request has not got fructified into a firm PPA because as I mentioned, they are looking at, let us say, optimization programs.

Deepak Agrawal: Because they are already done with their expansion right?

Pramod Menon: Yes.

Deepak Agrawal: And just my last question is, do you see any forthcoming bids in the market or do you see like conclusion of the UP bid converting into a firm PPA? So what is your outlook like, what is the sense that you are getting?

Pramod Menon: As I mentioned, what we have seen over the last few months is not something what we had seen in the past. Earlier whenever there used to be bids, there used to be a firm timeline. During those timelines everything used to get closed and that was fructification of those tenders in terms of orders. Currently, we have seen some bids getting done in different states, different forms but most of them have not fructified into PPA. So it is very difficult to give you a color as to what and how it will happen. This is not something that we had earlier seen or envisaged what we have seen over the last three to four months.

Deepak Agrawal: The Bina plant is like almost shut for last six months, so there is definitely a capital cost under recovery that is happening at that plant. So what makes you to still go ahead with that kind of a

transaction because there seems to be no logical reason why it needs to be shut for such a long period of time?

Sanjay Sagar: The reason why we are going ahead with transaction is obviously that we are seeing value in that project. And we have already entered into a definitive agreement and the definitive agreement was done after carrying out a complete due diligence. So I do not necessarily agree that if the plant for some reason - and very honestly till the plant becomes our, I am not following it upon a day-to-day basis - is shut for the last six months, that is probably an issue that the current owners need to solve. And as long as the plant has got a 70% PPA and 100% linkage, I feel comfortable getting into that deal and buying that plant.

Moderator: Thank you. We will take the next question from the line of Anirudh Gangahar of Nomura. Please go ahead.

Anirudh Gangahar: Sir, the first question is the profit after tax for Raj West is up to about Rs.81 crores versus Rs.57 crores last quarter. And last quarter, there is no tariff order as such in terms of the final tariff order. So could you explain the spike in the net profit please.

Pramod Menon: Yes, Anirudh, what has happened was when the tariff order for the project came; the regulator has basically put a condition that the capacity charge has to be recovered on unit basis and not on a station wide basis during the current period of the regulation. So in the last quarter, there were two units, which were not able to achieve their normative capacities, and to that extent the capacity charge billed was lower there to the extent of about Rs.15 crores. In this particular quarter, all the units were available and all the units have been able to achieve their respective normative capacities, which has been primarily the reason why there is this difference between the two quarters.

Anirudh Gangahar: Right, sir. If I understand correctly, 81 plus 57, the normal number would have been basically average of the two, had the two been a variable you have been able to recoup some of the fixed cost that you could not get previously.

Pramod Menon: Correct. Then give and take for a few O&M expenses but broadly you are on ballpark in terms of that.

Anirudh Gangahar: And, sir, my second question at this point would be going back to the fuel mix in the context of the prices, I understand that you are evaluating. But as of now, are we still seeing primarily South African coal makes more sense or high GCV coal that makes more sense than the eco coal? So what the mix is going to be?

Sanjay Sagar: Anirudh, we have always maintained that, for us the fuel mix is a process which is constantly evaluated and we have a lot of flexibility as far as our fuel mix is concerned. It is a factor, which is driven by pure economics and cost of generation. So six months ago we were not considering Indonesian, because it was not making sense but if in the future, it starts making

sense for us to mix Indonesian and bring down our fuel cost, we will certainly do so. The flexibility is available with us. This is a continuing and dynamic process and changes on a day-to-day basis. So we cannot really give you a commitment today that what we will be mixing in there and as Pramod said, it is not just Indonesia, we consider various other geographies also.

Anirudh Gangahar: Right, sir. I am just putting it in the context of the comment we typically make every quarter in terms of that primarily we will have high GCV, and I mean do we stick to that?

Sanjay Sagar: No, the comments that we make every quarter is that we tell you the fuel mix that we have used in the quarter. We do not tell you the fuel mix that we are likely to use in the future.

Moderator: Thank you. Our next question is from the line of Dhruv Muchhal of Motilal Oswal. Please go ahead.

Dhruv Muchhal: Sir, just wanted to get your sense on the Karnataka's electricity balance. I was looking at the load generation balance report, which Karnataka has filed and as per that, at least in FY17, they are relatively well balanced. But they assume that Yermarus and Bellary will commence production, start supplying and I was also reading through a lot of reports that say that there are lot of transmission constraints in Karnataka, which will not allow them and that will limit their capacities, and part of that transmission network is being led I think by JSW if I am not wrong. So if you can provide some sense on this based on your understanding, are they likely to supply or are they not?

Sanjay Sagar: Are they likely to supply?

Dhruv Muchhal: Yes. I mean are they likely to commission and start supplying to Karnataka?

Sanjay Sagar: Look, as far as Yermarus is concerned to the best of my information, they still do not have a railway link to Yermarus and it would be challenging to sort of operate a 700 megawatt unit based on road transportation, of course. And the Yermarus railway link is still some distance away. That is number one. While Bellary is I think commissioned already.

Dhruv Muchhal: I think Yermarus is also commissioned, but we have yet not started supplying power.

Sanjay Sagar: Yes, they have not started supplying power because there constraints with respect to logistics. As far as Bellary is concerned, it is facing very serious challenges for water. The Tungabhadra reservoir to which Bellary is connected has had very low rain in the catchment area and that reservoir is still at a critical level - way below the last year's levels also. So BTPS is facing a very severe water crisis.

Dhruv Muchhal: So is it fair to say that the assumptions which they are made in terms of the capacity starts are quite optimistic.

Sanjay Sagar: I do not think it is for me to comment on all the assumptions made by the state of Karnataka.

- Dhruv Muchhal:** Sir, secondly, Maharashtra is likely to impose an additional surcharge, the final decision is yet to be out. So will it impact the supplies to JSW? I mean, will it impact us or everything is passed onto JSW Steel? The additional cost of it, if it comes to?
- Sanjay Sagar:** That will all get passed on, and I think the order is yet to be out!
- Dhruv Muchhal:** Yes. Order is yet to be out, they have proposed it.
- Sanjay Sagar:** Even if they do, it is a pass through.
- Moderator:** Thank you. Our next question is from the line of Santosh Hiredesai of Edelweiss. Please go ahead.
- Santosh Hiredesai:** While I understand the Karnataka PPA is yet to be kind of signed and getting operationalized, I was just trying to understand the structure of the bid sir, is it a two part tariff with fuel pass through kind of a mechanism or is it a firm single price kind of bid?
- Sanjay Sagar:** I think if you go through the tender document, you will be able to get that information, Santosh. The tender document is in public domain, it is available on the PCKL website.
- Santosh Hiredesai:** Fair enough, will pick it up from there. The second thing I just wanted to understand the funding structure of HBPCL, so I understand to begin with we had a loan from or borrowing at standalone level in which we have done an investment. So how is the structure right now, is the entire debt moved to our entity now?
- Pramod Menon:** Yes, the entire debt has moved to the acquired entity HBPCL.
- Santosh Hiredesai:** What will be the total quantum on HBPCL of debt total?
- Pramod Menon:** The bank debt is Rs.7,550 crores.
- Moderator:** Thank you. Our next question is from the line of Vikas Garg of L&T Mutual Fund. Please go ahead.
- Vikas Garg:** So if I just look at the debt which has been there for past two quarters, it has been somewhere around Rs.13,500 to Rs.14,000 crore, but while I look at Q2 and also the Q1 interest expense that seems to be quite high at around Rs.425 to Rs.440 crores. Is there something which is missing over there in terms of our debt classification. Thank you.
- Pramod Menon:** I do not think there is anything amiss as far as the debt is concerned either in terms of the total debt or the interest cost. So I do not know from where you are coming until and unless you and whenever we have been mentioning, we have been mentioning about the net debt, so any fluctuation is concerned, it will be on account of let us say the cash carrying that would be done on the balance sheet.

- Vikas Garg:** So how much is the gross debt that we are carrying as of now?
- Pramod Menon:** About Rs.14,700 crore.
- Moderator:** Next from the line of Prashant Tiwari of Religare Capital Markets. Please go ahead.
- Prashant Tiwari:** Is there any update on the UPPCL bid that you won?
- Sanjay Sagar:** I think Pramod already answered that question a few minutes back.
- Prashant Tiwari:** Sir, recently at a conference you said that a lot of power plants were built with the assumption of 80% to 85% PLFs. And right now, those PLFs are nowhere to be achieved. So sir, what do you think as a capital allocator, while committing the long-term capital, when you can see that in the next three to five years, it won't be able to achieve high PLFs and also there won't be PPAs ranging for 10 to 20 years, most of the PPAs that you will be able to sign, would be, let's say, to 5 to 7 years. So how do you feel about committing the capital to the plants where the visibility for PPAs is low?
- Sanjay Sagar:** Well, I am not able to understand the basis of your question because I do not think there is anybody in the country who is at the moment allocating capital to new power plants.
- Prashant Tiwari:** As a generator, you will be....
- Sanjay Sagar:** I think it is an era where people are trying to sort of hang on to their existing commitments and in a lot of cases, there are people who are trying to sort of sell the existing power plants but I do not think there is anybody who is allocating fresh capital to power generation station in the country.
- Prashant Tiwari:** In relation to that, what do you feel about your acquisition of JSPL's 1000 megawatt plant, at that valuation, like were are you thinking about very long-term PPAs when you acquired that, and has anything changed in that?
- Sanjay Sagar:** I think that deal is structured and controlled in a manner, which caters for a long-term PPA and the long-term linkage at one valuation.
- Prashant Tiwari:** Sir that long term might vary, right?
- Sanjay Sagar:** No, I think the long-term is defined in that.
- Moderator:** Thank you. Our next question is from the line of Dhruv Muchhal of Motilal Oswal. Please go ahead.
- Dhruv Muchhal:** So this is more conceptual, I was looking at our hydro's balance sheet for FY16, in that I find the net worth, closing net worth is around Rs.13 billion. Whereas, if you see the regulator, he

requires us to put in about 30% of the project cost as equity. Basically based on the numbers available if I do it, that number comes to around Rs.25 billion, of course based on Karcham Wangtoo has taken at 100% PPA. So just wanted to understand the basic concept. If, say, for example, Karcham Wangtoo gets the 100% PPA, will we be required to put in at least Rs.25 billion as net worth or can it be lower?

Sanjay Sagar: No, the way the Section 62 tariff works is that at the time of COD, the debt-to-equity ratio should have been as per regulations. And in future also irrespective of what the actual debt-to-equity ratio is, the regulator will continue to fix the tariff on the presumption that the debt-to-equity ratio is as per the then approved project cost and the then prevailing regulations and we will get the fixed cost accordingly.

Dhruv Muchhal: Because this is something different than what it was in the distribution because in distribution we will have to maintain a 30% equity, but it does not work similarly in generation?

Sanjay Sagar: I would not be able to comment on the distribution model, but as far as generation is concerned, this is how it works.

Dhruv Muchhal: And sir secondly, there was also some talks about a railway PPA coming up in South, particularly restricted to the southern plants, I think about 300 megawatt, I am not sure about the number. Will we be able to participate because I am asking because that is imported coal-based plant and is that PPA likely to come, I mean based on your understanding?

Sanjay Sagar: Well, that will depend on the contours of the tender. And unless we see the detailed terms and conditions of the tender, I do not think we will be able to comment on whether we will be able to participate or if we will participate.

Dhruv Muchhal: And sir lastly if I can squeeze in one. There are lot of talks about getting domestic coal used by imported coal-based plants and particularly for Ratnagiri, can we use ECL's coal through that Sagarmala or any other concept and use it in or it cannot be because of the configuration of our plants? Because at current prices, I see ECL is much cheaper than imported coal!

Sanjay Sagar: Well, we are trying to evaluate the possibilities and also we have to take into account the continuity of the availability of this coal. I think there is a lot of euphoria as far as domestic coal is concerned because the current PLF levels across the country are hovering around 52%-53%. The moment these inch up by another 10%, I think all this excess coal in the system is going to vanish. We do not want to take a step where tomorrow we start depending on domestic coal and it vanishes from the market and then we are back to square one. This is something which is getting evaluated and we will take a call after.

Dhruv Muchhal: I was talking only about the linkage if we get a linkage.

Moderator: Next question is from the line of Anirudh Gangahar of Nomura. Please go ahead.

Anirudh Gangahar: Two housekeeping questions actually. One other operating expenditure, this quarter is down sharply vis-à-vis last few quarters and even last year or sequentially as well. Any particular reason for this please?

Pramod Menon: See, we have tried to contain to certain extent some costs but let us say there are certain expenses, which will come in the later quarter. I would say one of the expenses that we will definitely be incurring and one we are slightly short is the CSR related expenses. So there will be marginal movement on account of those items. But otherwise, there is a conscious effort also being done to see if we can contain the O&M cost, given the overall scenario.

Anirudh Gangahar: And sir, the final question would be that in terms of the tax breakup, the deferred tax remains a bit high, could you tell us the reason for this? I know you told about the effective tax rate but the way this deferred tax is coming up.

Pramod Menon: I think I have already answered this. On account of the effective tax setup, this is increasing as far as the overall rate is concerned.

Anirudh Gangahar: Right, but this will be attributed to sir which particular project and it if we go subsidiary wise.

Pramod Menon: It is at the subsidiary level as also at energy level but more at subsidiary level.

Moderator: Thank you. I would now like to hand the conference back to Mr. Pritesh Vinay for closing comments. Over to you, sir.

Pramod Menon: Thanks everyone for having participated in this conference call. I would only want to close with the remark that this quarter looks to be have been an extremely tough quarter and the challenge for the management has been to get predictability about this business. There has been a lot of uncertainty that I mentioned around securing an order, and what we have seen over the last few months is not something that we have been used to or let's say what we ever experienced in the past. We expect these uncertainties to settle down and we are fairly hopeful that the economic recovery should settle a lot of the existing uncertainties in the market and that is the hope we have. As a company, we are continuing to look and evaluate the opportunities through which - as we have been articulating since the beginning and over the last few years - we increase the share of the long-term PPAs from the current levels of 65% to 70% and that endeavour continues to be there. We are also seeing that over the last couple of weeks, the merchant rate seems to be inching up, but it is still early days to really take a lot of comfort that these are attainable and kind of a trade, which is going to sustain. However, the economic recovery and the demand pull from consumption led growth seems to be there on the ground, which should propel the domestic demand and we will continue to watch the situation on the ground and make all out efforts to ensure that we can, a) increase the quantum of generation and b) protect the margins to the extent which are within our control given the uncertain times that we are currently in. With these closing remarks, I again thank all of you for taking your time out to be there on the call and asking questions. Please do get in touch

with us for any further questions. Our IR team led by Pritesh and Subhra Das are available here to take your questions and they will facilitate management meet wherever it is feasible. Thank you.

Moderator: Thank you very much, sir. Ladies and gentlemen on behalf of IDFC Securities that concludes this conference. Thank you for joining us and you may now disconnect your lines.