



“JSW Energy Q2 FY-16 Earnings Conference Call”

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MANAGEMENT: **MR. SANJAY SAGAR- JOINT MD & CEO, JSW ENERGY**
MR. PRAMOD MENON- DIRECTOR (FINANCE), JSW ENERGY
MR. SUBHRA KANTI DAS – JSW ENERGY

MODERATOR: **MR. HARSH DOLE – IIFL CAPITAL LIMITED.**

Moderator: Ladies and gentlemen good day and welcome to the JSW Energy Q2 FY16 Earnings Conference Call hosted by IIFL Capital Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing ‘*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Harsh Dole from IIFL Capital Limited. Thank you and over to you sir.

Harsh Dole: Thanks and hello everyone. On behalf of IIFL I welcome you all to JSW Energy’s 2nd Quarter Earnings Call. Today we have with us the senior management of the company represented by Mr. Sagar – Joint MD and CEO, Mr. Menon who is the Director (Finance) and the members of the IR team. Firstly I would request the management to take us through the key highlights of the quarter, after which the lines will be opened for the Q&A. Over to you sir.

Subhra Kanti Das: Hi, this is Subhra from JSW Energy. Thank you Harsh and good afternoon to all of you, on behalf of JSW Energy. Thank you for joining us on this call to discuss the 2nd Quarter results for fiscal 2016. One thing I would like to mention at the beginning. You are aware that we have signed the binding MoU with Jaiprakash Power Ventures to acquire 100% stake in the 500 MW in the Bina Thermal Power Plant and another MoU with Monnet Power Company for conducting the due diligence process for the possible acquisition of a majority stake in the Thermal Coal based Project in Orrisa. As we are currently in the middle of the due diligence process, we would not be able to comment on all these assets. So I request you to not ask questions on these and we will communicate about them at an appropriate time. Now I would like to handover the floor to Mr. Pramod Menon-Director Finance to give his opening remarks on the results and we can then have the Q&A. Over to you sir.

Pramod Menon: Good afternoon to everyone for joining the Quarter 2 results call of JSW Energy. The Quarter 2 reflect the improving trend with respect to the market, compared to what we saw in Quarter 1 and during the quarter we had consummated the acquisition of the hydro assets and results also reflect the hydro business income coming in during the course of this quarter.

In the quarter we saw improved performance, the load factors improved across Ratnagiri and Vijayanagar wherein the PLFs improved to 84% at Ratnagiri. At Vijayanagar we had taken a 40 days shut down with respect to one of the units, a major overhaul during which period the plant was shut down for 42 days and despite the shut down the plant has achieved an average PLF of 81%. The Barmer plant was available for above the normative capacity and the deemed PLF for this quarter was about 86%. However the actual PLF has been lower primarily because of the back-downs. The Himachal hydro project, which the company has acquired and with effect from 1st of September 2015 the results of which has been consolidated with JSW Energy, for this one month has operated at an average PLF of 72%. Overall the cumulative average deemed PLF was 83% for this current quarter, which compares favorably with the previous quarter that is Quarter 1 of FY2016 during which period we had an average deemed PLF of 75%. The company during this particular quarter had total net generation of 5.6 billion

units. However the salable units would be lower by 80 MUs to the extent that there was free power which was sold from the hydro power plant. The total merchant sales during the quarter was 2478 MUs and the sales on a long-term PPA was 3080 MW giving a percentage of about 45% in the short term or merchant market and 55% of the power being sold under long-term PPA.

What we have seen during the course of this quarter is while the PLF has gone up, the average realization has come down which is in line with the guidance that we had given on the merchant side. We had brought down the guidance to Rs.4.25 to Rs.4.50 levels. Under the long-term PPAs, the rates have eased off on account of the pass through benefits with the fixed cost coming down as also the fuel cost easing off. On the fuel cost front, we have seen the reductions coming through during the quarter wherein on a Y-o-Y basis the fuel costs have also eased off by close to 10% and this has been on the back of the imported coal price indexes easing off despite the rupee being range bound.

The O&M expenses have primarily been under control. However, couple of one-time expenses in the O&M in this particular quarter had been on account of shut down related expenses and also there has been an accounting of loss which the company had on account of sale of 26% stake in the SACMH mines to comply with the BEE requirement. The loss on account of the sale is to the extent of 10 crores. Besides this the company has also had the O&M expenses coming from the hydro acquisition which has increased the overall O&M expenses during the quarter. Total EBITDA for the company for the quarter was 1088 crores, up by 12% compared to the corresponding quarter of the previous year.

During the quarter the company has also refinanced the debt which was acquired in HPBCL; wherein we have been able to elongate the repayment tenure to 25 years and also reduce the interest cost. As we speak, during the month of October we have completely refinanced the entire debt at HPBCL, bringing down the interest cost to 10.45%. So the results for the last quarter partly capture as far as interest rates benefit in the results are concerned. In the 2nd Quarter we have also recognized the exceptional item of 150 crores which we had disclosed at the time of consummating the transaction, an exceptional one-time settlement fee of 150 crores which has been accounted for. Further during the quarter we also had losses from the associate which is on account of our investments in Toshiba which is to the extent of 16 crores. After providing for all these and the taxes, the profit for the quarter was 492 crores up by 54% as compared to the corresponding quarter of the previous year.

With the acquisition, the total net fixed assets for the company stands at 22,818 crores at the end of 2nd Quarter, the net debt to equity going up to 1.88 times and the total net worth is at 8301 crores.

The mine project at Barmer is operating well and we have started the over burden removal at Jadipa mine during the quarter and we expect the EIL tender process to be fully completed during the second half of this fiscal. On Kuthar project, we are evaluating the bid and we hope

to place order during the second half of this fiscal. With these opening remarks I now open the floor for questions. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. Our first question is from the line of Amit Sinha from Macquarie. Please go ahead.

Amit Sinha: My first question is on the overall power demand scenario which has improved in this quarter, both evident from your PLF going up and overall India generation going up as per the CEA data. So, wanted to understand the phenomenon from the management; I mean what has led to this?

Pramod Menon: I think it only highlights as far as the first half of this particular year is concerned that the sector is victim to the vagaries of nature where we have seen a very small amount of rains coming up pretty early in the 1st Quarter and then it leading to almost back-down kind of situation with lack of demand and we had the 2nd Quarter with the rains easing off and that leading to the demand for power and reduction in hydro related units. However we strongly believe the industrial activity has to pick up and the pickup of industrial activity is expected to pull up the demand for power. We believe that we need to be cautious at the same time and if you are able to keep your costs on the lower end, your ability to sell the power is that much more feasible compared to the market.

Amit Sinha: Just related question, so has there been any improvement in the purchasing capacities from the SEBs front, have you seen any improvement in liquidity position of the SEBs where you deal in?

Pramod Menon: If you look at our results itself I would say that SEBs are procuring the power to the extent they are able to pay for but despite this what we have seen during the course of this quarter is that there has been delay from certain DISCOMs as far as the recoverability of the dues are concerned. But I would say that they are still in the range of 60 days or thereabout and there is not an alarming kind of a situation. They are going and procuring power whatever they are able to pay for. I think what we need to also bear in mind is, we are not seeing any long term PPAs getting executed barring for let's say 2 or 3 states over the last 5 years. However the economy has been growing in most of the states, and power consumption has also been growing and this entire thing is been met out of the procurements from the short-term or medium term market. So there is pent up demand as far as the overall economy is concerned.

Amit Sinha: Secondly on this compensation which you have booked from HPBCL, have you provided any tax on the same in the current quarter?

Pramod Menon: We have provided for only deferred tax but we have not provided for any current tax.

Amit Sinha: And how much of deferred tax?

Pramod Menon: It's to the extent of 25 crores.

- Moderator:** Thank you. Our next question is from the line of Arun Kumar from HSBC. Please go ahead.
- Arun Kumar:** I have couple of questions, first question is I look at the short term versus long term sale in this year and as compared to last year, this is significantly up in terms of short-term sales, 37% has become 45%. Also the realization compared to the 1st Quarter where there is a drop of around 40 paise in average realization. Can you give us a sense of where the short-term sales have increased and which are the plants from where the realization has dropped in this quarter?
- Pramod Menon:** As far as the long-term to short-term is concerned we had to the extent of about 400 million units in the last year in the same quarter classified under long-term and that's one of the reasons why it looks to be skewed. Adjusted for that, the percentage of merchant is almost the same. As far as Himachal hydro is concerned, the mix in terms of long term and merchant is in the 60-40 kind of range; which is also one of the reasons why it is still at 55-45 kind of levels.
- Arun Kumar:** So do we expect this proportion over remaining part of this year and next year, is that the proportion which is going to be there in terms of percentage?
- Pramod Menon:** No, if you look at Barmer we have the ability to operate at higher level wherein the normative capacity is been lower. I would guide as far as the capacity is concerned maybe it will be more at like a 60-40, 60% under long-term and 40% under short term, at least over the next 6 months. But this is without the hydro. For the hydro I will have to see how the next 2 quarters play out but without the hydro I think it is better to take a 60-40 kind of a ratio or a 58-42.
- Arun Kumar:** And any guidance you would do on the average realization?
- Pramod Menon:** I don't think we have been guiding on the average realization but on the merchant realization what we have been guiding is that it will be in the region of Rs.4.25 to Rs.4.5.
- Arun Kumar:** And just one more clarification sir, you said that the average because in the presentation say the average cost of the debt was 11% in the Q2 but you also mentioned that it is now down to 10.45 so 11% was for Q2 and the remaining part of the year is 10.45, is that correct?
- Pramod Menon:** No, what I mentioned is that I have refinanced the debt at HPBCL wherein we have brought it down to 10.45%.
- Arun Kumar:** So average debt cost will be around at 11% is that fair to assume?
- Pramod Menon:** In my view average debt cost will come down by at least minimum 50 basis point.
- Arun Kumar:** My question is come down from 11%, I didn't hear what you said?
- Pramod Menon:** I told that the weighted average cost of debt will come down by 50 basis points as we speak today. This was the position as on 30th of September 2015.

- Moderator:** Thank you. Our next question is from the line of Atul Tiwari from Citi Group. Please go ahead.
- Atul Tiwari:** On HBPC, for one month in this quarter what was the revenue, EBITDA and PAT which has been included in the consolidated numbers?
- Pramod Menon:** We will request that all the individual revenue, EBITDA and PAT will be available if you can directly get in touch with the IR.
- Atul Tiwari:** Second thing is that for the maintenance expense for the Vijayanagar, how much of it has been booked in the quarter?
- Pramod Menon:** We have booked the entire maintenance.
- Atul Tiwari:** I mean how much of the one-time item in the other expense.
- Pramod Menon:** That is to the extent of about 12 crores, for Vijayanagar and Ratnagiri both put together.
- Atul Tiwari:** And my last question is on Kuther, now that it looks like you guys are very close to starting the actual execution work so what is the status of PPAs on that? Would you start spending the real money on the project without entering into the PPA?
- Sanjay Sagar:** Probably yes, we would like to try and keep the Kuther Power as merchant power so that we can take the benefit of peaking. So you have to bear in mind that the Kuther project will take another about 4 years to get commissioned and at that time our belief is that we will be able to get good realizations for the peaking power.
- Atul Tiwari:** If I may ask, what has caused this change in thought process because I remember management communicating sometimes ago that now the company will not be incurring CAPEX on any new project unless there is a huge amount of visibility on PPAs so what has changed? Why are you guys more confident now?
- Sanjay Sagar:** What has changed is that time we were talking about thermal project, today we are talking about Hydro project, that's changed.
- Moderator:** Thank you. Our next question is from the line of Abhishek Puri from Deutsche Bank. Please go ahead.
- Abhishek Puri:** Just couple of things from my side, firstly if you can tell us regarding the debtor days look to be little higher for this quarter, close to 96 days, is it something that we have owned from the hydro projects or is it because we are billing at provisional tariffs and accounting at the higher tariffs right now?

- Pramod Menon:** No, as you've correctly observed, there is also some of the past due debtors which is there as part of the acquisition which is the reason why it looks to be higher. But on the standard as I mentioned during my opening remarks, the debtors for the plants other than hydro they have definitely gone up-- but they are in the two month or thereabout kind of range.
- Abhishek Puri:** I read from the paper that Karnataka has invoked Section 11, how would that impact us?
- Sanjay Sagar:** The invocation of Section 11 by Karnataka is not going to impact us at least during this financial year because we have already booked our power and taken the medium term open access for that and the part of the power is going to Karnataka. So for the balance power which we are selling to Telangana and Andhra Pradesh, we already have the medium-term open access in place except I think for a very small quantum during the month of November. For the balance it's all in place; so it's not going to have any major impact on us.
- Abhishek Puri:** And in terms of the hydropower acquisition, can you give us the broad contours of the deal now since been concluded, I see that fixed asset has gone up by 9100 crores, debt has increased by 6450 crores, is that the right number? What is the EPS incremental contribution which would have added to our numbers?
- Pramod Menon:** See Abhishek as far as the total net fixed assets are concerned, it has gone up by 8900 crores, and balance value has been in the net current assets. When we had acquired it had a total debt of 8200 crores; of which 2500 crores of NCDs is with JSW Energy Limited and it has 5700 crores of bank debt. So we expect the total debt in this company to be at the same level, maybe the bank debt is expected to be at the level of about 7200 over a period of time and the NCDs would be in the region of about 1000 crores and the entire bank debt will have a tenure of 25 years as far as the repayment is concerned which is currently bearing an interest cost of 10.45%. Only thing is today we have kept the gearing low as far as the balance sheet of JSW Energy is concerned. So as and when any opportunity arises we will try and see whether there is need to further gear up. So we are trying to keep the gearing as low as possible because there is no point in unnecessarily loading the balance sheet with debt when there is reasonable liquidity.
- Abhishek Puri:** So would it be correct to assume that the equity which has been injected by us is about 1000 crores?
- Pramod Menon:** Eventually yes.
- Abhishek Puri:** My last question would be on, is the 100% merchant power tied up in South now?
- Pramod Menon:** As far as the entire merchant capacity of JSW Energy is concerned, I would say to the extent of 90%-95% it's already in place.
- Abhishek Puri:** Including Ratnagiri?

- Pramod Menon:** I'm talking about the company as a whole.
- Moderator:** Thank you. Our next question is from the line of Sumit Kishor from JP Morgan. Please go ahead.
- Sumit Kishor:** Sir my question is to understand the accounting for Karcham Wangtoo plant better. I understand that the PPA is for 704 MW, out of which 200 MW is not being off-taken by the Punjab state currently, so are we recognizing the CERC petition tariff for 704 MW or only for 504 MW as of now?
- Pramod Menon:** Only for 504 MW.
- Sumit Kishor:** So the balance is being 200 MW plus 176 MW has been sold on merchant basis?
- Pramod Menon:** Yes.
- Sumit Kishor:** Could you please share what was the total quantum of merchant sale from Karcham Wangtoo during the quarter?
- Pramod Menon:** We have not been sharing any merchant numbers separately so you have the total quantum which is available.
- Sumit Kishor:** So just to understand this better, in the second half of the fiscal given that hydro generation is generally weak to that extent of this quantum of 200 plus 176 your revenue realization will be lower?
- Pramod Menon:** Yes, revenue realization will be whatever we end up selling in the merchant.
- Sumit Kishor:** And just to understand what is the total equity that you have invested once again in the two hydro projects? My understanding was that it is close to about Rs.20 billion but you just said it was only about Rs. 10 billion.
- Pramod Menon:** Eventually. I made a point there.. eventually it may be about 1000 but currently yes what we have invested is close to 2000 crores. I have the ability to gear up the balance sheet and let us say infuse more debt as far as this particular project is concerned but there is no reason for me to take a debt today and keep the money in JSW Energy and put it into the treasury related product.
- Moderator:** Thank you. Our next question is from the line of Deepak Agrawala from Elara Capital. Please go ahead.
- Deepak Agrawala:** My first question is on this clarification the net addition to the debt because of this hydro acquisition is about 5300 crores as per the balance sheet. If you see the change, the change in

debt is about 5300 crores and we have taken two thousand crores of equity where is the balance 2000 crores that has been funded through?

Pramod Menon: Funding of the equity is done out of internal accrual and if you look at the incremental debt which has come into the balance sheet on a consolidated basis, it will be to the extent of almost 7200 crores, as far as bank debt is concerned.

Deepak Agrawala: My second question is on the standalone business like last year in the 2nd Quarter we had in other income, an impairment benefit of about 72 crores so if we exclude that there is a substantial increase in the other income on a Y-o-Y basis, what has led to this rise in other income?

Pramod Menon: As last year, it was not an impairment charge; it was a onetime liquidated damages that we have received on account of closure of contract.

Deepak Agrawala: Yes vendors claim.

Pramod Menon: And as far as this current quarter is concerned it is primarily the interest income and we also had a refund of income tax of 19 crores. Apart from that 19 crores it is entirely interest on surplus funds.

Deepak Agrawala: So this refund is onetime income of 19 crores?

Pramod Menon: Yes.

Deepak Agrawala: And same is getting reflected even in the consolidated company also because even consolidated other income is quite high.

Pramod Menon: Yes.

Deepak Agrawala: And my last question is on this Karcham Wangtoo, so do you think this 704 MW of PPA will become effect from FY17 onwards, you are assuming about 50-50 short-term, long-term?

Pramod Menon: No, we only expect that currently the tariff order has been reserved by CERC. We believe based on our discussions that most likely Punjab itself will take the 200 MW and in case Punjab is not in a position to take, others are already demanding that 200 be allotted to them. So I don't think we will have dearth of takers for this 704 MW but that will happen only after CERC approval of the tariff.

Deepak Agrawala: And last thing – do you think the fall in the overall average realization to just shade below Rs.4, has to do with a lower tariff of hydro also?

Pramod Menon: Yes it is a combination of all.

- Deepak Agrawala:** So can you attribute how much would be because of the Hydro and because of lower realization in the short-term market?
- Pramod Menon:** No I don't think we will be able to guide you on that as on a weighted average basis but yes this includes that of hydro as well.
- Moderator:** Thank you. Our next question is from the line of Rakesh Vyas from HDFC Mutual Fund. Please go ahead.
- Rakesh Vyas:** Sir couple of questions from my side, first one on the acquisition – so can you just guide as per the consummation of the acquisition what was the regulated normative debt on this project? Secondly the net fixed asset has got increased as you highlighted so will there be an impairment test at all on that on ongoing basis? Thirdly if you can just clarify the 300 crores that is pending is on what precondition that's on the acquisition part and I will come to the second part.
- Pramod Menon:** On the acquisition side the normative debt is in the region of about 4200 crores as far as the hydro assets are concerned. Number two: impairment test is something which the auditor would definitely carry out on whichever investments are concerned and today we have booked it on fair value. Also I don't see why there should be any kind of impairment to be provided under this asset at this point in time.
- Rakesh Vyas:** But just to clarify sir, the depreciation will be on the total book asset value?
- Pramod Menon:** Yes.
- Rakesh Vyas:** And on the 300 crores pending.
- Pramod Menon:** That is subject to receipt of all regulatory consents.
- Rakesh Vyas:** Primarily being CERC tariff or any other and important aspect that we are missing as well?
- Pramod Menon:** All regulatory, CERC is only one of them.
- Rakesh Vyas:** And secondly if you can just highlight – are there new long term PPA bids that are in pipeline currently and our interests thereof at all from any of the plant?
- Pramod Menon:** As far as your last question is concerned, amongst others most important for us are CEA and MoEF approvals on capacity element that you asked. What was the next question?
- Rakesh Vyas:** The pipeline for any long-term PPA bids and our interest thereof from any of the plant.
- Pramod Menon:** We were always interested in entering into long-term PPA, pipeline is we are also waiting.

- Rakesh Vyas:** We haven't seen any concrete RFQs or RFPs as far as something that would interest us.
- Pramod Menon:** That is something which is I think all of us as market participants know. But eventually let us say an RFQ and RFP should lead to an PPA which is more critical.
- Moderator:** Thank you. Next question is from the line of Bhavin Cheda from Enam Holdings. Please go ahead.
- Bhavin Cheda:** What you would be spending on Kuther hydro project in this fiscal and next fiscal? I think till date you have spent 245 crores and what would be the total project cost now?
- Pramod Menon:** I think let us wait to verify the orders and everything to get placed. I don't think you want to jump the gun. As and when we decide to take up the project, when we have started the work we would be informing all of you on the entire funding aspects and how we are looking at the project apart from the eventual cost.
- Bhavin Cheda:** And on the Barmer thing, is there any final tariff which has been there or still the accounting has been done on the provisional tariff?
- Pramod Menon:** Still on the provisional tariffs.
- Bhavin Cheda:** Which is like Rs.4.06 paisa or that has been gone down?
- Pramod Menon:** Still Rs.4.06 paisa.
- Moderator:** Thank you. Next question is from the line of Mohit Kumar from IDFC. Please go ahead.
- Mohit Kumar:** Sir couple of clarifications, sir we have 1.5 billion compensation paid on acquisition, is there any tax implication? I think you mentioned 25 crores as the tax payable, is that the correct amount?
- Pramod Menon:** I mentioned that there will not be any current tax which we are expecting as far as HPBCL in this current fiscal is concerned. We only made a provision for the deferred tax liability.
- Mohit Kumar:** So are you saying that there is no tax implications for 1.5 billion compensation paid, am I right?
- Pramod Menon:** Yes.
- Mohit Kumar:** And second question pertains to the Ratnagiri so are we selling entire 3 units of power under long-term PPA or are we selling part of the unit 3 and entire unit of part 4 on merchant basis?
- Pramod Menon:** We don't have a PPA for more than 473 MW with JSW Steel so balance capacity from unit 3 and 2 put together is being sold under short-term. Unit #2 is under short-term.

- Mohit Kumar:** What will be the figure for merchant, I got confused in the number?
- Pramod Menon:** Out of 600 MW which is available from Unit #3 and 4, 473 MW is to JSW Steel, balance is under merchant plus 300 MW of Unit 2 is under merchant.
- Moderator:** Thank you. Our next question is from the line of Devam Modi from Equirus Securities. Please go ahead.
- Devam Modi:** Could you share the percentage of high CV and low CV coal used by us in this quarter at Vijayanagar and Ratnagiri respectively?
- Pramod Menon:** At Vijayanagar it was 100% of high CV coal, at Ratnagiri it was 87% high CV coal and 13% low CV coal.
- Devam Modi:** And what kind of auxiliary consumption have we been seeing for the hydro assets and Barmer lignite front?
- Pramod Menon:** As far as the auxiliary consumption at Barmer is close to normative range only and we are not seeing any exceptional deviations there.
- Devam Modi:** And in the hydro assets?
- Pramod Menon:** I think it is in the normal range which generally the Hydro operates at. It's about 1% or thereabout.
- Devam Modi:** In an earlier question you mentioned that 90% to 95% of the short-term off-take is in place so this would be for which phase, this will be for FY 16 or I mean till what time?
- Pramod Menon:** FY 16.
- Devam Modi:** So till March '16 it will be. There is something that is June '16 or something like that.
- Pramod Menon:** I am guiding you up to March '16.
- Moderator:** Thank you. Our next question is from the line of Anirudh Gangahar from Nomura Securities. Please go ahead.
- Anirudh Gangahar:** Sir first question is, after the debt restructuring could you tell us at the 25 years tenure, is it on an equal basis or is it a ballooning structure and if you can just tell us what would be we looking at in terms of the debt repayment in the next two years?
- Pramod Menon:** It is almost on a flat basis as far as the repayments are concerned.

- Anirudh Gangahar:** And that would be pertaining to the hydro assets, we have not yet refinanced anything on the coal fired assets?
- Pramod Menon:** No.
- Anirudh Gangahar:** And that's a still work in progress?
- Pramod Menon:** Yes.
- Anirudh Gangahar:** Sir the second thing was just on the coal side, you mentioned high and low GCV, so could you just tell us the total quantum of coal consumed piece as well?
- Pramod Menon:** Can I request you to kindly take it from the IR team, it's about 0.9 million as far as the Ratnagiri is concerned and as far as Vijayanagar was concerned which I remember it is 0.59.
- Anirudh Gangahar:** And just for one final clarification, you mentioned that auxiliary has not been out of sync from normative. Just looking at the CEA data for last quarter it seems the auxiliary is about close to 12%, maybe the numbers are incorrect, would you have the auxiliary for the last quarter for Barmer?
- Pramod Menon:** If you look at for the last half year I think we are in line with the normative.
- Moderator:** Thank you. Our last question is from the line of Deepak Agrawala from Elara Capital. Please go ahead.
- Deepak Agrawala:** Just one clarification I wanted. How much will be the debt number in the current liability?
- Pramod Menon:** If I can ask you to take it from the IR team because the total net debt of the company is as we have mentioned 15,589 crores.
- Deepak Agrawala:** Because this would include some liquid investments also that's the reason I was asking actually.
- Pramod Menon:** Yes liquid investments would have got reduced and the hard cash that we would have been holding that would also have got reduced.
- Moderator:** Thank you. Our next question is from the line of Girish Nair from BNP Paribas. Please go ahead.
- Girish Nair:** I just wanted to understand I believe that Power Grid is expected to bring in the second transmission line of connectivity for South India to the North. So once that comes let's say so beyond March 2016, do you expect the merchant realization to come down, do you see any pressure on that front?

- Sanjay Sagar:** Firstly I don't think the line is coming by March '16. I don't think the system is going to be stabilized by any time before mid-17 that's one. Secondly most of the capacity of these lines is tied up, already booked for the long-term contracts which Tamil Nadu and Kerala have already entered into couple of years back. So I don't see any capacity from these lines catering to the merchant space.
- Girish Nair:** But overall demand can be met by higher supplies even if it's coming under long-term so the demand for short-term could come down.
- Sanjay Sagar:** Well if the demand for short-term from Tamil Nadu does come down I don't really think it's going to impact our operations because we are not really supplying to Tamil Nadu or Kerala today.
- Girish Nair:** And the second question is, would it be possible for you to tell us what's the transmission revenue and the power traded revenue this quarter?
- Sanjay Sagar:** Can you take those details from IR please.
- Moderator:** Thank you. Ladies and gentlemen that was our last question. I now hand the floor back to Mr. Harsh Dole for closing comments. Over to you Sir.
- Harsh Dole:** Firstly I would like to thank the management for giving us the opportunity to host the call and thank you everyone to logging on to the call. I would like to hand over the mike to Subhra for his final remarks.
- Subhra Kanti Das:** Thanks for joining us today. In case you have any further queries like numbers, revenue, EBITDA for subsidiaries, please get in touch with us. We can clarify those questions. Thank you and talk to you in the next quarter.
- Moderator:** Thank you very much. Ladies and gentleman, on behalf of IIFL Capital Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.