



## **JSW Energy Ltd. gets Environment clearance for its 240 MW Kutehr Hydro Project**

The Board of JSW Energy Ltd at its meeting held today at Mumbai approved the Results for the first quarter of the fiscal year 2011-12, ended on June 30, 2011.

### **Key highlights for Q1' FY 2011-12 (consolidated)**

- Achieved COD for 3<sup>rd</sup> unit of 300 MW at Ratnagiri.
- Net Generation at 2422 MU's (1827 MU's in Q1, FY 2011)
- Total Income at Rs.1294 crores (Rs. 963 crores in Q1, FY 2011)
- EBITDA at Rs. 415 crores (Rs. 483 crores in Q1, FY 2011)
- Refinanced debt aggregating to Rs. 554 crores in the Company resulting in reduction in interest rate by 0.73%
- Environment Clearance received for 240 MW Kutehr Hydro Project.

### **Operational Performance**

The operational performance during the quarter was impacted mainly due to deferment of planned power procurement by distribution licensees, on-set of early monsoon and prolonged hearing on matter related to tariff fixation.

The Plant Load Factor (PLF) achieved during Q1, FY 2011-12 were as under:

- **Vijayanagar :-**

The units have achieved average PLF of 79.92% as against 99.44% in the corresponding quarter in the previous year. The lower PLF was due to shutdown taken in one unit of 300 MW, besides lower tie-up of power due to sudden decision of distribution companies in deferring the planned procurement of power with the on-set of early monsoon.



- Ratnagiri :-

The units operated at an average PLF of 64.73% during the quarter. The PLF was lower due to planned shutdown of 1<sup>st</sup> unit of 300 MW during May 2011, for about 20 days and reduced schedule from distribution companies despite having PPA / firm tie up. The heavy rains especially in Ratnagiri region also affected the operations adversely.

- Barmer :-

Two units of 135 MW operated intermittently upto 24<sup>th</sup> April 2011 on imported coal. However, in the absence of provisional tariff approval as also the provisional transfer price for supply of lignite by Barmer Lignite Mining Company Limited (BLMCL) to RajWest Power Limited (RWPL) by Rajasthan Electricity Regulatory Commission (RERC), the operations in the units remained suspended. The hearings on the aforesaid tariff petitions have concluded on July 12, 2011 and the order to RERC is expected shortly.

The Company achieved merchant sales of 1,750 million units during the quarter ended June 30, 2011. The merchant sale works out to 72% of Consolidated Net Generation as against 69% in the corresponding previous quarter. The increase is due to sale of additional power generated by the two new units of 300 MW each commissioned at Ratnagiri on merchant basis. The balance 672 million units were sold under long term PPAs.

The net generation from the different units were as under:

figures in million units)

	Q1, FY 11-12	Q1 FY 2010-11
Vijayanagar	1,385	1,728
Ratnagiri	988	NA
Barmer	49	99
<b>Total</b>	<b>2,422</b>	<b>1,827</b>



## **Financial Performance**

During the quarter, the company achieved a Total Income of Rs. 1,294 crores, EBITDA of Rs. 415 crores and Profit after Tax of Rs. 136 crores. The increase in the costs of fuel has impacted the margins during the quarter compared to the corresponding quarter of the previous year.

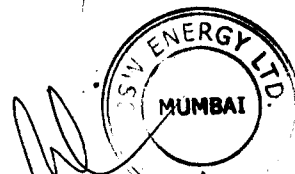
During the quarter the company has refinanced Rs. 554 crore of long term rupee debt at 10.50% p.a. against existing rate of 11.23% p.a. With the initiative taken by the Company, the average rate of interest has fallen down from 10.20% to 10.12% on standalone debt aggregating to Rs. 5,354 crores.

The consolidated net worth and consolidated debt as at June 30, 2011 was Rs. 5,805 crores and Rs. 9,722 crores respectively resulting in a consolidated debt equity ratio of 1:1.67

## **Fuel**

During the quarter, the fuel cost was at Rs.708 crores, an increase of 65% primarily due to increase in volume of generation, firm up of prices of imported coal and lower efficiency due to lower generation. We expect various measures adopted by the company to mitigate the rise in imported coal prices & reduce fuel costs to materialise upon stabilised operations in the coming quarters.

The Company has during the Quarter ended June 30, 2011 further acquired (through its wholly owned overseas step down subsidiary) an additional stake of 4.42 % in South African Coal Mining Holdings Limited (SACMH) which has resulted in its direct stake in SACMH going up to 34.79%. The company currently controls, directly and indirectly, 61.71% in SACMH as on June 30, 2011.



During the quarter, SACMH has sold 100,754 MT's of Coal at an average realisation of USD 118 per tonne.

The Company continues to evaluate various opportunities to secure the fuel requirements by acquiring coal mines overseas.

### **Projects Update:**

#### **a) Status of projects under Construction and Implementation**

##### **(4 X 300) 1,200 MW – at Ratnagiri, Maharashtra :-**

Unit 3 achieved commercial operations from May 9, 2011 while the Unit 4 is at an advanced stage of commissioning and expected to be synchronised shortly, upon which the entire 1,200 MW capacity at Ratnagiri will become fully operational. The total Project Cost including FGD is estimated at Rs. 5,700 crores and project expenditure incurred till June 30, 2011 is Rs. 5,002 crores.

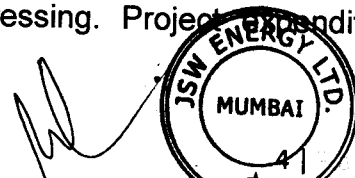
##### **(8 X 135) 1,080 MW – at Barmer, Rajasthan :-**

The 3<sup>rd</sup> & 4<sup>th</sup> Units have been successfully synchronised and are expected to be commissioned in Quarter 2, FY 2012. The remaining 4 Units are targeted to be commissioned in stages during FY 2012. The company has incurred project expenditure of Rs. 5,311 crores as of June 30, 2011 against an estimated cost of Rs. 6,085 crores.

The Government of Rajasthan has since granted their in-principle consent for the proposed expansion project of 270 MW (2 x 135 MW) at Barmer.

##### **(3 X 80) 240 MW – at Kutehr, Himachal Pradesh (HP) :-**

The Company has received the Environmental Clearance alongwith first stage forest clearance for this project. The process of land acquisition is underway. The negotiations for placement of orders are progressing. Project expenditure



(including premium paid to state government) spent till June 30, 2011 is Rs. 120.15 crores.

Jaigad Power Transco Ltd. (JPTL) :-

The work on 110 KM Jaigad – Karad transmission line is at the last mile and is expected to be commissioned by end July 2011. The Project Cost is appraised at Rs. 576 crores and an amount of Rs. 502 crores has been incurred till June 30, 2011.

Barmer Lignite Mining Co. Ltd (BLMCL) :-

The top layer of lignite has been exposed at a depth of about 60 meters. The order of RERC on determination of the provisional transfer price of lignite is expected shortly since the hearings scheduled on the petition have been concluded on July 12, 2011. It is expected that the lignite available from this block should be sufficient for the operations of about 4 units of 135 MW each at Barmer. Acquisition of land at Jalipa mine is at an advanced stage and is expected to be available in the next couple of months.

The Project cost is estimated at Rs. 1,800 crores and cost incurred till June 30, 2011 is Rs. 1,074 crores.

**(b) Projects under Development**

1320 MW Chattisgarh Project :-

Chattisgarh State Industrial Development Corporation (CSIDC) has made good progress on acquisition of land required for the project. It is expected that CSIDC would be handing over the possession of the land in the next couple of months. Meanwhile, work on securing the clearances is progressing satisfactorily.

1620 MW West Bengal Project :-

The initial work on Phase I – Project of 300 MW is progressing well. The order for major equipments for the project is expected to be placed by end of September 2011. The Power would be mainly for supply to JSW Steel Ltd. for their



proposed integrated steel complex on Long Term basis as captive consumer. PPA has been executed with West Bengal State Electricity Distribution Co. Ltd. (WBSEDCL) for supply of power upto 40% from the proposed 1,320 MW power project (Phase II) as per the PPA terms approved by West Bengal Electricity Regulatory Commission (WBERC).

The exploration activity along with 3D HRSS (High Resolution Seismic Survey) for the associated coal mine has since been completed. Upon the receipt of the final report, application for approval of mining plan and related consents will be submitted.

### **Outlook**

While the pace of capacity addition has been robust with the participation of the private sector, the challenges in the sector act as hurdles in achieving the true potential. There is an urgent need to address the concerns plaguing the sector to sustain the investment and growth momentum of this critical sector for sustained economic growth. The margins on merchant sales are expected to be under pressure as the deferment of power procurement is expected to keep the merchant tariff uncertain. However, the imported coal prices are now showing some signs of decline.

We expect that a sustained thrust on progressive reforms as envisaged in the Electricity Act, 2003 by the Government of India, will provide the right impetus to ensure a sustainable growth of the Power sector as also the economy as a whole, in the times to come.

### **About JSW Energy Ltd**

JSW Energy Limited, part of the JSW Group, is a growing energy company. The Group has diversified interests in mining, carbon steel, power, industrial gases, port facilities, aluminium, cement and information technology. JSW Energy is working on power solutions in the states of Karnataka, Maharashtra, Rajasthan and Himachal Pradesh. The Company has the operational capacity of 2030 MW, apart from 1,110 MW of generating capacity under construction. By 2016, the Company aims to



generate 12,070 MW. The Company is an early entrant in the Power Trading and Power Transmission business and plans to enter into power distribution business, generation through non-conventional energy sources and tie-ups with well known equipment manufacturers and suppliers. It is working towards building a full service integrated energy business.

### **Forward looking and Cautionary Statement**

*Certain statements in this release concerning our future growth prospects are forward looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition within Power Industry including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, our ability to manage our internal operations, reduced demand for Power, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which – has made strategic investments, withdrawal of fiscal governmental incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, unauthorized use of our intellectual property and general economic conditions affecting our industry. The company does not undertake to update any forward looking statements that may be made from time to time by or on behalf of the company.*

