



Financial Capital

At JSW Energy, financial strength is an essential factor that facilitates us in being a resilient organisation in a dynamically changing environment. It also grants us the capabilities to capitalise on the growing opportunities in an energy aspirational India. During FY22, we achieved strong growth in our revenues, rationalised costs and delivered better returns to shareholders.

Efficient management of our Financial Capital helps us in ensuring continuity of our business operations, achieve our business objectives effectively and generate stakeholder value.

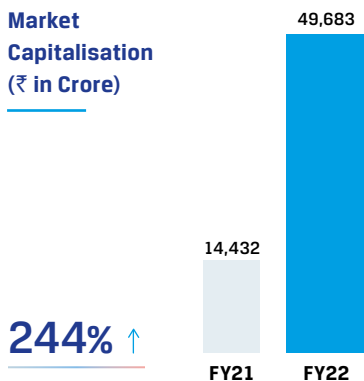
<p>Description of the Capital</p>	<p>This describes the financial resources the Company already has or obtains in the capital markets.</p>
<p>Management Approach</p>	<p>We create value through sustainable growth.</p>
<p>Significant Aspects</p>	<ul style="list-style-type: none"> • Balanced and diversified growth • Strong financial structure • Operational excellence • Sustainable results • Regular dividends



Key Performance Indicators	Material Topics	Strategy Linkage
<ul style="list-style-type: none"> Growth in EBITDA Growth in PAT 	<ul style="list-style-type: none"> Sourcing of raw materials Energy efficiency Supply chain management Risk management Talent attraction and retention 	<p>S02 Leveraging our time-tested business model</p> <p>S03 Capitalising on a strong balance sheet</p> <p>S05 Ensuring efficient operations of our existing assets</p> <p>S06 Nurturing our workforce</p>

By generating strong operating cash flows and maintaining an optimal capital structure, our key focus is to improve our shareholders' returns. To further preserve and grow value for our stakeholders, we actively focus on maintaining a prudent financial management system and significantly enhancing our operational performance. By securing and managing our cash flows, we gain adequate funding opportunities, which meets our operating needs and strategic objectives.

Market Capitalisation
(₹ in Crore)





Pursuing Value Accretive Growth

During the year, we recorded one of the strongest balance sheets in the power sector in India with best-in-class financial metrics. The large balance sheet headroom helped us pursue growth opportunities.

Our Net Worth increased to ₹ 17,415 crore vis-à-vis ₹ 14,507 crore. Net Debt to Equity Ratio further improved to 0.40x from 0.43x a year ago, while Net Debt to EBTIDA stood at 1.68x vis-à-vis 1.97x at the end of the previous financial year, making us well-positioned to pursue future growth opportunities. Credit ratings from rating agencies were healthy and provided access to diverse pools of liquidity. A credit rating upgrade to 'AA/Stable' by India Ratings reiterated our 'sector-leading' credit risk profile. A rating of AA- from Brickwork Ratings indicated a positive outlook.

Our balance sheet and liquidity remain robust, keeping us well-positioned to navigate challenging circumstances. During the year, total revenue at ₹ 8,736 crore was up 22% on a YoY basis from ₹ 7,160 crore in the previous year. Profit After Tax (PAT) increased 117% to be the highest ever at ₹ 1,729 crore, from ₹ 795 crore in the previous year. Our weighted average cost of debt, which has been on a steady decline since the past two years, further declined to 7.74% from 8.21% earlier. EBITDA surged to ₹ 4,138 crore, up 32% from ₹ 3,144 crore in the previous year. During the year, the Board recommended a dividend of ₹ 2.00 per equity share.

Healthy internal accruals and financial flexibility are expected to support long-term growth. Gross cash accruals upwards of ₹ 2,900 crore per annum indicated steady operations and robust financials. Strong liquidity led to a healthy cash balance of ₹ 1,929 crore. Net debt increased with growth capex, while our strong cashflows continued to support balance sheet. Net debt increased to ₹ 6,963 crore as on 31st March, 2022, compared with ₹ 6,206 crore as on 31st March, 2021. Also, during the year, the Company raised USD 707 million maiden Green Bond at JSW Hydro Energy, the largest for any hydro asset in Asia.

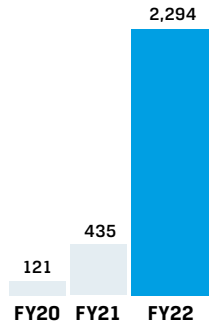
The plant operations ran smoothly and completely adhered to the necessary safety measures. Net power generation was higher by 4% year-on-year at 20,787 MU from 19,990 MU in the earlier year, which supported higher thermal generation which grew 6% at 15,251 MU from 14,350 MU in FY 2020-21. Renewable generation declined marginally at 5,535 MU from 5,641 MU. Notwithstanding the high efficiency levels that have been reached, the Company believes that there is still a margin for improvement, helped by investments in digitalisation and innovation. The implementation of best practices in all areas will allow for additional savings and an increase in synergies at the enterprise level.



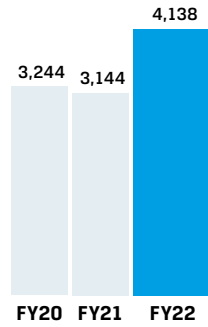


Delivering Value to Stakeholders

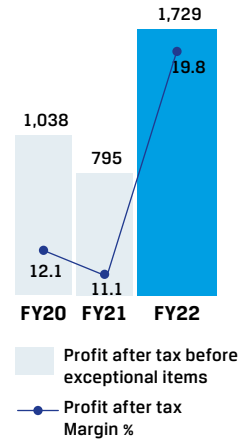
Capex (₹ in Crore)



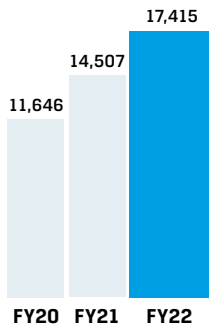
EBITDA before exceptional items (₹ in Crore)



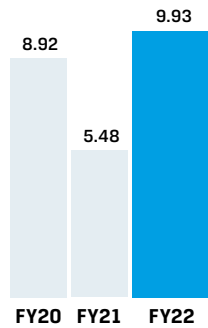
Profit after tax before exceptional items (₹ in Crore)



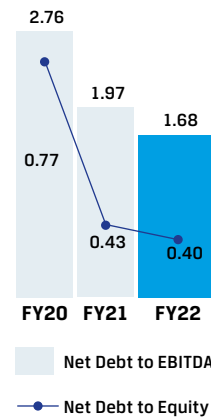
Networth (₹ in Crore)



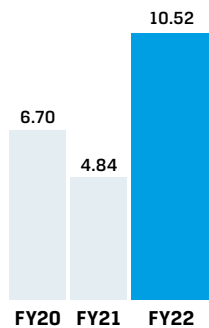
Return on Equity (%)



Net Debt to EBITDA & Net Debt to Equity



Earnings Per Share (₹)



Growing revenues through

- Prudent capital allocation
- Prudent bidding
- Efficient cost management

Strengthening balance sheet by

- Efficient working capital management
- Pursuing growth with low cost debt

Issuance of Green Bonds

We intend to be a sustainable growth company by becoming a Net-Zero company well before 2050. Green financing is one of our key pillars to achieve this objective due to the inherent leanings of the company in building renewable assets. JSW Hydro Energy has raised funds through the issuance of green bonds for its Hydro power plants. Green Bonds were issued in FY 2021-22 and are likely to be tapped in the future too.

As part of its broader sustainability strategy, JSW Hydro Energy has established a Green Bond Framework, the purpose of which is to have a single robust

methodology in place for all the future Green Bonds, ensuring that for each instrument issued the principles of this Framework apply. The Framework is aligned with the ICMA Green Bond Principles ("GBP", 2018), which are a set of voluntary guidelines that recommend transparency and disclosure and at the same time promote integrity in development of a sustainable finance market. The instrument has proved effective for JSW Energy to collate its investments for clean energy projects.

The Framework is presented through the following key pillars:

- **Use of Proceeds:** JSW Hydro Energy will refinance river hydropower green projects where an amount equal to the net proceeds raised through any green bonds will be allocated to the financing and refinancing of these eligible Green Projects.
- **Process for Project Evaluation and Selection:** The evaluation and selection process ensures net proceeds are allocated to projects that meet the set criteria. JSW has established a Green Bond Committee with representation from Finance and Accounts and Sustainability teams which will meet annually for the assessment of Eligible Green Projects.

The Committee will govern the process and is responsible for:

Evaluating the compliance of proposed projects

- Approving the inclusion of pre-selected Eligible Green Projects in our Green Project Portfolio. The Committee has full discretion to object the inclusion of any project
- Monitoring and managing the Green Project Portfolio and corresponding Green Bond net proceeds through a virtual register which captures the initial and continued assignment of Eligible Green Projects to the Green Project Portfolio
- Replacing projects that no longer meet the Eligibility Criteria or due to any divestments
- Observing developments in the sustainable financing markets and approving updates in the Framework to reflect changes in corporate strategy or market developments
- Process to mitigate environmental and social risks stemming from eligible projects





JSW Hydro's environmental and social risk assessment process ensures that the hydropower projects undergo a formal Environmental Impact Assessment (EIA), stakeholder consultations, preparation of an Environmental Management Plan and receives an environmental clearance from the appropriate authority in line with the requirements of the relevant regulations as formulated by the national Ministry of Environment and Forestry.

- **Management of Proceeds**

JSW Hydro Energy will establish a Green Project Portfolio and track the allocation of net proceeds from any Green Bonds issued to Eligible Green Projects. All Eligible Green Projects must meet the Eligibility throughout the term of the Green Bonds. If an Eligible Green Project ceases to fulfil the Eligibility Criteria or exit our portfolio, JSW Hydro Energy will, on a best effort basis, substitute the project as soon as reasonably practicable.

- **Reporting**

JSW Hydro Energy is committed to be as transparent as possible and will publish a Green Bond Report including allocation and impact reporting which will be publicly available on our investor relations page at (<https://www.jsw.in/energy>) within one year from the issuance of any Green Bonds and update annually until full allocation.

- **External Review**

JSW Hydro Energy has engaged an external verifier to review the Green Bond Framework. The independent Second Party Opinion (SPO) on the Framework's environmental credentials and its alignment with the Green Bond Principles has been received by Sustainalytics. The independent SPO is published on our investor relations website at (<https://www.jsw.in/energy>).