



# SECTION 3

OUR CAPITAL-WISE  
VALUE-CREATION  
APPROACH



This section depicts our balanced approach of the six-capital model to harness the value of our people, relationships, knowledge and processes to move closer to achieving Sustainable Development Goals, and ensure holistic and sustainable value for all stakeholders.

Value has a broader meaning today. Through the six-capital approach, we build an integrated approach to balance our resources and think holistically; we describe, monitor and measure our capitals; and showcase how we strengthen our value creation journey.

102 Financial Capital

---

106 Manufactured Capital

---

112 Human Capital

---

122 Social & Relationship Capital

---

132 Natural Capital

---

138 Intellectual Capital

---

142 Management Discussion and Analysis

---

162 Business Responsibility and Sustainability Report

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## Financial Capital



At JSW Energy, efficient management of Financial Capital ensures smooth continuity of business operations and facilitates us in achieving our business objectives effectively and also generating stakeholder value. During FY 2023, we achieved the second best-ever adjusted EBITDA and adjusted PAT (adjusted for one-offs), becoming even more resilient as an organisation in a dynamically changing environment and delivering enhanced returns to our shareholders.

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

Key Performance Indicators	Material Topics	Strategy Linkage
Growth in PAT	Sourcing of raw materials	<b>S02</b> Leveraging our time tested business model
Growth in EBITDA	Energy efficiency	<b>S03</b> Capitalising on a strong balance sheet
	Supply chain management	<b>S05</b> Ensuring efficient operations of our existing assets
	Risk management	<b>S06</b> Nurturing our workforce
	Talent attraction and retention	

**Growing our revenues through**

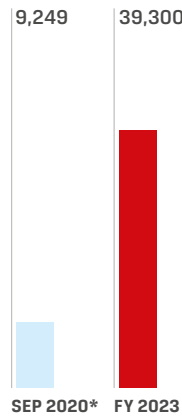
- Prudent capital allocation
- Prudent bidding

**Strengthening balance sheet by**

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

**Market Capitalisation**

(₹ in crore)



~78%

CAGR since the announcement of first green project

\* Secured first green project under SECI IX

Our constant focus is to improve returns to our shareholders by securing and managing strong operating cash flows and maintaining an optimal capital structure. We maintain a prudent financial management system and significantly enhance our operational performance to further preserve and grow the value we deliver to our stakeholders.



## Pursuing value accretive growth

In FY 2023, the Company demonstrated a stellar performance as Total Revenue increased 24% YoY at ₹ 10,867 crore, compared to ₹ 8,736 crore a year earlier. This can be attributed to higher realisation and an increase in renewable energy capacity. As a key achievement, the Company registered the second-highest ever adjusted EBITDA at ₹ 3,817 crore, which increased by 8% YoY. It also registered the second-highest adjusted PAT of ₹ 1,358 crore, which grew by 15% YoY. While, the reported PAT for FY 2023 stood at ₹ 1,478 crore.

Consolidated NetWorth and Proforma\* Net Debt (Including Mytrah Debt) stood at ₹ 18,629 crore and ₹ 22,180 crore, which resulted in a Proforma Net Debt-to-Equity ratio of 1.2x and Proforma Net Debt-to-EBITDA ratio of 4.4x. Cash generation continued to be strong with Cash PAT of ₹ 2,570 crore, up 7% YoY compared to ₹ 2,395 crore a year ago, in line with EBITDA growth. Liquidity continued to be strong with a cash balance of ₹ 4,627 crore. Finance Cost increased to ₹ 844 crore vis-à-vis ₹ 777 crore in the earlier financial year owing to additional borrowings



\* Proforma includes 30 SPVs of Mytrah Portfolio comprising of 1,753 MW

and increase in weighted average cost of debt with the rising interest rates cycle. The Board declared a dividend of ₹ 2 per share for FY 2023.

## Well-positioned to deliver future growth

JSW Energy has one of the strongest balance sheet in the energy sector, with best-in-class financial metrics and a headroom to pursue value accretive growth opportunities. Given the backdrop of strong balance sheet, a profitable cash generative operating portfolio and robust liquidity, JSW Energy is well positioned to pursue its growth aspirations. Stable cash flow generation is sufficient to drive its current growth plans, with no requirement for equity raising to deliver future growth. Also, the acquisition of Mytrah Energy renewable assets with 1,753 MW installed capacity is value accretive right from the start. Healthy internal accruals and financial flexibility is also expected to support long-term growth.

## Increasing efficiency at Plant Operations

All our manufacturing plants adhered fully to the necessary safety measures (Zero LTIFR) and ran smoothly during the year. Net Generation increased to 21.9 BUs from 20.8 BUs in the last year. The growth of 5% was driven by higher Plant Load Factor of thermal power plants and capacity addition in renewable energy. Despite already high efficiency levels that have been reached, the Company believes there is room for further margin improvement, aided by digitalisation and innovation. Also, following best practices across all operations will further lead to additional savings and increase synergies.

## Strategy 2.0 (2023-30)

Building on its earlier strategy, JSW Energy unveiled Strategy 2.0, pivoting towards being an Energy Products & Services Company in addition to reaching 20 GW generation capacity by FY 2030. This included achieving capacity of:

- 3.8 KTPA Green Hydrogen by FY 2025
- 1 GW Wafer-Cell-Module manufacture by FY 2025
- 40 GWh / 5 GW Energy Storage by FY 2030

The revised growth strategy also focusses on enhancing cash returns to drive significant increase in EBITDA and PAT till 2030. The revised EBITDA and PAT targeted in 2030 is 25% higher from the earlier target communicated in FY 2021. In addition, Net Debt to EBITDA during this period is expected to be in the range of 3.5x-4.0x.

## Delivering Value to our Stakeholders

CORPORATE OVERVIEW

SERVING STAKEHOLDERS

CAPITALS AND MD&A

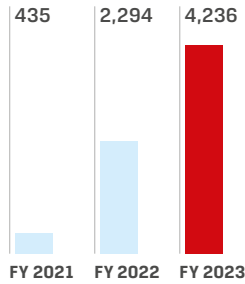
STRATEGIES FOR GROWTH

BUILT ON GOVERNANCE

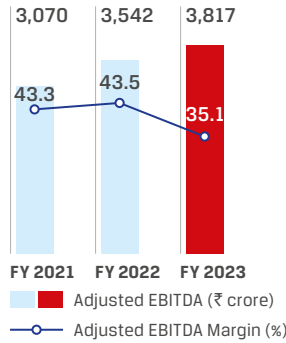
FINANCIAL STATEMENTS

SUPPORTING INFORMATION

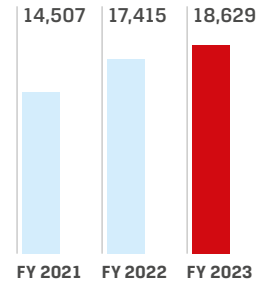
### Capex (₹ crore)



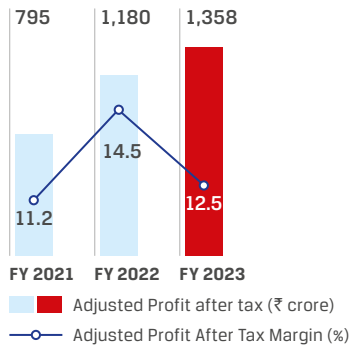
### Adjusted EBITDA\*



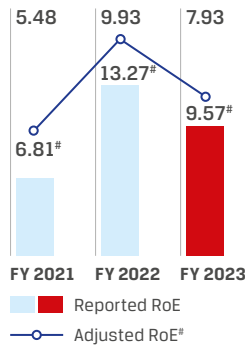
### Net Worth (₹ crore)



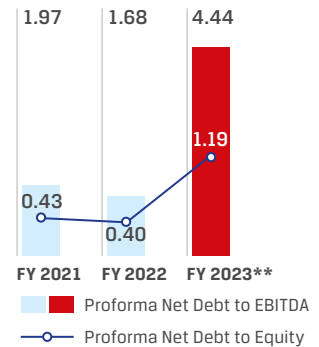
### Adjusted Profit after Tax



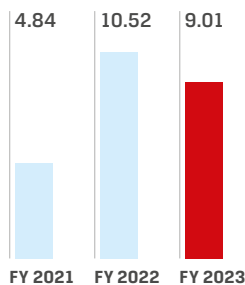
### Return on Equity (%)



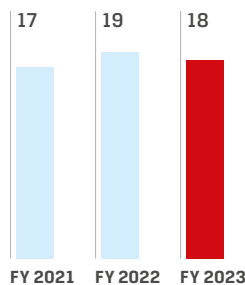
### Net Debt to EBITDA and Net Debt to Equity



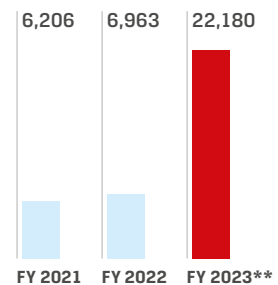
### Earnings Per Share (₹)



### Cash Profit to Adjusted Net Worth (%)



### Net Debt (₹ crore)



## Driving significant increase in EBITDA and PAT till 2030

**6.0x-6.5x**

increase in 2030 EBITDA from FY 2021 EBITDA

**7.0x-7.5x**

increase in 2030 PAT from FY 2021 PAT

**3.5x-4.0x**

Net Debt / EBITDA in 2030 vs. 4.4x in FY 2023 on Proforma basis

\* EBITDA adjusted for one-offs

\*\* Proforma includes 30 SPVs of Mytrah portfolio comprising of 1,753 MW

# Adjusted for shares of JSW Steel held by the Company & dividend thereof