



JSW ENERGY LTD ACHIEVES COD OF 4TH UNIT AT BARMER

The Board of JSW Energy Ltd at its meeting held today at Mumbai approved the Results for the quarter ended and nine months ended December 31, 2011.

Key highlights:

- Unit 4 of 300 MW achieved Commercial Operation Date (COD) on October 16, 2011 at Ratnagiri.
- Unit 3 and Unit 4 of 135 MW each achieved COD on November 7, 2011 and December 4, 2011 respectively, at Barmer.
- 110 KM Jaigad – Karad transmission line has been commissioned on December 2, 2011
- Net generation 8976 million units (6003 million units in 9M, FY 2011)
- Total Income at ` 4038 crores (` 2855 crores in 9M, FY 2011)

Operational Performance (Consolidated)

The operational performance for the quarter improved notably with the company registering the highest quarterly net generation of 3965 million units. The operations at all the units registered improved plant load factors during the course of the quarter, however the operating cost continued to remain high on the back of steep depreciation of the Indian rupee against US dollar.

The Plant Load Factor (PLF) achieved during Q3, FY 2011-12 were as under:

- Vijayanagar: The units have achieved average PLF of 85% as against 94% in the corresponding quarter of previous year. The PLF was lower primarily due to advanced plant maintenance of the unit undertaken in October 2011.

- Ratnagiri: The entire 1200 MW power project was fully implemented with the COD of 4th unit of 300 MW on October 16, 2011. The units operated at an average PLF of 83%, against an average PLF of 73% in the corresponding quarter of previous year.
- Barmer –Pursuant to the adhoc interim order of the Rajasthan Electricity Regulatory Commission (RERC), the first 2 units resumed operations from October 12, 2011. Subsequently, additional two units of 135 MW each achieved COD during the quarter and with this the aggregate operating capacity is at 540 MW. All the units are being operated on lignite supplied by BLMCL from the Kapurdi mines. The units operated at an average PLF of 74%, as against an average PLF of 61% in the corresponding quarter of previous year.

In order to ensure effective plant utilisation, Company had entered into banking arrangement for about 286 million units for certain period in the previous quarter. During the quarter, 243 million units were received back under the above banking arrangement and the same was sold on merchant basis. The balance banked power will be available for sale during the next quarter (Q4 FY 12) in tranches.

During the quarter, the company has received about 27 million units under a banking arrangement and these have been sold by the company. The banked power will need to be returned back by the Company during the period of July to August 2012, which coincides with the monsoon season, a period of weak demand for power.

Under the Conversion Agreement 257 million units have been generated during the quarter.

The Company achieved short term sales of 2,794 million units during the quarter ended December 31, 2011 as against 1,596 million units sold in the corresponding quarter of the previous year. The company sold 1,184 million units under long term PPA besides generating 257 million units on conversion basis as against 800 million

units sold under long term PPA during the corresponding quarter of the previous year.

The net generation from the different units were as under:

(figures in million units)

	Q3, FY 11-12	Q3 FY 2010-11
Vijayanagar	1486	1651
Ratnagiri	1921	438
Barmer	558	307
Total	3965	2396

Fuel

The performance of the company was impacted due to the increased cost of imported fuel. The impact of slight moderation in the index prices of imported coal as also measures initiated for enhanced usage of low calorific coal during the quarter were completely wiped out due to the steep depreciation of Indian currency against the US dollars. The fuel cost during the quarter was ₹ 1065 crores, an increase of 67% over the corresponding quarter of the previous year primarily due to increase in the landed cost of imported fuel and increase in the generation capacity. The Company, however, is pursuing various alternatives to reduce cost of imported coal.

South African Coal Mining Holding (Pty) Ltd (SACMH):

During the quarter, SACMH has mined 2,43,780 tonnes of raw coal from the existing block and sold 111,263 tonnes at an average realisation of USD 118 per tonne. The margin continued to remain under pressure due to high stripping ratio besides transportation bottlenecks resulting in higher logistics cost.

Financial Performance (Consolidated)

During the quarter, the Company achieved a Total Income of ₹ 1,769 crores, an increase of 64% over the total income for the corresponding quarter of previous year, EBITDA of ₹ 378 crores, declined by 2% over the corresponding quarter of the previous year due to contraction in margins resulting from lower tariff realisation and increased fuel cost. The Company has incurred a Loss after tax during the current quarter of ₹ 83 crores, primarily due to foreign exchange losses, under recovery of the fixed costs at the adhoc interim tariff provided for the Barmer project and increase in interest and depreciation due to commissioning of additional capacities.

The Company has considered the unrealised Foreign Exchange loss of ₹ 138 crores, as an exceptional item of expenses during the quarter, due to the unusual and steep depreciation in the value of the Indian Rupee against US Dollar.

During the nine months ended December 31, 2011, the company achieved Total Income of ₹ 4038 crores, EBITDA of ₹ 982 crores and incurred Loss after Tax of ₹ 55 crores.

The consolidated net worth and consolidated debt as at December 30, 2011 was ₹ 5,611 crores and ₹ 9,912 crores respectively resulting in a consolidated debt equity ratio of 1.77 times.

Key Developments

- a) The board of the company has considered, subject to necessary consents, to divest the entire holdings in JSW Energy Bengal Ltd. (JSWEBL), in favour of JSW Bengal Steel Ltd. (JSWBSL) to enable JSWBSL to set up the captive power plant. Accordingly, the Phase – I of 300 MW is now proposed to be set up by JSWBSL through its wholly owned subsidiary. The Company holds 74% equity of JSWEBL represented by 37,000 equity shares of ₹ 10 each aggregating to ₹ 3,70,000/-.

- b) Pursuant to the Open Access consent for Self Use granted by Maharashtra State Electricity Distribution Company Ltd. (MSEDCL), the Company has

commenced supply of 220 MW power to its captive user, JSW Ispat Steel Ltd., from January 19, 2012.

Projects Update:

a) Status of projects under Construction and Implementation

(4 X 300) 1,200 MW – at Ratnagiri, Maharashtra

All the units at Ratnagiri have been put into operation pursuant to the successful COD of Unit 4 on October 16, 2011. The implementation of the FGD is progressing on schedule in compliance with the conditions stipulated by MOEF. The project cost (including FGD) is estimated at ` 5,700 crores and project expenditure incurred till December 31, 2011 is ` 5,238 crores.

(8 X 135) 1,080 MW – at Barmer, Rajasthan

The work on the balance 4 units is expected to be completed by June 2012 in phases. The project implementation has faced immense challenge on availability of required manpower on sustained basis due to the extreme & harsh climatic conditions. The project cost estimated is ` 6,865 crores and project expenditure incurred till December 31, 2011 is ` 6,179 crores.

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

(3 X 80) 240 MW – at Kutehr, Himachal Pradesh (HP)

The land acquisition for the project is progressing satisfactorily. While the necessary clearances are awaited, the processing of documents for placement of orders is also on schedule. Project expenditure (including premium paid to state government) spent till December 31, 2011 is ` 124 crores.

Jaigad Power Transco Ltd.

110 KM Jaigad – Karad transmission line has been commissioned on December 2, 2011, thus achieving completion of entire project. Despite the challenging topography and difficult site conditions, the project has been completed in a record time of less than 39 months. The Project Cost is appraised at ₹ 576 crores and as at December 31, 2011 an amount of ₹ 546 crores has been incurred.

Barmer Lignite Mining Co. Ltd (BLMCL).

The Kapurdi mines commenced operations from October 10, 2011, upon the transfer of mining lease in favour of BLMCL as also the grant of adhoc interim order by RERC on the transfer price of lignite to Barmer power project. BLMCL has supplied 0.71 million tonnes of lignite during the last quarter. BLMCL has paid the entire amount for acquisition of land for Jalipa mines to RSMML and the acquisition is in the process of being completed by the government. The project cost is estimated at ₹ 1,800 crores (comprising of both Kapurdi & Jalipa mines) and cost incurred till December 31, 2011 is ₹ 1,190 crores.

(b) Projects under Development

1320 MW Chattisgarh Project

The land acquisition for the project initiated by Chattisgarh State Industrial Development Corporation (CSIDC) is progressing satisfactorily. The requisite clearance for the project in terms of forest and environmental approvals are also awaited. Designing and engineering related to various aspects of the project have also commenced.

1320 MW West Bengal Project

The Company has already entered into PPA with West Bengal State Electricity Distribution Co. Ltd. (WBSEDCL) for off-take of power from the proposed Phase 2 of 1320 MW. Since, the first Phase of the project is now scheduled to be implemented by JSWBSL through its subsidiary; work on the Phase 2 of 1,320 MW is expected to be taken up shortly.

Outlook

The domestic growth is expected to moderate as the steps initiated to contain inflation have started to have a bearing on the overall economic activity and growth. With the Euro zone involved in tackling the economic crisis in their region, slow recovery witnessed in the US, Japanese economy recovering from the shocks of natural calamity and emerging economies in the grip of slowing growth, the forecast of global economic growth for 2012 continues to look weak. Despite these trends, the global thermal coal prices have remained largely firm with minor corrections primarily due to anticipated increase in demand for the thermal coal from the Indian subcontinent. While, the domestic coal availability is expected to take time to improve, the growing fuel needs of the domestic power sector is likely to exert pressure on imported coal prices. Further, the significant depreciation of the Indian currency has resulted in increase of imported products including coal. The continued weakness of the distribution entities may not provide them with the required financial flexibility to procure power to meet the power deficits. The margins are expected to improve upon the softening of imported coal prices, reversal of the steep currency depreciation and improved fiscal health of the distribution licensees.

The government is inclined to comprehend issues encountered by the sector and work towards resolving the issues to enable the sector to sustain, develop and grow. Timely policy interventions will enable the sector to contribute immensely in a gainful manner for sustained economic growth of the Country.

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 2600 MW, apart from 540 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.

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