

Financial Results for the Quarter ended June 30, 2019

Mumbai, India: JSW Energy Limited (“JSW Energy” or the “Company”) today reported its results for the first quarter (“Q1FY20” or the “Quarter”) ended June 30, 2019.

Key Highlights of Q1FY20 (Consolidated):

- Commenced power supply from Vijayanagar plant to Telangana under 300 MW short term PPA
- Added 41 MW under long term PPA (LT PPA) at Ratnagiri plant under Group Captive scheme increasing the consolidated LT PPA proportion to 81.4%
- Commissioned 18 MW thermal power plant at Nandyal with LT PPA tied under Group Captive scheme
- The Board has approved the raising of long term funds upto ₹2,500 Crore, through issuance of Redeemable NCDs by way of a Private Placement
- Proposed acquisition of 1000 MW Tamnar thermal power plant from Jindal Steel and Power Ltd terminated due to elapsing of long stop date without completion of stipulated conditions precedent
- The Company’s Vijayanagar plant won the ‘Shining Glory Award’ from Green Maple Foundation for contributions in Environmental Management
- JSW Energy (Barmer) Ltd won the ‘Shining Glory Award’ from Green Maple Foundation for contributions in Business Excellence and Women Empowerment



Consolidated Operational Performance:

During the quarter, consolidated deemed PLF was 69.0% as against 69.8% in the corresponding quarter of previous year.

PLF achieved during Q1FY20 at various locations/plants are furnished below:

- **Vijayanagar:** The plant achieved an average PLF of 38.2% vis-a-vis 55.4% in the corresponding quarter of previous year due to lower short term power sales.
- **Ratnagiri:** The plant operated at an average deemed PLF of 83.6% as against an average deemed PLF of 85.5% in the corresponding quarter of previous year due to lower short term sales.
- **Barmer:** The plant achieved an average deemed PLF of 80.8% as against 86.2% in the corresponding quarter of previous year.
- **Himachal Pradesh:** The plants achieved an average PLF of 66.3% for the quarter vis-à-vis 51.2% in the corresponding quarter of previous year due to better water availability in Sutlej basin.
- **Solar:** The plants at Nandyal and Salboni achieved average CUF of 22.4% and 18.3% respectively during the quarter.

The net generation at different locations/plants is furnished below:

(Figures in Million Units)

Location/ Plant	Q1FY20	Q1FY19
Vijayanagar	662	960
Ratnagiri	1,954	2,032
Barmer	1,379	1,651
Himachal Pradesh	1,868	1,443
Solar	4	-
Total	5,867	6,086



Short term sales during the quarter were lower at 722 million units as compared to 1,147 million units in Q1FY19 primarily due to lower short term sales at both Vijayanagar and Ratnagiri.

Consolidated Financial Performance Review and Analysis:

During the quarter, total revenue increased by ~1% on a YoY basis to ₹2,464 Crore from ₹2,428 Crore in the corresponding quarter of previous year.

The fuel cost for the quarter decreased by 2% YoY to ₹1,366 Crore, largely due to moderation in the imported coal prices.

EBITDA for the quarter was ₹861 Crore as against ₹844 Crore in the corresponding quarter of the previous year, an increase of ~2%.

Finance costs declined to ₹270 Crore from ₹313 Crore in the corresponding quarter of previous year, attributable to proactive debt repayment/prepayment.

The Company's Net Profit stood at ₹244 Crore vis-à-vis ₹229 Crore in the corresponding quarter of previous year. Total Comprehensive Income of the Company for the quarter stood at ₹104 Crore as against ₹470 Crore in the corresponding period of previous year.

The Consolidated Net Worth and Consolidated Net Debt[^] as on June 30, 2019 were ₹11,928 Crore and ₹10,221 Crore respectively, resulting in a Net Debt[^] to Equity ratio of 0.86x.

[^]excludes short term working capital debt/acceptances



Business Environment:

In Q1FY20, India's power demand growth improved to 6.7% YoY as compared to 5.1% in Q1FY19 and 1.6% in Q4FY19, majorly attributable to delayed monsoon. Excluding East, all other regions witnessed a sharp uptick in demand YoY.

Commensurate with demand, overall power generation growth was robust at 7.4% in Q1FY20 on a YoY basis, driven by healthy Renewable (+18.5%) and Hydro (+25.3%) generation growth. PLF for Thermal segment was marginally higher at 62.8% in Q1FY20 vis-à-vis 62.2% in the corresponding quarter of last fiscal, primarily due to increase in private sector PLF.

On the supply side, installed capacity stood at 358.3 GW as on June 30, 2019. In Q1FY20, installed capacity increased by 2.2 GW led by Renewable segment (+2.15 GW). Thermal capacity increased by 45 MW during Q1FY20.

During the quarter, the average merchant power prices at IEX stood at ₹3.29/unit. This was ~4% higher on QoQ basis, however, ~20% lower on a YoY basis.

In Q1FY20, average value of INR against USD appreciated ~1% on a QoQ basis and depreciated ~4% YoY. Going forward, the stance of the US Federal Reserve, trends in crude oil prices, global growth and resolution of global trade related concerns will be the driving factors for INR. The average API 4 Coal Index witnessed a sharp decline of 20% on a QoQ basis and of 34% on a YoY basis in Q1FY20.

Outlook:

As per the Monetary Policy Committee of India (MPC), global growth is on a decelerating trend on account of elevated US-China trade tensions and tight global



financial conditions. Crude oil prices continue to be volatile reflecting evolving demand-supply conditions and geo-political tensions, and thus remain a key global concern especially for emerging markets like India.

On the domestic front, real Gross Domestic Product (GDP) growth further moderated to 5.8% in the fourth quarter of FY19, the lowest in last six quarters (8.2%/7.1%/6.6% in the first/second/third quarter respectively). This was majorly attributable to subdued growth in the agricultural and manufacturing sectors. However, the decisive mandate to the incumbent Government in the recently held general elections is expected to expedite the implementation of various reforms which should augur well for economic growth, going forward.

The inflation trend continues to be benign, albeit susceptible to volatile crude oil prices. In line with this, MPC further reduced the key policy rate by 25 bps in its second Bi-monthly Monetary Policy in FY20 and changed the monetary policy stance from Neutral to Accommodative. This was the third consecutive rate cut from MPC.

Power demand over the next 3 to 5 years is expected to improve backed by rapid urbanization and various schemes undertaken by the Government such as “Power for All”, “24 x 7 Power”, and SHAKTI. The country almost achieved universal household electrification in FY19 which should unlock the latent power demand from rural India. On the supply side, capacity addition is shedding momentum and with the retirement of old and inefficient thermal plants, demand-supply environment should become more balanced over the medium-term. This bodes well for existing thermal plants wherein we should see the PLFs inching up. The sector is also likely to see increased consolidation with several stressed power



assets available at attractive valuations. RBI's new prudential framework is a positive development, aimed at expeditious resolution process. However, volatility in imported coal prices and merchant prices, and domestic coal availability especially for private sector power plants continue to remain key concerns for the sector.

ABOUT JSW ENERGY LTD

JSW Energy Ltd is one of the leading private sector power producers in India and part of the USD 14 billion JSW Group which has significant presence in sectors such as Steel, Energy, Infrastructure, Cement, and Sports among others. JSW Energy has established its presence across the value chains of power sector with diversified assets in power generation, transmission and mining. With strong operations, robust corporate governance and prudent capital allocation, JSW Energy continues to deliver sustainable growth and create value for all stakeholders. JSW Energy began its commercial operations in FY'2000, with the commissioning of its 2x130 MW thermal power plant at Vijayanagar. Since then, the company has steadily enhanced its power generation capacity from 260 MW to 4,559 MW and has a portfolio of Thermal (3,158 MW), Hydel (1,391 MW) and Solar (10 MW), ensuring diversity across geographies, fuel sources and power off-take arrangements. JSW Energy is committed to pursue growth opportunities in the power and related businesses and contribute to powering our nation.



Forward Looking and Cautionary Statements:

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.

Media contact

Mithun Roy
+91 98190 00967
mithun.roy@jsw.in
JSW Group

Frederick Castro
+91 99206 65176
frederick.castro@jsw.in
JSW Group

