

Financial Results for the Quarter ended June 30, 2020

**Mumbai, India:** JSW Energy Limited (“JSW Energy” or the “Company”) today reported its results for the first quarter (“Q1FY21” or the “Quarter”) ended June 30, 2020.

Key Highlights of Q1FY21 (Consolidated):

- Amidst Covid-19 situation, the Company’s plant operations continue to run smoothly, while ensuring adherence to necessary safety measures and maintaining adequate liquidity, well positioned to navigate through the challenging circumstances
- Focus on Balance Sheet strength continues; During the quarter, Company reduced its Net Debt<sup>1</sup> by ~₹450 Crore; Net Debt<sup>1</sup> to Equity at 0.70x
- CARE Ratings revised the outlook to ‘Stable’ and removed ‘Credit watch with Negative Implication’ on ratings of long/short term bank facilities and debt instruments of the Company
- Update on Acquisitions:
  - GMR Kamalanga Energy Ltd: With the elapsing of long stop date, both parties have mutually agreed to terminate the transaction given continued uncertainty due to Covid-19 pandemic
  - Ind-Barath Energy (Utkal) Ltd: Approval by National Company Law Tribunal continues to remain under process for the resolution plan submitted by the Company

<sup>1</sup> excluding short term working capital debt/ acceptances



- The Company has adopted a comprehensive Sustainability Policy encompassing Climate Change, Water Security, Waste Management, Air Emissions & Biodiversity targets for 2030, along with a pledge to achieve Carbon Neutrality in its operations by the year 2050
- FTSE Russell retained the Company in its 'FTSE4Good Index Series', which is designed to measure performance of companies demonstrating strong ESG practices

### Consolidated Operational Performance:

PLFs achieved during Q1FY21 at various locations/plants are furnished below:

- **Vijayanagar:** The plant achieved an average PLF of 23.5% vis-a-vis 38.2% in the corresponding quarter of previous year due to lower short term sales and back-down by long term customers.
- **Ratnagiri:** The plant operated at an average PLF of 57.6% (73.0%<sup>2</sup>) as against 81.7% (83.6%<sup>2</sup>) in the corresponding quarter of previous year due to lower short term sales and back-down by long term customers.
- **Barmer:** The plant achieved an average PLF of 69.9% (83.5%<sup>2</sup>) as against 65.2% (80.8%<sup>2</sup>) in the corresponding quarter of previous year due to higher offtake by long term customers.
- **Himachal Pradesh:** The plants achieved an average PLF of 57.9% for the quarter vis-à-vis 66.3% in the corresponding quarter of previous year due to lower water availability.
- **Nandyal:** The plant achieved an average PLF of 37.0% (97.1%<sup>2</sup>) during the quarter.

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<sup>2</sup> average deemed PLF



- **Solar:** The plants at Nandyal and Salboni achieved average CUF of 10.4% and 18.5% respectively during the quarter, vis-à-vis 22.4% and 18.3% in the corresponding quarter of previous year.

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

(Figures in Million Units)

Location/ Plant	Q1FY21	Q1FY20
Vijayanagar	405	662
Ratnagiri	1,385	1,954
Barmer	1,492	1,379
Himachal Pradesh	1,632	1,868
Nandyal	13	-
Solar	3	4
<b>Total</b>	<b>4,930</b>	<b>5,867</b>

Short term sales during the quarter were lower at 123 million units as compared to 722 million units in Q1FY20 due to lower short term sales at both Ratnagiri and Vijayanagar plants.

#### Consolidated Financial Performance Review and Analysis:

During the quarter, total revenue decreased by ~23% on a YoY basis to ₹1,887 Crore from ₹2,464 Crore in the corresponding quarter of previous year primarily due to lower long term and short term sales. The fuel cost for the quarter decreased by ~33% YoY to ₹915 Crore due to moderation in imported coal prices and lower generation.

EBITDA for the quarter decreased ~4% to ₹827 Crore from ₹861 Crore in the corresponding quarter of previous year.



Finance costs declined to ₹240 Crore from ₹270 Crore in the corresponding quarter of previous year, attributable primarily to proactive debt repayments.

The Company's Net Profit stood at ₹213 Crore vis-à-vis ₹244 Crore in the corresponding quarter of previous year. Total Comprehensive Income of the Company for the quarter stood at ₹556 Crore vis-a-vis ₹104 Crore in the corresponding period of previous year.

The Consolidated Net Worth and Consolidated Net Debt<sup>3</sup> as on June 30, 2020 were ₹12,202 Crore and ₹8,493 Crore respectively, resulting in a Net Debt<sup>3</sup> to Equity ratio of 0.70x.

#### **Business Environment:**

India's power demand declined by 16.2% YoY in Q1FY21, compared to 7.4% growth in Q1FY20, due to weak economic activity amidst Covid-19 related lockdowns and restrictions. Demand declined across all regions on a YoY basis. However, post 23.1% YoY de-growth in April'20 (during nation-wide lockdown), demand decline moderated in May'20 and June'20 to 14.9% and 10.9% YoY respectively, indicating a gradual recovery with easing of lockdowns and restrictions.

In line with demand, overall power generation declined by 16.2% YoY in Q1FY21. Thermal generation declined by 22.8%, while Hydro and Renewable segments grew by 4.3% and 3.8% respectively, on a YoY basis. PLF for Thermal segment was lower at 46.6% in Q1FY21 vis-à-vis 62.8% in the corresponding quarter of last fiscal with declines across Private, Central and State sectors.

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<sup>3</sup> excluding short term working capital debt/ acceptances



On the supply side, installed capacity stood at 371.1GW as on June 30, 2020. In Q1FY21, installed capacity increased by 0.95GW, led by Renewable (+0.65GW) and Thermal (+0.3GW) segments. During the quarter, the average merchant power prices at IEX<sup>4</sup> stood at ₹2.44/unit. This was 10.9% lower on QoQ basis and 25.8% lower on a YoY basis.

In Q1FY21, average value of INR against USD depreciated ~4.8% QoQ and ~9.1% YoY. Going forward, trends in crude oil prices and pace of economic recovery from Covid-19 induced conditions will be the driving factors for INR. During the quarter, the average API 4 Coal Index declined by 16.9% YoY and 29.8% QoQ.

### **Outlook:**

As per the Reserve Bank of India, global economic activity has come to a standstill since March'20 primarily attributable to Covid-19 pandemic. Emerging market economies face additional pressure in the form of capital outflows and asset price volatility due to bouts of turbulence in financial markets. As per World Trade Organisation projections, world trade can shrink as much as 32 per cent in 2020. Overall economic recovery is now contingent upon the intensity, spread and duration of the pandemic.

On the domestic front, economic activity has been severely affected by Covid-19 related lockdowns and restrictions. Real Gross Domestic Product (GDP) growth moderated to 3.1% in the Q4FY20 (vis-à-vis growth of 4.7% in the Q3FY20), the lowest since Q4FY09. Overall, FY20 GDP growth stood at 4.2%, lowest in 11 years. This was majorly attributable to weak growth across all major sectors, further exacerbated by the incidence of Covid-19 towards the fag end of the year. GDP

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<sup>4</sup> Indian Energy Exchange (Day-Ahead Market)



growth will remain impacted in the near term, due to continued disruption in economic activity caused by Covid-19.

In May'20, the Monetary Policy Committee reduced policy repo rate by 40 bps to 4.0% and maintained monetary policy stance at 'Accommodative'. During June'20, CPI inflation remained elevated at ~6.1%, primarily due to high food inflation attributable to supply side disruptions. Nevertheless, gradual easing of lockdowns and restrictions may lead to moderation of food inflation in the near term.

Power demand in the near term is expected to be muted due to Covid-19 induced conditions. However, gradual easing of lockdowns and restrictions should help in demand revival as evidenced by the moderating trend of sequential demand decline on month-on-month basis. Over the medium term, power sector outlook is sanguine, as rapid urbanization and stabilization of various schemes undertaken by the Government such as "Power for All" and "24 x 7 Power" is expected to spur the power demand. With universal household electrification nearly complete in the country, latent power demand from rural India should also get unlocked.

On the supply side, incremental capacity additions have been largely driven by the Renewable Energy segment over the last few years. Technological advances and reducing capital costs have progressively made Renewable Energy commercially feasible and attractive. Henceforth, power capacity growth in India is expected to be primarily led by the Renewable Energy segment.

Further, the recent Government measure of ₹90,000 Crore liquidity infusion package for Discoms via PFC/REC, disbursements under which have already commenced, is a key positive for the sector. The sector is also likely to benefit from



opening up of commercial coal mining and the various positive measures proposed in the draft Electricity Act (Amendment) Bill, 2020.

**ABOUT JSW ENERGY:** JSW Energy Ltd is one of the leading Private sector power producers in India and part of the USD 12 billion JSW Group which has significant presence in sectors such as steel, energy, infrastructure, cement, sports among others. JSW Energy Ltd 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 strategies, JSW Energy continues to deliver sustainable growth, and create value for all stakeholders. JSW Energy began commercial operations in 2000, with the commissioning of its first 2x130 MW thermal power plants at Vijayanagar, Karnataka. Since then, the company has steadily enhanced its power generation capacity from 260 MW to 4,559 MW having a portfolio of Thermal 3,158 MW, Hydel 1,391 MW & Solar 10 MW, ensuring diversity in geographic presence, fuel sources and power off-take arrangements. JSW Energy is committed to pursue growth opportunities in the power sector and contribute in powering our nation's economy.

**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 JSW Energy 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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