

Financial Results for the Quarter ended September 30, 2020

Mumbai, India: JSW Energy Limited (“JSW Energy” or the “Company”) today reported its results for the second quarter (“Q2FY21” or the “Quarter”) ended September 30, 2020.

Key Highlights of Q2FY21 (Consolidated):

- The Company’s overall Long Term (LT) Net Generation increased by 10% YoY; LT Net Thermal Generation increased by 20% YoY
- Overall Thermal PLF for capacity under LT PPA increased to 78% from 65% YoY; PLFs for capacity under LT PPA improved across all thermal plants
- JSW Solar Ltd (100% subsidiary) received Letter of Awards for setting up total Blended Wind capacity of 810 MW from Solar Energy Corporation of India (SECI)
- Haryana Electricity Regulatory Commission approved the power procurement offer of JSW Energy (Kutehr) Ltd for supply of 240 MW hydro power; PPA under finalization
- The resolution plan submitted by the Company for Ind-Barath Energy (Utkal) Ltd is pending approval by the National Company Law Tribunal
- During the quarter, Net Debt¹ reduced further by ~₹822 Crore (~₹1,274 Crore in H1FY21) leading to Net Debt¹ to Equity at a very robust 0.59x, creating ample head room for pursuing growth

¹ excluding short term working capital debt/ acceptances



- The Company committed to a long-term target to reach net-zero emissions by not later than 2050, backed up by science-based targets, under SBTi²
- A Sustainability Committee of the Board of Directors has been constituted to review progress of the Company's business responsibility and sustainability initiatives
- DuPont Sustainable Solutions published a case study on 'Visible Felt Leadership in Safety Excellence at JSW Energy (Barmer) Ltd'
- JSW Group's Unit CPP 4 - 300 MW at Vijayanagar, whose Operation and Maintenance (O&M) is undertaken by the Company, set a national record by running continuously for 711 days
- The Company's Ratnagiri and Vijayanagar plants were recognized as 'Energy Efficiency Unit' at the CII National Award for Excellence in Energy Management
- The Company won 33 Gold and 2 Silver awards in Chapter Convention of Quality Circles (CCCQ) 2020 organized by Quality Circle Forum of India

Consolidated Operational Performance:

PLFs achieved during Q2FY21 at various locations/plants are furnished below:

- **Vijayanagar:** The plant achieved an average PLF of 32.2% (32.2%³) as against 40.1% (40.1%³) YoY due to lower short term sales.
- **Ratnagiri:** The plant operated at an average PLF of 59.0% (71.2%³) as against 73.7% (76.2%³) YoY due to lower short term sales.
- **Barmer:** The plant achieved an average PLF of 79.7% (86.0%³) as against 60.0% (83.3%³) YoY due to higher offtake by long term customers.
- **Himachal Pradesh:** The plants achieved an average PLF of 102.3% for the quarter vis-à-vis 102.7% YoY.

² collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF)

³ average deemed PLF



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- **Nandyal:** The plant achieved an average PLF of 69.1% (80.5%³) during the quarter as against 33.0% (68.2%³) YoY due to higher offtake by long term customers.
- **Solar:** The plants at Nandyal and Salboni achieved average CUF of 11.6% and 18.4% respectively during the quarter, vis-à-vis 13.6% and 14.1% in the corresponding quarter of previous year.

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

(Figures in Million Units)

Location/ Plant	Q2FY21	Q2FY20
Vijayanagar	559	701
Ratnagiri	1,434	1,781
Barmer	1,719	1,281
Himachal Pradesh	2,913	2,926
Nandyal	25	9
Solar	3	3
Total	6,653	6,700

Despite overall power demand in the country declining by 0.9% YoY during the quarter, the Company witnessed higher overall offtake by Long-Term customers on a YoY basis, driving higher PLFs for all capacity under LT PPA at our thermal power plants. Overall Long-Term Thermal Net Generation during the quarter surged by 20% YoY, and overall LT Net generation increased by 10% YoY.

Short term sales during the quarter stood at 110 million units (versus 759 million units YoY) due to lower short term sales at both Ratnagiri and Vijayanagar plants.

Consolidated Financial Performance Review and Analysis:

From July 1, 2020 some of the existing Long Term customers of the Company have migrated into a Job Work arrangement for purchase of power as against the earlier



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two-part tariff arrangement. Under this mechanism, thermal coal required for power generation is supplied by the respective customers and the Company in turn receives the job work charges from the customers for the supply of power. This arrangement has resulted in both lower operating revenues and fuel cost in Q2FY21 (*to the extent of fuel cost of the power generated under job work*), leading to a neutral impact on EBITDA.

During the quarter, total revenue decreased by ~10% on a YoY basis to ₹2,000 Crore from ₹2,232 Crore in the corresponding quarter of the previous year, primarily due to lower short term sales and the reduction attributable to the impact of job work at standalone entity. The fuel cost for the quarter decreased by ~14% YoY to ₹844 Crore, primarily attributable to lower generation and impact of job work at standalone entity.

EBITDA for the quarter decreased ~6% YoY to ₹985 Crore from ₹1,048 Crore in the corresponding quarter of previous year.

Finance costs declined to ₹207 Crore from ₹272 Crore in the corresponding quarter of previous year, attributable primarily to proactive debt repayments.

The Company's Net Profit stood flat YoY at ₹352 Crore. Total Comprehensive Income of the Company for the quarter stood at ₹998 Crore vis-a-vis ₹23 Crore in the corresponding period of previous year.



The Consolidated Net Worth and Consolidated Net Debt⁴ as on September 30, 2020 were ₹13,037 Crore and ₹7,671 Crore respectively, resulting in a Net Debt⁴ to Equity ratio of 0.59x.

Business Environment:

India's power demand declined by 0.9% YoY in Q2FY21 vis-a-vis 1.6% growth in Q2FY20, due to weak economic activity amidst the Covid-19 situation. Demand declined in West, South and East regions on a YoY basis. However, post double digit YoY de-growth in the months of April, May and June, demand decline moderated in the months of July and August to 4.2% and 2.4% YoY respectively. In September, power demand grew by 4.0% YoY, indicating a gradual recovery with easing of lockdowns and restrictions. The recovery continued in October, with a demand growth of ~10% YoY⁵, although with a low base effect.

In line with demand trends, overall power generation declined by 0.2% YoY in Q2FY21. Thermal generation grew by 1.3%, while Hydro and Renewable segments declined by 1.4% and 5.9% respectively, on a YoY basis. Average PLF for Thermal segment remained flat (YoY) at 52.5% in Q2FY21. State sector PLF declined while Private and Central sector PLFs improved YoY.

On the supply side, installed capacity stood at 373.0GW as on September 30, 2020. In Q2FY21, installed capacity increased by 2GW, led by Renewable (+1.6GW) and Thermal (+0.4GW net) segments.

⁴ excluding short term working capital debt/ acceptances

⁵ basis POSOCO Data



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Outlook:

As per the Reserve Bank of India, global economic activity appears to have rebounded in Q2FY21, albeit unevenly across the economies. Improvement in manufacturing, labour markets and retail sales powered strong recoveries in some countries; whereas in others, a rise in new infections prompted a slower pace of unlocking or re-imposition of restrictions which, in turn, stalled the upturn. Consumption and exports have improved and robust policy support across all countries has prevented a deeper downslide. Overall, economic recovery is now contingent upon the pace of recovery from the pandemic.

On the domestic front, economic activity has improved with broad-based recovery signs visible across most sectors. In Q1FY21, real Gross Domestic Product (GDP) declined by 23.9%, primarily due to weak growth across all major sectors. However, GDP is expected to gradually recover with re-opening of economic activities and due to various policy measures undertaken by the Government.

Contraction in IIP moderated during Q2FY21, and Manufacturing PMI touched an eight-year high in September at 56.2. GST collections also improved with 4% and 10% YoY increase in September and October respectively. Continued resilience in agriculture supported by healthy south-west monsoon, resurgence of rural demand, and improvement in power consumption, e-way bills, railway freight, auto sales etc. augurs well for revival of economy.

During September, CPI inflation remained elevated at 7.34%, primarily due to high food inflation attributable to supply side disruptions. Nevertheless, easing of Covid-19 led restrictions should moderate food inflation in the near term. In October, the

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Monetary Policy Committee maintained the policy repo rate at 4.0% and continued the monetary policy stance at 'Accommodative'.

A gradual easing of lockdowns and restrictions is helping power demand revival as evidenced by trends 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 liquidity infusion package for Discoms via PFC/REC, disbursements under which are already progressing, is a key positive for the sector. The sector is also likely to benefit from various positive measures proposed in the draft Electricity Act (Amendment) Bill, 2020. Further, Green Term Ahead Market - first exclusive product for renewable energy sector in the world was launched in India in August'20 which augurs well for the Renewable Energy segment.



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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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A handwritten signature in black ink, appearing to read "Mithun", with a long horizontal stroke extending to the right.