

Financial Results for the Quarter ended September 30, 2022

**Mumbai, India:** JSW Energy Limited (“JSW Energy” or the “Company”) today reported its results for the quarter (“Q2 FY23” or the “Quarter”) ended September 30, 2022.

**Key Highlights of Q2 FY23 (Consolidated):**

**Operational:**

- Net Renewable Generation: up 3% YoY driven by contribution from solar power plant at Vijayanagar
- Net Long Term Generation: 6.5 billion units (BUs) lower by 1% YoY – maintenance shutdown at Ratnagiri partly offset by higher offtake from captive customers
- Overall Net Generation: 6.7BUs, lower by 2% YoY - due to weak merchant demand YoY

**Consolidated Financial:**

- Strong EBITDA: ₹1,098 Crore in Q2, higher by 2% YoY
- Reported Profit After Tax: ₹466 Crore, up by 37% YoY
- Cash PAT of ₹681 Crore, up 12% YoY
- Cash Returns of 21% on adjusted Net Worth in Q2
- Receivable days declined by 19% YoY to 66 days from 81 days; healthy collections trend sustained
- Best in class Balance Sheet, well-positioned to pursue growth
  - Net Debt to Equity at 0.45x
  - Net Debt to EBITDA (TTM) at 1.77x
  - Strong Liquidity: Cash & Cash Equivalents at ₹3,327 Crore



### **Update on Growth Projects :**

- 1.26 GW SECI IX & X Wind projects: Phase-wise commissioning from Q3 FY23
- 240 MW Kutehr HEP: Project well ahead of timelines with ~84% tunneling completed (up from 75% in Q1 FY23)
- 733 Group Captive Wind projects: Commissioning progressively from Q1 FY24

### **New Growth Platforms:**

- Battery Energy Storage Solutions (BESS): Participated in the largest BESS Pilot project by SECI
- Hydro Pumped Storage (PSP): Signed MoU for 960 MW PSP with Govt. of Maharashtra. With this, MoUs totaling to ~6GW are in place
- Hydro Project: Letter of Intent received for allotment of 126 MW Chhatru HEP on BOOT basis
- 700 MW Ind-Barath: Received NCLT approval for the resolution plan submitted and approved by Committee of Creditors in Oct 2019

### **Awards and Recognitions:**

- Sword of Honour: Ratnagiri Plant has received the 'Sword of Honour' Award from British Safety Council for excellence in Operational Health and Safety. This is our second plant to have achieved this feat.
- Climate Action Programme (CAP) 2.0°: JSW Energy is conferred with CAP 2.0 'Oriented Award' in the Energy, Mining and Heavy Manufacturing Sector
- ESG India Leadership Award: JSW Energy has won with 'Best Air Pollution Management Award' for actively leading ESG transformation and commitment towards sustainability
- Ratnagiri plant was also awarded 'Excellence in Water Optimization' by CII-Mission Energy and SEEM Platinum award for excellence in Thermal power plant category



## Consolidated Operational Performance

The net generation at various locations/plants is as follows: (Figures in Million Units)

Location/ Plant	Q2 FY23	Q2 FY22
Vijayanagar	736	650
Ratnagiri	1,311	1,514
Barmer	1,651	1,696
Nandyal	0	28
Himachal Pradesh (Hydro)	2,900	2,895
Solar	76	3
<b>Total*</b>	<b>6,675</b>	<b>6,786</b>

\*Figures rounded off to the nearest unit digit

Long Term sales<sup>1</sup> during the quarter stands at 6,481 million units, lower by 1% YoY as lower thermal generation was partly offset by higher generation at solar operations at Vijayanagar. Short term sales during the quarter came at 194 million units versus 236 million units in Q2 FY22 due to weak merchant market demand.

PLFs achieved during Q2 FY23 at various locations/plants are as follows:

- **Vijayanagar:** The plant operated at an average PLF of 42% (42%<sup>2</sup>) vis-a-vis 37% (38%<sup>2</sup>) in Q2 FY22 due to higher long term sales YoY.
- **Ratnagiri:** The plant operated at an average PLF of 54% (73%<sup>2</sup>) vis-a-vis 62% (83%<sup>2</sup>) in Q2 FY22 due to maintenance shutdown at Unit 1 (300MW). Adjusted for maintenance shutdown at Unit 1, long term generation was higher by 9% YoY.
- **Barmer:** The plant operated at an average PLF of 77% (81%<sup>2</sup>) vis-a-vis 78% (83%<sup>2</sup>) in Q2 FY22.
- **Himachal Pradesh (Hydro):** The plants operated at an average long term PLF of 99% for the quarter vis-a-vis 99% in Q2 FY22.

<sup>1</sup> Including free power at hydro plants

<sup>2</sup> Deemed PLF



- **Solar:** The solar plants achieved an average CUF of 16% vis-a-vis 15% in Q2 FY22.

### **Consolidated Financial Performance Review and Analysis:**

During the quarter, Total Revenue increased by 16% YoY to ₹2,596 Crore from ₹2,237 Crore YoY, largely due to increase in fuel costs (which are pass through in nature). Subsequently, EBITDA for the quarter was higher by 2% YoY at ₹1,098 Crore vis-à-vis ₹1,080 Crore in the corresponding period of previous year. The increase is primarily attributable to the contribution from the 225MW solar capacity addition at Vijayanagar and 45MW uprating at Karcham Wangtoo, partially offset by lower short term sales YoY.

Finance cost during the quarter increased by 7% YoY to ₹204 Crore because of additional borrowings due to ongoing growth capex. Weighted average cost of debt increased by 7 bps QoQ to 7.94%.

Profit After Tax (PAT) stood at ₹466 Crore, which was 37% higher YoY compared to a PAT of ₹339 Crore in the corresponding period of previous year. Similarly, Cash PAT at ₹681 Crore was higher by 12% YoY.

The Consolidated Net Worth and Consolidated Net Debt as on Sep 30, 2022 were ₹17,593 Crore and ₹7,874 Crore respectively, resulting in a Net Debt to Equity ratio of 0.45x and Net Debt/TTM EBITDA of 1.77x. Receivables days' decline to 66 days on Sep 30, 2022 from 81 days YoY. Liquidity continues to be strong with Cash balances<sup>3</sup> at ₹3,327 Crore as of Sep 30, 2022. The Company has one of the strongest balance sheets among its peers with a large headroom to pursue value accretive growth opportunities.

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<sup>3</sup> Includes unencumbered bank balances, FDs, and liquid mutual funds



### **Growth Strategy:**

JSW Energy is pursuing a growth strategy to expand its installed capacity to 10 GW by FY25 and 20 GW by FY30. With a locked-in capacity of 9.9 GW the company is expected to achieve its FY25 target well ahead of the articulated timelines.

Currently 2.2 GW of greenfield renewable energy capacity is under construction in full swing:

- SECI IX - 810 MW & SECI X - 450 MW: Phase-wise commissioning starts in Q3 FY23, both of these projects are well ahead of the scheduled COD (SECI IX: Dec-23 and SECI X: Jun-23).
- 733 MW Wind Group Captive with JSW Steel: PPA signed for entire capacity. Wind projects are progressing well and scheduled to be progressively commissioned from Q1 FY24.
- 240 MW Kutehr Hydro Project: PPA signed with Haryana discom. 84% of tunnelling work (~17.7 km) is completed vis-à-vis 75% in Q1 FY23, ahead of the target timelines of commissioning by September 2024.
- JSW Energy's current locked-in portfolio of 9.9 GW (2.2 GW under-construction; LoA/LoI received for 0.4GW) comprises 61% renewable capacity. This is expected to pivot to ~81% renewable energy by FY30. With one of the strongest balance sheets (Net Debt to Equity at 0.45x and Net Debt to EBITDA (TTM) at 1.77x) in the sector and a profitable and cash generative operating portfolio (₹3,327 Crore of cash and cash equivalent), the Company is well positioned to pursue its growth aspiration.



### **Business Environment<sup>4</sup>:**

- India's power demand increased by 5.9% YoY in Q2 FY23, on back of broad based demand increase across the country.
- Further, the all India peak power demand touched high of 200 GW in Sep'22
- In line with demand, overall power generation increased by 4.7% YoY in Q2 FY23, led by solar generation up 38% YoY and hydro generation up 14% YoY.
- On the supply side, installed capacity stood at 408 GW as on September 30, 2022. In Q2 FY23, installed capacity increased by 4.0 GW, on a net basis, due to addition in Renewable (+4.0 GW).

### **Outlook:**

- As per the International Monetary Fund (IMF)<sup>5</sup>, the global economy is expected to grow by 3.2% in 2022 and 2.7% in 2023. Outlook is heavily weighed by decadal high inflation, tightening financial conditions across geographies, Russia-Ukraine conflict and lingering impact of the pandemic. The IMF estimates India's GDP to grow by 6.8% in 2022 and 6.1% in 2023.
- As per the Reserve Bank of India<sup>6</sup> (RBI), India's GDP saw a growth of 13.5% YoY in Q1 FY23 led by robust growth in private consumption and investment demand. RBI has estimated a 7.0% growth in real GDP in FY23, lower from its earlier forecast of 7.2%.
- India's latest macro-economic data reflect a resilient economy in the midst of a slowing global economic landscape. PMI prints (*services and manufacturing*) remain in the expansion zone, although services PMI softened a bit in Q2 FY23. Strong GST collections trend continues with a print of more than ₹1.4 lakh crore for 7 months in a row.

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<sup>4</sup> Source: Central Electricity Authority and POSOCO

<sup>5</sup> International Monetary Fund (IMF): World Economic Outlook October 2022

<sup>6</sup> Monetary Policy Committee Report September 2022



- Elevated inflation continues to be a risk and weighs on the growth outlook. CPI inflation at 7.4% YoY in Sep'22 stood at a five-month high. The RBI in its recent MPC meet has announced a further rate hike of 50 bps to 5.9%.
- Over the medium term, the power sector outlook is healthy, as rapid urbanization and stabilization of various Govt. schemes are expected to boost overall power demand. The Government has further announced Performance Linked Incentive (Tranche II) for High Efficiency Solar PV Modules manufacturing with an additional outlay of ₹19,500 Crores.



**ABOUT JSW ENERGY:** JSW Energy Ltd is one of the leading Private sector power producers in India and part of the USD 22 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, and transmission. 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 4,784 MW having a portfolio of Thermal 3,158 MW, Hydel 1,391 MW & Solar 235 MW, ensuring diversity in geographic presence, fuel sources and power off-take arrangements. The Company is presently constructing various renewable power projects to the tune of 2.2 GW, with a vision to achieve a total power generation capacity of 20 GW by the year 2030, when the share of renewables in the total capacity will increase to ~ 81%.

**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 blue ink, appearing to be "Mithun", is written over the contact information for Mithun Roy.