JSW Energy

Press Release **February 4, 2020**

Financial Results for the Quarter ended December 31, 2019

Mumbai, India: JSW Energy Limited ("JSW Energy" or the "Company") today reported its results for the third quarter ("Q3FY20" or the "Quarter") ended December 31, 2019.

Key Highlights of Q3FY20 (Consolidated):

- Debt restructuring agreement with Jaiprakash Power Ventures Ltd (JPVL) stands completed whereby the Company has acquired ~5% equity stake in JPVL, in addition to ₹120 Crore continuing as loan repayable from JPVL to the Company. Further, both parties have agreed to forego their respective rights and obligations in relation to the Securities Purchase Agreement for transfer of Karcham and Baspa hydro assets
- Update on Acquisitions:
  - GMR Kamalanga Energy Ltd (1050 MW): Discussions progressing well between the Company and GMR Energy Ltd for an expeditious closure
  - Ind-Barath Energy (Utkal) Ltd (700 MW): Approval by National Company Law Tribunal under process for the resolution plan submitted by the Company
- Transfer of JSW Energy (Kutehr) Ltd by the Company to JSW Hydro Energy Ltd (wholly owned subsidiary of the Company) stands completed
- Pursuant to changes in the Corporate Tax Regime, the Company has made an assessment of the impact and decided to continue with the existing tax regime for the Company and its key subsidiaries

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- The Company's Ratnagiri plant was awarded as 'Best Operating Thermal Power Plant' by Independent Power Producers Association of India (IPPAI)
- JSW Energy (Barmer) Ltd won the award for 'Best Innovation' from IPPAI

Consolidated Operational Performance:

PLF achieved during Q3FY20 at various locations/plants are furnished below:

- **Vijayanagar:** The plant achieved an average PLF of 45.9% vis-a-vis 57.0% in the corresponding quarter of previous year due to lower short term power sales.
- **Ratnagiri:** The plant operated at an average PLF of 72.3% (80.8%*) as against 80.9% (83.7%*) 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 59.3% (82.3%*) as against 68.1% (79.5%*) in the corresponding quarter of previous year due to back-down by long term customers.
- **Himachal Pradesh**: The plants achieved an average PLF of 25.6% for the quarter vis-à-vis 24.2% in the corresponding quarter of previous year due to better water availability.
- **Nandyal**: The plant achieved an average PLF of 57.7% (98.5%*) during the quarter.
- **Solar**: The plants at Nandyal and Salboni achieved average CUF of 16.6% and 17.1% respectively during the quarter.

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*average deemed PLF

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

(Figures in Million Units)

Location/ Plant	Q3FY20	Q3FY19
Vijayanagar	802	1002
Ratnagiri	1,753	1,969
Barmer	1,271	1,457
Himachal Pradesh	730	689
Nandyal	21	-
Solar	3	-
Total	**4,580**	**5,116**

Short term sales during the quarter were lower at 541 million units as compared to 1,112 million units in Q3FY19 due to lower short term sales at both Ratnagiri and Vijayanagar plants.

Consolidated Financial Performance Review and Analysis:

During the quarter, total revenue declined by ~19% on a YoY basis to ₹2,016 Crore from ₹2,492 Crore in the corresponding quarter of previous year primarily due to lower short-term sales and decline in fuel cost. The fuel cost for the quarter decreased by ~23% YoY to ₹1,115 Crore due to moderation in the imported coal prices and lower generation.

EBITDA for the quarter decreased ~13% to ₹706 Crore from ₹809 Crore in the corresponding quarter of previous year.

Finance costs declined to ₹261 Crore from ₹295 Crore in the corresponding quarter of previous year, attributable to proactive debt repayment/prepayment.

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During the quarter, the Company has made a provision of ~₹38 Crore in the Standalone financials towards impairment of its investments in South African operations. This has no impact on the Consolidated financials as accumulated losses corresponding to the impairment amount have already been provided for in earlier periods.

Pursuant to restructuring of JPVL loan, the Company has written off ~₹570 Crore of JPVL loan which has been adjusted against reversal of existing provision of ~₹454 Crore and write-back of ~₹177 Crore of JPVL contingent consideration payables in the Company's books, resulting in a net gain of ~₹61 Crore in Q3FY20. This has also resulted in reversal of current tax of ~₹39 Crore provided in H1FY20.

Pursuant to changes in the Corporate Tax Regime, the Company has made an assessment of the impact and decided to continue with the existing tax regime for the Company and its key subsidiaries. Further, the Company has re-evaluated the existing deferred tax liability in its books, and based on the assumption that the Company would migrate to the new tax regime at a future date, decided to write back ~₹165 Crore to the P&L account.

The Company's Net Profit stood at ₹394 Crore vis-à-vis ₹146 Crore in the corresponding quarter of previous year. Total Comprehensive Income of the Company for the quarter stood at ₹712 Crore as against ₹(330) Crore in the corresponding period of previous year.

The Consolidated Net Worth and Consolidated Net Debt^ as on December 31, 2019 were ₹12,467 Crore and ₹9,530 Crore respectively, resulting in a Net Debt^ to Equity ratio of 0.76x.

^excluding short term working capital debt/ acceptances

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Business Environment:

In Q3FY20, India's power demand growth witnessed a decline of 6.2% YoY vis-a-vis a growth of 6.7% in Q3FY19, primarily attributable to subdued economic activity in the country. Demand declined across all regions on a YoY basis.

Commensurate with demand, overall power generation growth declined by 6.1% in Q3FY20 on a YoY basis. Thermal generation growth declined by 11.3%, while Hydro and Renewable grew by 18.4% and 8.4% respectively, on a YoY basis. PLF for Thermal segment was lower at 51.9% in Q3FY20 vis-à-vis 62.5% in the corresponding quarter of last fiscal, primarily due to decline in Central and State sector PLFs.

On the supply side, installed capacity stood at 368.8GW as on December 31, 2019. In Q3FY20, installed capacity increased by 5.4GW led by Thermal (+2.1GW) and Renewable (+3.3GW) segments.

During the quarter, the average merchant power prices at IEX stood at ₹2.83/unit. This was ~10% lower on QoQ basis and ~34% lower on a YoY basis.

In Q3FY20, average value of INR against USD depreciated ~1% on a QoQ basis and appreciated ~1% YoY. Going forward, 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 ~21% on a YoY basis, however, increased ~23% on a QoQ basis in Q3FY20.

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Outlook:

As per the Monetary Policy Committee of India (MPC), global economic activity remained subdued over the last quarter, though there are some early signs of recovery. The recent US-China trade deal is expected to boost global sentiments and moderate the trade war that has roiled markets world-wide and cut into global growth. Nevertheless, crude oil prices continue to be volatile amidst geopolitical issues, 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 4.5% in the second quarter of FY20 (sequential deceleration for sixth consecutive quarter), the lowest since Q3FY13. This was majorly attributable to subdued growth across the major sectors, further exacerbated by weak consumer sentiment. However, as per MPC, the recent data by banks and financial institutions suggest some early recovery in the investment activity which should augur well for the economy.

In the month of December'19, MPC kept the key policy rates unchanged and maintained the monetary policy stance at 'Accommodative'. Further, during the month, retail inflation climbed to a ~6 year high of 7.35%, largely due to spike in vegetable prices. Going forward, inflation is likely to continue to remain susceptible to volatile crude oil prices.

Power demand over the medium term is expected to improve backed by rapid urbanization and stabilization of various schemes undertaken by the Government such as "Power for All" and "24 x 7 Power". With universal household electrification nearly complete in the country, the latent power demand from rural India should

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get unlocked. The sector is also likely to see increased consolidation with several stressed power assets available for acquisition. However, timely realization of discom receivables, volatility in imported coal prices and merchant tariffs, and domestic coal availability especially for private sector power plants continue to remain key concerns for the sector.

ABOUT JSW ENERGY: 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, 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.

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