

Financial Results for the Quarter ended September 30, 2021

Mumbai, India: JSW Energy Limited (“JSW Energy” or the “Company”) today reported its results for the second quarter (“Q2 FY22” or the “Quarter”) ended September 30, 2021.

Key Highlights of Q2 FY22 (Consolidated):

Operational:

- Overall Net Generation: increased by 2% YoY
- Total Thermal Generation: higher by 4% YoY
- Commenced operations from 45 MW uprated capacity at Karcham Wangtoo HEP in July '21. Operational capacity of the plant increased from 1,000 MW to 1,045 MW

Consolidated Financial:

- EBITDA at ₹1,080 Crore
- Profit After Tax at ₹339 Crore
- Receivables declined 19% YoY
- Healthy Balance Sheet, well-positioned to pursue growth
 - Net Debt to Equity at 0.41x
 - Net Debt to EBITDA (TTM) at 2.01x
 - Strong Liquidity: Cash & Cash Equivalents¹ at ₹1,777 Crore
- Pursuant to the Company’s Board granting an in-principle approval for evaluating options for re-organizing the Company's Green (renewable) and Grey (thermal) businesses, the Company has appointed financial and legal advisors. A sub-committee of the Board is evaluating options and alternatives recommended by the advisors

¹ Includes unencumbered bank balances, FDs, and liquid mutual funds



Update on Growth Strategy:

- Renewable-led growth to reach 10 GW capacity by FY25 and 20 GW by FY30
- 2.5 GW under-construction in full-swing:
 - 810 MW - SECI IX: LT PPA signed with SECI
 - 450 MW - SECI X: LT PPA signed with SECI
 - 958 MW Group Captive with JSW Steel: LT PPA signed; 225 MW solar plant to start commissioning from Q4 FY22 onwards
 - Orders placed for 1.4 GW wind turbines
 - 240 MW Kutehr HEP: Completed 10 km tunneling, achieving half the distance ahead of timelines

New Growth Platforms:

- Green Hydrogen: Scoping work in-progress for pilot project
- MoUs signed with Govt. of Maharashtra for resources for 5 GW wind and 1.5 GW Hydro Pumped Storage Projects

Awards and Recognitions:

- Vijayanagar Plant:
 - 'Energy Efficient Unit' by CII² for energy conservation
 - Golden Peacock National Quality Award - Power sector (Generation) for 2021

Consolidated Operational Performance:

The net generation at various locations/plants is as follows:

(Figures in Million Units)

Location/ Plant	Q2 FY22	Q2 FY21
Vijayanagar	650	559
Ratnagiri	1,514	1,434
Barmer	1,696	1,719
Nandyal	28	25
Himachal Pradesh (Hydro)	2,895	2,913
Solar	3	3
Total	6,786	6,653

² Confederation of Indian Industry



Long Term sales³ during the quarter marginally increased YoY at 6,201 million units (versus 6,194 million units YoY) primarily due to higher sales at Ratnagiri and Vijayanagar plants, offset by lower sales at Barmer and Hydro. Short term sales during the quarter stood higher by 116% YoY at 236 million units (versus 110 million units YoY) primarily due to higher short term sales at Vijayanagar.

PLFs achieved during Q2 FY22 at various locations/plants are as follows:

- **Vijayanagar:** The plant operated at an average PLF of 37% (38%⁴) vis-a-vis 32% (35%⁴) in Q2 FY21 due to higher long term as well as short term sales YoY.
- **Ratnagiri:** The plant operated at an average PLF of 62% (83%⁴) vis-a-vis 59% (71%⁴) in Q2 FY21 due to higher long term sales.
- **Barmer:** The plant operated at an average PLF of 78% (83%⁴) vis-a-vis 80% (86%⁴) in Q2 FY21 due to lower long term offtake.
- **Nandyal:** The plant operated at an average PLF of 79% (93%⁴) during the quarter vis-a-vis 69% (93%⁴) in Q2 FY21 due to higher long term sales.
- **Himachal Pradesh (Hydro):** The plants operated at an average PLF of 99% for the quarter vis-a-vis 102% in Q2 FY21 due to lower water flow.
- **Solar:** The solar plants achieved average CUF of 15% vis-a-vis 14% in Q2 FY21.

Consolidated Financial Performance Review and Analysis:

During the quarter, total revenue increased by 12% YoY to ₹2,237 Crore from ₹2,000 Crore in Q2 FY21, primarily due to increase in short term sales and higher other income.

³ Including free power at hydro plants

⁴ Deemed PLF



The fuel cost for the quarter increased by 3% YoY to ₹869 Crore, primarily attributable to increase in generation and higher fuel prices at the standalone entity.

EBITDA for the quarter was higher by 10% YoY at ₹1,080 Crore vis-a-vis ₹985 Crore in the corresponding period of previous year.

Finance cost during the quarter declined 8% YoY to ₹191 Crore from ₹207 Crore in the corresponding quarter of previous year. This includes other finance cost of ₹24 Crore pertaining to interest on regulatory liabilities. Adjusted for that, the interest cost stood at ₹167 Crore, down by 19% YoY.

On a comparable basis, adjusting for exceptional finance cost⁵, Profit After Tax (PAT) stood at ₹414 Crore compared to reported PAT of ₹352 Crore in the corresponding period of previous year. Reported PAT for the quarter stood at ₹339 Crore.

Total Comprehensive Income of the Company for the quarter stood at ₹264 Crore vis-a-vis ₹998 Crore in the corresponding period of previous year.

The Consolidated Net Worth and Consolidated Net Debt as on Sep 30, 2021 were ₹15,789 Crore and ₹6,509 Crore respectively, resulting in a Net Debt to Equity ratio of 0.41x and Net Debt/TTM EBITDA of 2.01x. Cash balances⁶ stood at a healthy ₹1,777 Crore.

Growth Strategy:

JSW Energy is pursuing a growth strategy to expand from the current capacity of 4.6 GW to 10 GW by FY25, and 20 GW by FY30, with the entire capacity addition

⁵ Includes one-off prepayment and other unamortized finance cost due to repayment of rupee term loan at hydro

⁶ Includes unencumbered bank balances, FDs, and liquid mutual funds



being driven by renewables. 2.5 GW of greenfield renewable energy capacity is currently under construction in full swing:

- SECI IX - 810 MW: PPA signed for entire capacity with SECI
- SECI X - 450 MW Wind Project: PPA signed for entire capacity with SECI
- 958 MW Solar and Wind Group Captive with JSW Steel: PPA signed for entire capacity; Solar module delivery commenced; 225 MW solar plant to be commissioned from Q4FY22 onwards
- Orders places for 1.4 GW wind turbines
- Construction commenced for transmission lines for SECI projects
- 240 MW Kutehr Hydro Project: PPA under finalization with Haryana discom; Completed 10 km tunneling, achieving half the distance ahead of timelines

JSW Energy's current operational portfolio comprises 30% renewable energy capacity. This is expected to pivot to ~70% renewable energy by FY25 and ~85% renewable energy by FY30. With one of the strongest balance sheets in the sector and a profitable and cash generative operating portfolio, the Company is well positioned to pursue its growth aspiration.

New Growth Platforms:

- Green Hydrogen: In the last quarter, the Company had entered into a framework agreement to collaborate and conduct scoping work on potential projects relating to the production of green hydrogen and utilizing it for green steel-making, hydrogen-based mobility, green ammonia and other mutually agreed industrial applications in India. The Company is conducting scoping work for a pilot project.
- During the quarter, the Company has signed MoUs with the Govt. of Maharashtra for resources for 5 GW wind and 1.5 GW Hydro Pumped Storage Projects



Business Environment⁷:

- India's power demand increased by 9.9% YoY in Q2 FY22, due to an uptick in economic activity and a low base effect. Demand growth was positive across all regions in the country on a YoY basis. Further, all-India peak power demand touched a record high of ~201 GW on July 7th 2021, indicating a spurt in economic activity. In H1 FY22, power demand registered a growth of 13.0% YoY (vs 8.7% decline in H1 FY21). For the first 27 days in October'21, power demand has seen a growth of 3.3% YoY (vs a +10.7% YoY increase in October'20 in the same period).
- In line with demand, overall power generation increased by 9.1% YoY in Q2 FY22, led by Renewable generation with a 22.6% YoY growth. Amongst renewables, Wind generation grew by 26.7% YoY while Solar generation grew 16.8% YoY. Thermal and Hydro generation grew by 9.4% and 1.9% YoY respectively.
- On the supply side, installed capacity stood at 388.8 GW as on September 30, 2021. In Q2 FY22, installed capacity increased by 4.7 GW, on a net basis, due to addition in Renewable (+4.6 GW) and Hydro (+0.2 GW) segments. Thermal segment saw a net decline of 0.03 GW capacity. Within Renewables, the solar segment added 3.9 GW, while wind added 0.4 GW. In H1 FY22, Renewable segment added 7.1 GW capacity: Solar - 6.2 GW, Wind - 0.6 GW, and balance by others.
- Monthly Merchant Prices averaged Rs 8.7/unit in October'21⁸ – highest in the last decade. This was primarily due to high power demand, shortages in domestic coal supply and a rise in imported coal prices globally. Coal stocks at

⁷ Source: Central Electricity Authority and POSOCO

⁸ Data till Oct 27 2021



power plants had fallen to less than 5 days of supply amid high power demand and seasonally low coal production and supply constraints. To ease the domestic coal shortage, the Govt. has taken mitigation measures, that include⁹: allowing un-requisitioned generation capacity under PPA to sell power in the merchant market, allowing captive coal/lignite mine owners to sell 50% of annual produce in the open market, and proposing for revision in coal stocking norms for thermal plants.

Outlook:

- As per the IMF¹⁰, the global economy is expected to grow by 5.9% in CY21 and 4.9% in CY22. Projections to global growth remain susceptible to the risks of renewed Covid outbreaks, supply-side disruptions, rise in inflation, adverse climate related events and shifts in global financial conditions etc. The IMF estimates India's GDP to grow by 9.5% YoY in CY21 and 8.5% in CY22.
- As per the Reserve Bank of India¹¹ (RBI), India's GDP saw a growth of 20.1% YoY in Q1 FY22, led by a pickup in economic activity and a low base. RBI has estimated a 7.9% YoY growth in real GDP in Q2 FY22 and a 9.5% YoY growth in FY22, with outlook contingent on the evolving COVID-19 trajectory.
- Aggregate demand conditions are recovering, spurred by lowering in new Covid cases. With a substantial acceleration in the pace of vaccination, and a sustained lowering of the new infection rate, the coming festival season is expected to support a rebound in demand.
- On the supply side, rise in crude oil, coal, natural gas & other commodity prices; acute shortage of key industrial components; and high logistics costs are adding to input cost pressures.



⁹ Source: Press Information Bureau, Ministry of Power, Economic Times

¹⁰ International Monetary Fund (IMF): World Economic Outlook October 2021

¹¹ Monetary Policy Committee Report October 2021

- Broad-based reforms by the government focusing on infrastructure development, asset monetization, taxation, telecom sector and banking sector is expected to boost investor confidence. However, new and more virulent Covid strains, inflationary pressures, global supply bottlenecks and global financial market volatility pose downside risks to growth.
- Over the medium term, power sector outlook is healthy, as rapid urbanization and stabilization of various Govt. schemes are expected to boost overall power demand. As a signatory to the Paris Accord, India plans to achieve a low-carbon future, and has set a 450 GW Renewable capacity target by 2030. Hence, the renewable energy capacity addition is expected to meet the incremental power demand. Going forward, the financial health of discoms is key to a healthy power market.



ABOUT JSW ENERGY: JSW Energy Ltd is one of the leading Private sector power producers in India and part of the USD 13 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 4,559 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. The Company through its wholly owned subsidiaries i.e. JSW Future Energy Limited and JSW Hydro Energy Limited is presently constructing various renewable power projects to the tune of 2.5 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 ~ 85%.

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.

For Further Information, Please Contact:

JSW Group Corporate Communications

Frederick Castro
Mobile: +91 99206 65176
Email: frederick.castro@jsw.in

Mithun Roy
Mobile: +91 98190 00967
Email: mithun.roy@jsw.in

