JSW Energy Limited

Press Release July 27, 2018

Financial Results for the Quarter ended June 30, 2018

Mumbai, India: JSW Energy Limited ("JSW Energy" or the "Company") today reported its results for the first quarter ("Q1 FY19" or the "Quarter") ended June 30, 2018.

Key Highlights of Q1 FY19 (Consolidated):

- HBPCL, the Company's wholly owned subsidiary was awarded (i) "Porter Prize for Leveraging Unique Activities", by Institute for Competitiveness, and (ii) "IEX 10 Years Excellence Award" for Karcham Wangtoo Hydro Electric Project, under the category of "Highest Electricity Volume Generator", by Indian Energy Exchange (IEX)
- The Company's Ratnagiri plant was awarded "SEEM National Energy Management Award 2017" under Gold Category, by Society of Energy Engineers and Managers (SEEM), to recognize the steps taken by the plant for improving energy efficiency
- Converted Unit II (300 MW) of Ratnagiri plant to Group Captive unit with good visibility of full capacity tie up over the next 18-24 months. With this, Units II, III and IV are completely under the group captive scheme.
- Commenced domestic coal usage at Vijayanagar plant
- Reduced short term buyer's credit liabilities by ~₹363 Cr through internal cash accruals
- Solar power initiatives: As on July 23, 2018, commissioned 12.1 MW across roof top and ground mounted segments, within the JSW group

JSW ENERGY LTD.

- EV Business: Continue to make steady progress towards putting together the building blocks in respect of product & technology strategies, business partnerships and organization structure
- Extended the Long Stop Date related to the acquisition of the 1,000 MW Tamnar thermal power plant from Jindal Steel and Power Limited (JSPL) to June 30, 2019

Consolidated Operational Performance:

During the quarter, consolidated deemed PLF was 69.8% as against 76.3% in the corresponding quarter of the previous year.

PLF achieved during Q1 FY19 at various locations are furnished below:

- **Vijayanagar:** The plant achieved an average PLF of 55.4% as compared to 68.5% in the corresponding quarter of the previous year; decline was due to lower contracted power with Karnataka discoms.
- **Ratnagiri:** The plant operated at an average deemed PLF of 85.5% as against an average deemed PLF of 70.7% in the corresponding quarter of the previous year, primarily due to healthy merchant offtake.
- **Barmer**: The plant achieved an average deemed PLF of 86.2% as against an average deemed PLF of 86.3% in the corresponding quarter of the previous year.
- **Himachal Pradesh**: The plant achieved average PLF of 51.2% for the current quarter vis-à-vis 78.4% in the corresponding quarter of the previous year. The decline in PLF was attributable to lower water availability in the entire Sutlej basin.

JSW ENERGY LTD.

The net generation at different locations is furnished below:

(Figures in million units)

Location	Q1' FY 18-19	Q1' FY 17-18
Vijayanagar	960	1,190
Ratnagiri	2,032	1,556
Barmer	1,651	1,445
Himachal Pradesh	1,443	2,209
Total	**6,086**	**6,400**

The short term sales during the quarter were 1,147 million units as compared to 1,834 million units in Q1 FY18, a decline of ~37%, on account of:

1) Increase in long term PPA proportion to 100% at Karcham Wangtoo plant, and

2) lower contracted power with Karnataka discoms at Vijayanagar plant.

<u>Consolidated Financial Performance Review and Analysis:</u>

During the quarter, total revenue was ₹ 2,428 crore as against ₹2,334 crore in the corresponding quarter of the previous year, an increase of 4%.

The fuel cost for the quarter increased by 24% YoY to ₹ 1,389 crore, primarily due to increase in international prices of coal, further exacerbated by weakening of rupee.

EBITDA for the quarter was ₹ 844 crore as against ₹ 976 crore in the corresponding quarter of the previous year, a decline of ~14%, primarily due to lower generation in HBPCL.

JSW ENERGY LTD

Finance costs declined to ₹ 313 crore from ₹ 401 crore in the corresponding quarter of the previous year primarily due to interest rate reductions as well as prepayment/repayment/refinancing of borrowings.

The Company earned a Net Profit of ₹ 229 crore as against ₹ 217 crore in the corresponding quarter of the previous year. Total Comprehensive Income of the Company for the quarter stood at ₹ 470 crore as against ₹ 327 crore in the corresponding period of the previous year.

The Consolidated Net Worth and Consolidated Net Debt as on June 30, 2018 were ₹ 11,581 crore and ₹ 11,382 crore respectively resulting in a Net Debt to Equity ratio of 0.98x.

Update on New Initiatives:

JSW Energy's Solar Power initiatives are progressing well. As on July 23, 2018, the Company has commissioned 12.1 MW solar capacity, comprising 6.3 MW in roof top segment and the balance in ground mounted segments, within the JSW group.

On the EV Business, the Company continues to make steady progress towards putting together the building blocks in respect of product & technology strategies, business partnerships and organization structure.

Business Environment:

India's power demand grew by 4.9% in Q1FY19, on a YoY basis. The growth rate has marginally declined on a YoY basis (5.1% in Q1FY18).

JSW ENERGY LTD.

On the supply side, net installed capacity stood at 343.9 GW as on June 30, 2018 (Renewable Energy capacity taken as on March 31, 2018). This is an increase of 4.1% on a YoY basis. In Q1FY19, the net capacity reduction was 0.1 GW (excluding Renewables).

The merchant power markets continue to be robust. The average monthly merchant prices at IEX peaked (over last 5 years) in May, 2018 at ₹4.67/unit and averaged at ₹4.13/unit for the quarter.

The rising crude prices along with the rise in US bond yields has made the rupee weaker by ~4% over the last three months. The trend in rupee weakness is expected to remain over the medium term due to the various uncertainties such as expectation of a further US Fed rate hike and concerns of escalating trade related tensions. The International coal prices have remained volatile; the average API 4 Coal Index has increased by ~14%, between March, 2018 and June, 2018.

Outlook:

India's Industrial Production (IIP) hit a 7-month low in May, 2018 at 3.2%. This was largely attributable to a sluggish performance of the manufacturing sector coupled with poor offtake in the FMCG segment. Going forward, the IIP growth is expected to improve due to a low base effect in the corresponding period of previous fiscal year (because of GST implementation).

On the macro economic front, the Monetary Policy Committee of India (MPC) has retained its projection of GDP growth for FY 2018-19 at 7.4%, in its Bi-monthly policy meet in June, 2018. However, at present, the economy is reeling under an inflationary trend. Since early April, the price of Indian basket of crude has surged

JSW ENERGY LTD.

from USD 66/barrel to USD 74/barrel, leading to considerable uncertainty in India's Inflation outlook. The increase in the crude prices has also resulted in firming up of input cost pressures for the manufacturing firms.

Considering the surging inflationary trends, MPC had raised the policy repo rate by 25 bps in June, 2018 thereby making the borrowing cost higher for Indian corporates.

On the Power sector, the outlook over next 3 to 5 years is expected to improve. The power demand is expected to grow steadily considering the various measures undertaken by the Government such as UDAY Scheme, "Power for All" by 2019 initiative, SHAKTI scheme and the "Saubhaghya" scheme, to name a few. The energy capacity mix is expected to tilt more towards renewables, with much of the Government push coming in this segment.

JSW ENERGY LTD.

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 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.

Media contact

Mithun Roy
+91 98190 00967
mithun.roy@jsw.in
JSW Group

Frederick Castro
+91 99206 65176
frederick.castro@jsw.in
JSW Group

JSW ENERGY LTD.