JSW Energy Limited

Press Release **January 30, 2019**

Financial Results for the Quarter ended December 31, 2018

Mumbai, India: JSW Energy Limited ("JSW Energy" or the "Company") today reported its results for the third quarter ("Q3FY19" or the "Quarter") ended December 31, 2018.

Key Highlights of Q3FY19 (Consolidated):

- Power demand growth was healthy in Q3FY19 at 6.8%YoY led by a robust October month (+11.5%). At IEX, average merchant prices during the quarter increased by ~21% on a YoY basis to ₹4.28/unit. The peak spot prices hit an all-time high of ₹19.99/unit on October 29, 2018
- In Q3FY19, Company achieved higher PLF at its Vijayanagar and Ratnagiri plants on a YoY basis; In October-18, Vijayanagar and Ratnagiri plants achieved PLF of 92.8% (highest in last 30 months) and 95.5% respectively supported by healthy merchant realization
- Focus on Balance Sheet strength continues; During the quarter Company reduced its Net Debt by ₹296 Crore through prepayment/scheduled repayments, Net Debt to Equity at 0.90x
- The Company has renamed the following wholly owned subsidiaries for better resonance with the JSW brand name:
  - Himachal Baspa Power Company Ltd to JSW Hydro Energy Ltd (JSWHEL)
  - Raj WestPower Ltd to JSW Energy (Barmer) Ltd (JSWBL)

JSW ENERGY LTD.

- For optimal corporate holding structure and better operational control, the Board has approved the transfer of JSW Energy (Kutehr) Ltd, a 100% subsidiary of the Company, to JSW Hydro Energy Ltd subject to necessary approvals
- FTSE Russell included JSW Energy in the 'FTSE4Good Index Series', which is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance practices
- JSW Energy (Barmer) Ltd was awarded 1) "IPPAI Best Thermal Power Generator" by Independent Power Producers Association of India (IPPAI), 2) "Energy Conservation Award" by Rajasthan Renewable Energy Corporation Ltd, 3) Green Petal Awards – 2018 under the categories of "Energy Conservation", "CSR Initiatives" and "Environment Management" by Green Maple Foundation
- The Company's Vijayanagar plant won IPPAI Power Award under the category of "Best Innovations"
- Electric Vehicle (EV) Business: Discussions in progress with leading global OEMs and Engineering Service Providers on Product and Technology partnerships
- The Board has reappointed Mr. Sajjan Jindal as the Chairman of the Company

<u>Consolidated Operational Performance:</u>

During the quarter, consolidated deemed PLF was 60.1% as against 58.2% in the corresponding quarter of previous year.

PLF achieved during Q3FY19 at various locations are furnished below:

- **Vijayanagar:** The plant achieved an average PLF of 57% as compared to 51.2% in the corresponding quarter of previous year primarily led by healthy merchant power offtake.

JSW ENERGY LTD.

- **Ratnagiri:** The plant operated at an average deemed PLF of 83.7% as against an average deemed PLF of 77.8% in the corresponding quarter of previous year due to healthy offtake from both short term and long term customers.
- **Barmer**: The plant achieved an average deemed PLF of 79.5% as against an average deemed PLF of 82.4% in the corresponding quarter of previous year.
- **Himachal Pradesh**: The plant achieved an average PLF of 24.2% for the quarter vis-à-vis 24.5% in the corresponding quarter of previous year.

The net generation at different locations is furnished below:

(Figures in Million Units)

Location	**Q3'FY 18-19**	**Q3'FY 17-18**
Vijayanagar	1,002	896
Ratnagiri	1,969	1,757
Barmer	1,457	1,594
Himachal Pradesh	689	697
Total	**5,116**	**4,945**

The short term sales during the quarter were marginally lower at 1,112 million units as compared to 1,155 million units in Q3FY18 due to the conversion of open capacity into Long Term PPA over the year.

Consolidated Financial Performance Review and Analysis:

During the quarter, total revenue increased by 20% on a YoY basis to ₹2,492 Crore from ₹2,081 Crore in the corresponding quarter of previous year primarily attributable to better realisations from both merchant and PPA customers.

The fuel cost for the quarter increased by 24% YoY to ₹1,447 Crore, primarily due to Rupee depreciation further exacerbated by increase in imported coal prices.

EBITDA for the quarter was ₹809 Crore as against ₹673 Crore in the corresponding quarter of previous year, an increase of 20%.

Finance costs declined to ₹295 Crore from ₹341 Crore in the corresponding quarter of previous year due to proactive prepayment/repayment/refinancing of borrowings.

The Company's Net Profit more than trebled to ₹146 Crore from ₹47 Crore in the corresponding quarter of previous year. Total Comprehensive Income of the Company for the quarter stood at ₹(330) Crore as against ₹189 Crore in the corresponding period of previous year.

The Consolidated Net Worth and Consolidated Net Debt as on December 31, 2018 were ₹11,904 Crore and ₹10,686 Crore respectively resulting in a Net Debt to Equity ratio of 0.90x.

Business Environment:

India's power demand witnessed a healthy YoY growth in Q3FY19 at 6.8% as compared to 6.3% in Q3FY18 primarily led by South and East regions, which grew by 9.4% and 10.5% respectively. The demand growth was led by a robust October month wherein the demand surged by 11.5% (YoY basis) attributable to pre-election period in various states, festive season and an extended summer in South and West regions.

JSW ENERGY LTD.

On the supply side, net installed capacity stood at 349.3 GW as on December 31, 2018. This is an increase of 0.9% on a QoQ basis and 4.7% on a YoY basis, led by addition in both Renewable and Thermal segments. In Q3FY19, the net capacity addition was ~3.2 GW comprising of ~2.1GW in Renewable and ~1.2GW in Thermal.

Commensurate with demand, power generation grew by 6.8% in Q3FY19 on a YoY basis. However, the Renewable segment generation growth was subdued at 14.2% in Q3FY19 vis-à-vis 28.4% in Q3FY18. PLF for Thermal segment improved to 62.4% in Q3FY19 vis-à-vis 58.8% in the corresponding quarter of last fiscal.

The merchant power prices continued to remain robust with average monthly merchant prices at IEX peaking in October-18 at ₹5.94/unit (highest in last 8 years) and averaging at ₹4.28/unit for the quarter. The peak spot power prices hit an all-time high of ₹19.99/unit on October 29, 2018.

Globally, crude oil price declined during the quarter due to oversupply on account of higher production by US, Russia and Saudi Arabia leading to appreciation in average value of Rupee by ~3% on a QoQ basis. Going forward, the volatility in Rupee is expected to remain over medium term due to concerns of escalating global trade related tensions. The International coal prices have also remained volatile during the fiscal year; the average API 4 Coal Index peaked to USD 107.9/tonne in July-18 (highest since November-11) before declining to USD 95.84/tonne in December-18.

JSW ENERGY LTD.

Outlook:

As per the Monetary Policy Committee of India (MPC), the global growth outlook for 2019 remains steady although the underlying downside risks have accentuated due to rising global trade related tension and inflation risk in advanced economies.

On the domestic front, real Gross Domestic Product (GDP) growth moderated to 7.1% (8.2% in the first quarter) in the second quarter of fiscal 2018-19, breaking the trend of sequential acceleration which commenced since Q2FY18. This is majorly attributable to moderation in private consumption. On the supply side, the growth of Gross Value Added (GVA) at basic prices declined to 6.9% in Q2FY19 (8.0% in Q1FY19), reflecting moderation in Agricultural and Industrial activities. However, MPC has retained its projection of GDP growth for FY 2018-19 at 7.4%.

The inflation, though forecasted to decline as per MPC, continues to remain susceptible to volatile crude oil prices. MPC has kept the key policy rates unchanged in its meeting held in December-18, in line with the stance of calibrated tightening of monetary policy. If the inflation trend continues to remain benign, a rate cut is likely which will boost the investment cycle.

The Outlook for power sector over the next 3 to 5 years has improved as 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 "SAUBHAGYA" scheme, to name a few.

The country achieved electrification of all its villages in April-18 and is on track to complete 100% household electrification by the end of the current fiscal, which should further enhance the power demand from rural India. This, coupled with the

JSW ENERGY LTD.

retirement of old and inefficient plants and limited capacity addition going forward, should lead to better utilization of existing Thermal capacity over the medium to long term. The sector is also likely to see increased consolidation with resolution of stressed assets under Insolvency and Bankruptcy Code, which will further aid the demand-supply balancing. However, volatility in imported coal prices and domestic coal availability especially for private sector power plants continue to remain key concerns for the sector.

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.