**Press Release** **May 20, 2020**

## Financial Results for the Quarter ended March 31, 2020

**Mumbai, India:** JSW Energy Limited ("JSW Energy" or the "Company") today reported its results for the fourth quarter ("Q4FY20" or the "Quarter") ended March 31, 2020.

### Key Highlights of Q4FY20 (Consolidated):

- Despite the Covid-19 situation, the Company's plant operations continue to run smoothly, while ensuring adherence to necessary safety measures. Balance sheet and liquidity remains robust, well positioned to navigate the challenging circumstances
- Update on Acquisitions:
  - GMR Kamalanga Energy Ltd: The transaction has been put on hold given the ongoing uncertainty and will be revisited once the situation normalizes
  - Ind-Barath Energy (Utkal) Ltd: Approval by National Company Law Tribunal under process for the resolution plan submitted by the Company
- Focus on Balance Sheet strength continues; During the quarter, Company reduced its Net Debt^ by ₹585 Crore; Net Debt^ to Equity at 0.77x
- The Board has recommended a dividend of ₹1/ equity share subject to approval of the Shareholders
- The Company was awarded 'Golden Peacock award for HR Excellence-2019' in Power Sector
- The Company was awarded by World HRD Congress under the category of 'Organization with Innovative HR Practices'



*^excluding short term working capital debt/ acceptances*

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- The Company's Ratnagiri plant received Certificate of Appreciation from Confederation of Indian Industry (CII), for good work in area of sustainability
- Mr. Nirmal Kumar Jain, Non-executive Director has resigned from the Directorship of the Company due to his other business commitments

**Consolidated Operational Performance:**

PLF achieved during Q4FY20 at various locations/plants are furnished below:

- **Vijayanagar:** The plant achieved an average PLF of 34.3% vis-a-vis 37.4% in the corresponding quarter of previous year due to back-down by long term customers.
- **Ratnagiri:** The plant operated at an average PLF of 71.0% (79.5%*) as against 75.7% (80.0%*) in the corresponding quarter of previous year due to back-down by long term customers.
- **Barmer**: The plant achieved an average PLF of 63.2% (82.9%*) as against 65.4% (86.1%*) in the corresponding quarter of previous year due to back-down by long term customers.
- **Himachal Pradesh**: The plants achieved an average PLF of 15.2% for the quarter vis-à-vis 14.3% in the corresponding quarter of previous year due to better water availability.
- **Nandyal**: The plant achieved an average PLF of 80.9% (99.1%*) during the quarter.
- **Solar**: The plants at Nandyal and Salboni achieved average CUF of 19.8% and 19.9% 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 | Q4FY20 | Q4FY19 |
|---|---|---|
| Vijayanagar | 593 | 649 |
| Ratnagiri | 1,705 | 1,793 |
| Barmer | 1,346 | 1,377 |
| Himachal Pradesh | 429 | 397 |
| Nandyal | 29 | - |
| Solar | 4 | - |
| **Total** | **4,105** | **4,216** |

Short term sales during the quarter were higher at 736 million units as compared to 567 million units in Q4FY19 due to higher short term sales at both Ratnagiri and Vijayanagar plants.

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

During the quarter, total revenue declined by ~8% on a YoY basis to ₹1,848 Crore from ₹2,018 Crore in the corresponding quarter of previous year primarily due to lower long-term sales and decline in fuel cost. The fuel cost for the quarter decreased by ~16% YoY to ₹996 Crore due to moderation in the imported coal prices and lower generation.

EBITDA for the quarter increased ~10% to ₹629 Crore from ₹570 Crore in the corresponding quarter of previous year.

Finance costs declined to ₹248 Crore from ₹276 Crore in the corresponding quarter of previous year, attributable to proactive debt repayment/prepayment.

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The Company's Net Profit stood at ₹108 Crore vis-à-vis ₹4 Crore in the corresponding quarter of previous year. Total Comprehensive Income of the Company for the quarter stood at ₹(827) Crore as against ₹(85) Crore in the corresponding period of previous year.

The Consolidated Net Worth and Consolidated Net Debt^ as on March 31, 2020 were ₹11,646 Crore and ₹8,945 Crore respectively, resulting in a Net Debt^ to Equity ratio of 0.77x.

**<u>Business Environment:</u>**

India's power demand witnessed a growth of 1.9% YoY in Q4FY20, compared to 1.6% growth in Q4FY19, despite a national lockdown in the second half of March'20, mainly due to high growth registered in the months of January'20 and February'20. Demand declined primarily in North, East and North-East regions, on a YoY basis. Further, in the month of April'20, demand declined by ~23% due to a complete nation-wide lockdown attributable to COVID-19 outbreak.

In line with demand, overall power generation grew by 1.7% in Q4FY20 on a YoY basis. Thermal generation growth declined by 1.5%, while Hydro and Renewable segments grew by 13.8% and 16.1% respectively, on a YoY basis. PLF for Thermal segment was lower at 59.4% in Q4FY20 vis-à-vis 61.5% in the corresponding quarter of last fiscal, primarily due to decline in Central and State sector PLFs. However, Private sector PLF improved on a YoY basis.

On the supply side, installed capacity stood at 370.1GW as on March 31, 2020. In Q4FY20, installed capacity increased by 1.4GW (net) primarily led by Renewable (+1.1GW) segment.

*^excluding short term working capital debt/ acceptances*

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During the quarter, the average merchant power prices at IEX stood at ₹2.74/unit. This was ~3% lower on QoQ basis and ~14% lower on a YoY basis.

In Q4FY20, average value of INR against USD depreciated ~1.6% on a QoQ basis and ~2.7% YoY. Going forward, trends in crude oil prices and pace of resolution of COVID-19 situation will be the driving factors for INR. The average API 4 Coal Index witnessed a decline of ~6% on a YoY basis, however, increased ~2.9% on a QoQ basis in Q4FY20.

**Outlook:**

As per the Reserve Bank of India (RBI), the global economic activity has come to a near standstill attributable to the COVID-19 pandemic. The World Trade Organisation expects global merchandise trade to contract by as much as 13%-32% in calendar year 2020. Global financial markets remain volatile, and emerging market economies are grappling with capital outflows and volatility in exchange rates. Expectations of a shallow recovery in global growth in calendar year 2020, from 2019's decade low, have been significantly reduced. The outlook is now contingent upon the intensity, spread and duration of the pandemic.

On the domestic front, real Gross Domestic Product (GDP) growth had moderated to 4.7% in the third quarter of FY20 (vis-à-vis a revised 5.1% growth in the second quarter), the lowest since Q4FY13. This was majorly attributable to subdued growth across all the major sectors, further exacerbated by weak consumer sentiment. Real GDP growth is expected to further moderate due to severe disruption of economic activity caused by outbreak of COVID-19 and imposition of nation-wide lockdown. Moreover, the exodus of casual and contractual labourers

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across the country is likely to have a severe implication on the pace of recovery in industrial and agricultural activities.

The RBI and the Government have been proactive in addressing the COVID-19 led economic disruption with timely measures such as RBI's COVID-19 relief package, Targeted Long Term Repo Operations (for addressing corporate liquidity concerns), and INR 20 trillion economic stimulus package announced by the Government. In the month of March'20, the Monetary Policy Committee reduced policy repo rate by 75 bps to 4.40% and maintained monetary policy stance at 'Accommodative'. During March'20 and April'20, retail inflation eased to 5.91% and 5.84% respectively (from 6.58% in February'20), largely due to fall in food inflation. Nevertheless, shortage of produce amidst supply chain disruption attributable to COVID-19 lockdown may lead to higher food inflation in the near term.

Power demand over the short term is expected to be muted attributable to subdued economic activity due to the ongoing COVID-19 situation. There have been major disruptions in supply chain and logistics including disruptions in billing and collections for Discoms. In the short term, volumes and tariffs at merchant markets are expected to be adversely impacted due to a lackluster demand scenario.

However, over the medium term, Power sector outlook is intact, as rapid urbanization and stabilization of various schemes undertaken by the Government such as "Power for All" and "24 x 7 Power" is expected to spur the power demand. With universal household electrification nearly complete in the country, the latent power demand from rural India should also get unlocked. Further, the recent Government announcement of ₹90,000 Crore liquidity infusion for discoms via



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PFC/REC is a key positive for the sector. The sector is also likely to see increased consolidation with several stressed power assets available for acquisition. However, pace of resolution of COVID-19 related issues, prompt 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.

**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.

**For Further Information, Please Contact:**


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