



JSW Energy Limited

Investor Presentation

May 2016

A decorative graphic in the top left corner consists of several overlapping, curved shapes in blue, white, and red, resembling a stylized sail or wing.

Agenda

Overview

Value Proposition

Business
Environment

Appendix

JSW Group – overview

USD 11 billion group with presence across the core sectors



JSW Steel*: India's leading integrated steel producer (Steel making capacity: 18MTPA)



JSW Energy*: Engaged across the value chain of power business (Operational plants' capacity: 4,531 MW)

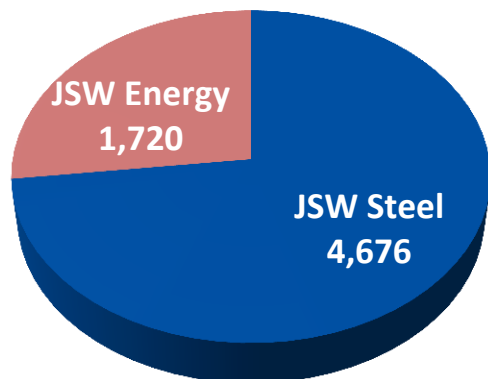


JSW Infrastructure: Engaged in development and operations of ports (Operational capacity: 33MTPA)



JSW Cement: Manufacturer of PSC, OPC and GGBS cement (Operational plants' capacity: 6MTPA)

Group market cap (\$6,396 mn**)



As on Mar 31, 2016

JSW Group

FY 2014-15

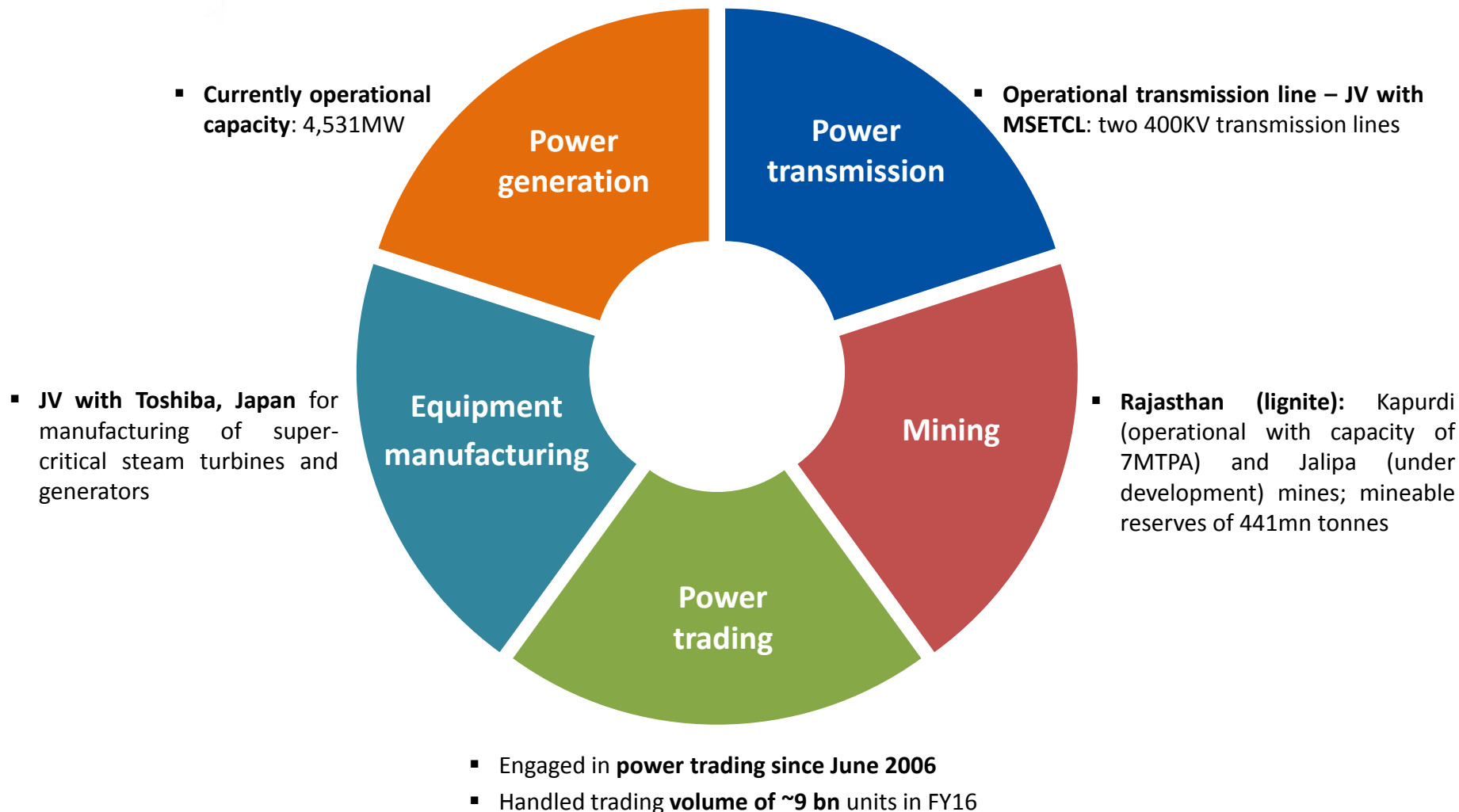
Gross Turnover:	10,782
EBITDA:	2,165
Profit after Tax:	520
Cash Profit:	1,221

Cash Profit= PAT + Depreciation

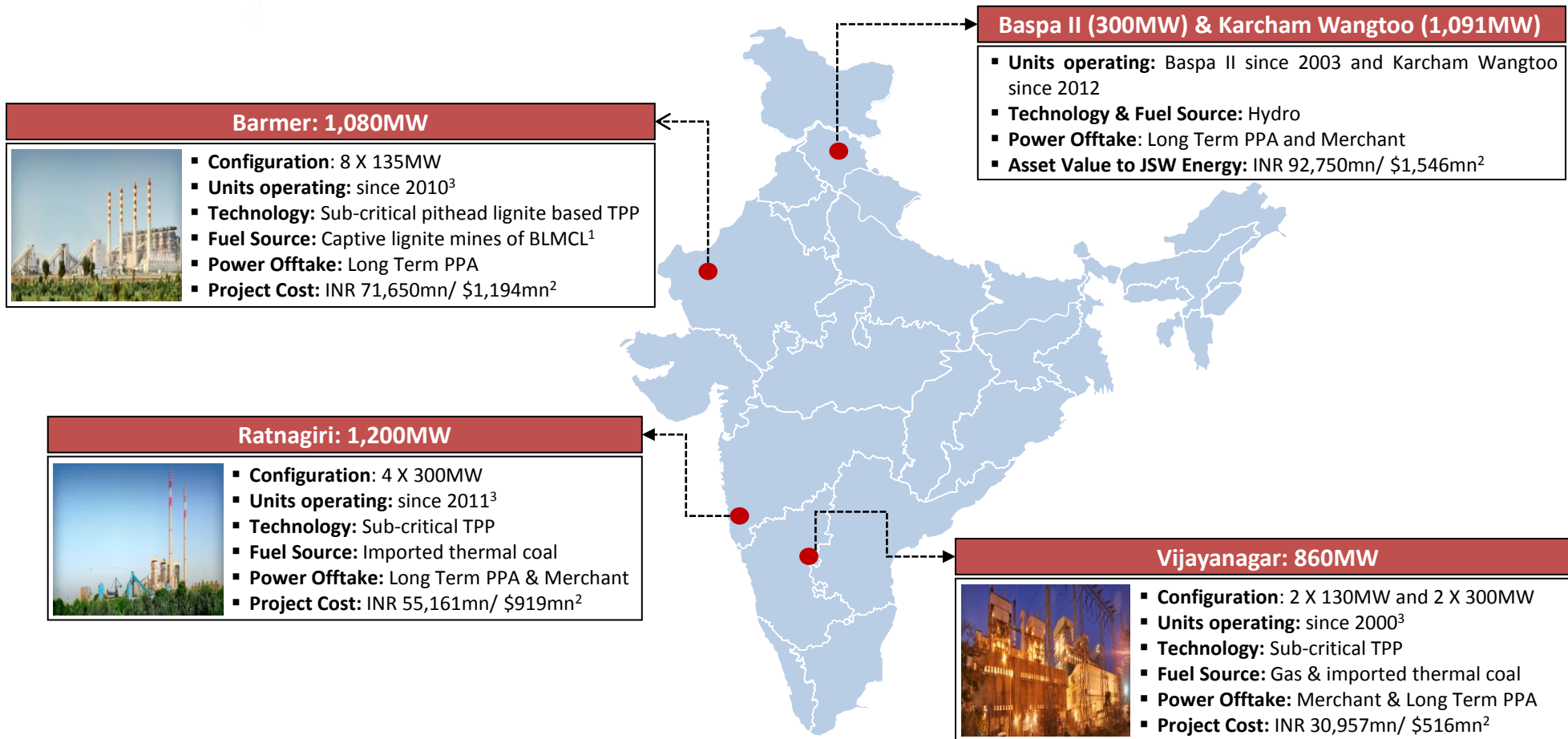
All figures are in USD millions

USD/ ₹ = 62.5908 (RBI reference rate as on Mar 31, 2015)

JSW Energy – Presence across the value chain



Established energy company with 4,531 MW operational capacity



Proximity to load centre/fuel source/infrastructural facilities

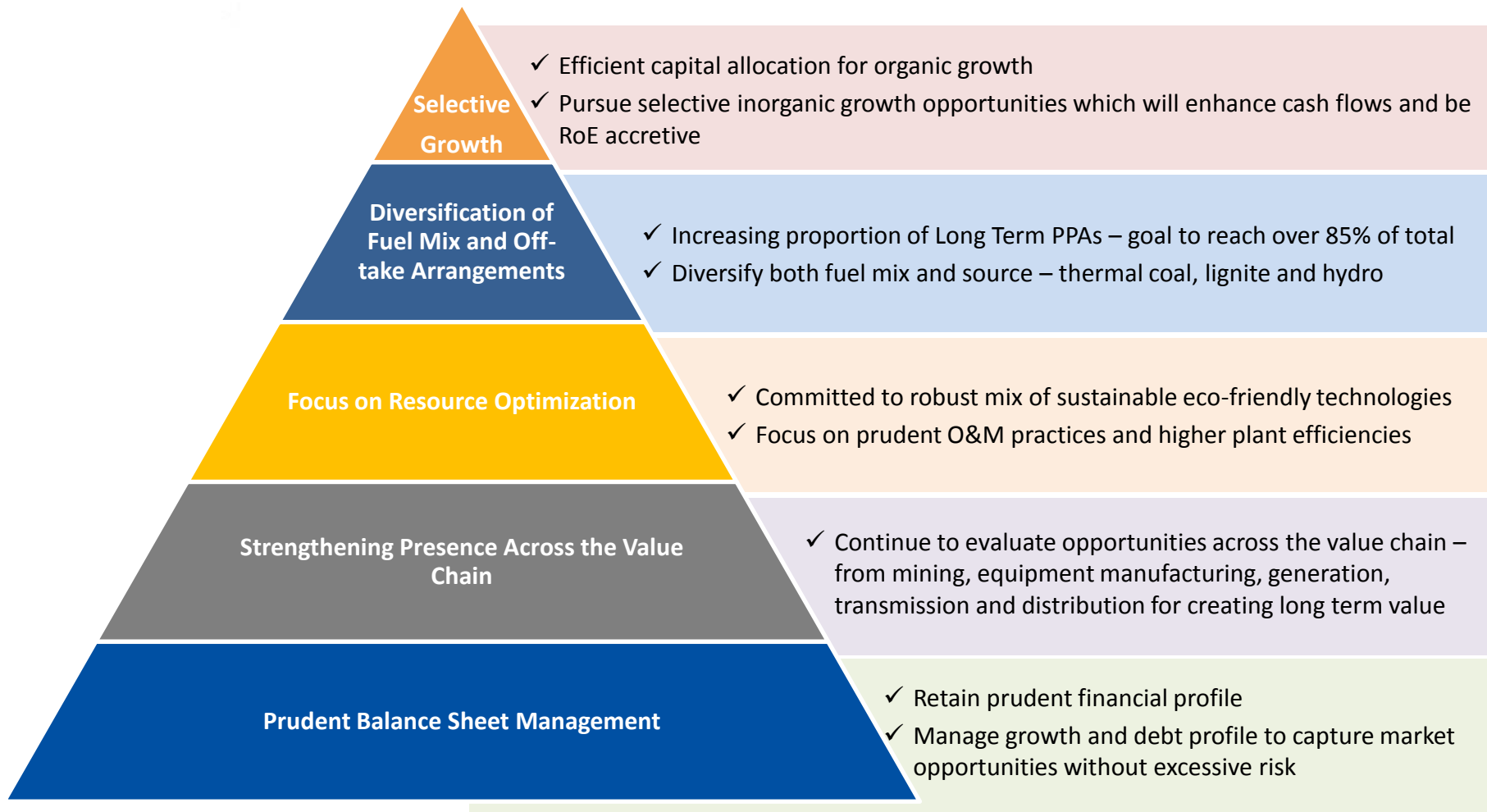
1) Long term FSA with BLMCL for supply of lignite from its captive mines; BLMCL is a 49:51 JV between Raj WestPower Ltd (subsidiary of JSW Energy) and Rajasthan government undertaking, 2) USD/ INR = 60, 3) denotes start of first unit in respective fiscal year; TPP – Thermal Power Plant

Proven track record

	FY12	FY16	
Capacity (MW)	2,600	4,531	<ul style="list-style-type: none"> CAGR FY12–16: 15%
Net Generation (MUs)	13,594	22,064	<ul style="list-style-type: none"> CAGR FY12–16: 13%
Total Revenue	INR 62,654mn / \$1,044mn	INR 101,790mn / \$1,696mn	<ul style="list-style-type: none"> CAGR FY12–16: 13%
EBITDA	INR 15,944mn/ \$266mn	INR 43,546mn/ \$726mn	<ul style="list-style-type: none"> CAGR FY12–16: 29%
PAT	INR 1,701mn/ \$28mn	INR 13,955mn/ \$233mn	<ul style="list-style-type: none"> CAGR FY12–16: 69% Profitable and dividend paying since listing
Fuel Type	Thermal Coal	Thermal Coal, Lignite, Hydro	<ul style="list-style-type: none"> Diversifying fuel sources
Business Segment	Power generation, O&M, transmission, trading, coal mining and equipment manufacturing	Power generation, O&M, transmission, trading, coal mining and equipment manufacturing	<ul style="list-style-type: none"> Presence across the value chain

Despite turbulent sector dynamics, delivering sustainable growth driven by focused execution and balanced strategy

Corporate strategy



Sound Corporate Governance

Audit Committee	<ul style="list-style-type: none"> ✓ Ensures regular review of audit plans, significant audit findings, adequacy of internal audit system, compliance with regulations by the Company and its subsidiaries ✓ Comprises of five Non-Executive Directors
Nomination and Remuneration Committee	<ul style="list-style-type: none"> ✓ Identifies qualified persons and recommends to the Board the appointment, removal and evaluation of Directors ✓ Responsible for drafting policy on specific remuneration packages for Executive Directors and approving the payment of remuneration to managerial personnel ✓ Formulate criteria for independence of Director, evaluation of Independent Directors, policy on Board diversity ✓ Comprises of four Non-Executive Directors
Stakeholders Relationship Committee	<ul style="list-style-type: none"> ✓ Responsible for the functioning of the investor grievances redressal system ✓ Comprises of two Non-Executive Directors
Risk Management Committee	<ul style="list-style-type: none"> ✓ Periodically reviews risk assessment and minimization procedures ✓ Comprises of two Non-Executive Directors
Corporate Social Responsibility (CSR) Committee	<ul style="list-style-type: none"> ✓ Formulates and recommends to the Board a CSR Policy including list of projects and programs ✓ Strong commitment towards CSR ✓ Comprises of four Non-Executive Directors

All key committees in place, having adequate independent director representation

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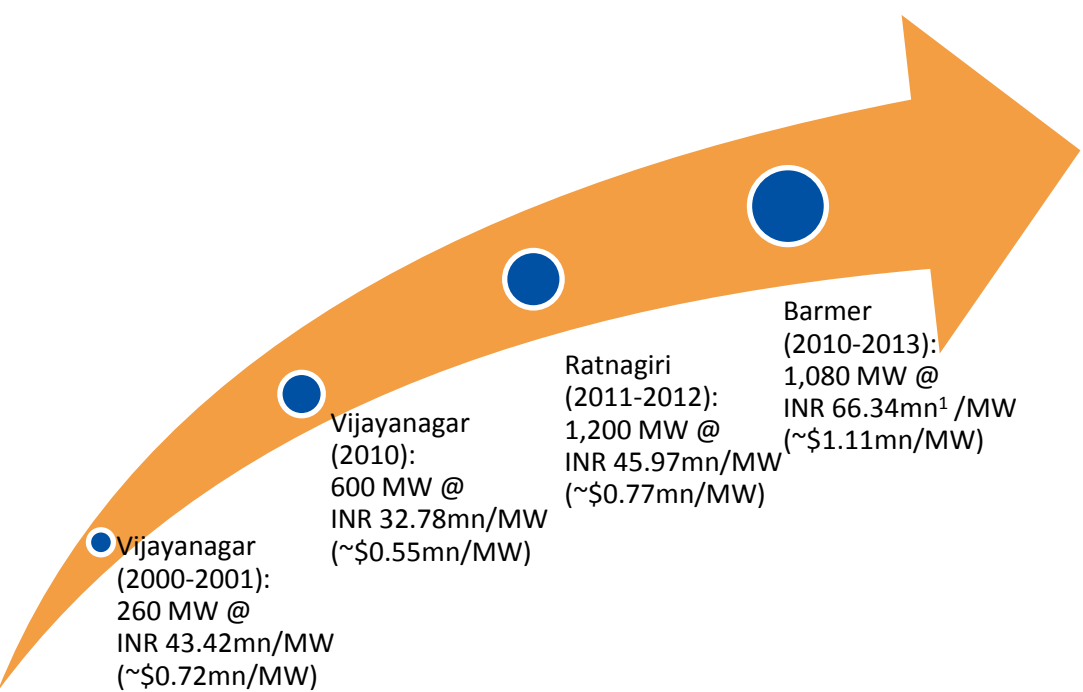
Value proposition

- 1 Efficient Capital Allocation and Execution Capabilities**
- 2 Portfolio of Efficient Operating Assets**
- 3 Diversified Fuel Tie-up**
- 4 Balanced Mix of Off-take Arrangements**
- 5 Robust Financial Profile**

1 Efficient Capital Allocation and Execution Capabilities

Project cost of some the power plants set up by other players in the industry

Power project	Capacity		Project cost		1 st COD
	MW	₹ crore/MW	\$mn/MW	Year	
Lanco (Amarkantak)	600	5.23	0.87	2009	
Lanco (Udupi)	1,200	4.67	0.78	2010	
Aryan Coal (Kasaipalli)	270	5.00	0.83	2011	
Tata Power/DVC (Maithon)	1,050	5.24	0.87	2011	
Adhunik (Padampur)	540	6.18	1.03	2013	
GMR EMCO (Warora)	600	6.25	1.04	2013	
GMR (Kamalanga)	1,050	6.21	1.04	2013	
Dhariwal (Chandrapur)	600	6.22	1.04	2014	
DB Power (Janjgir-Champa)	1,200	7.02	1.17	2014	
JPVL (Nigrie)	1,320	7.92	1.32	2014	
Neyveli (Barsingsar) ¹	250	7.00	1.17	2010	
Giral (Rajasthan) ¹	250	7.69	1.28	2011	

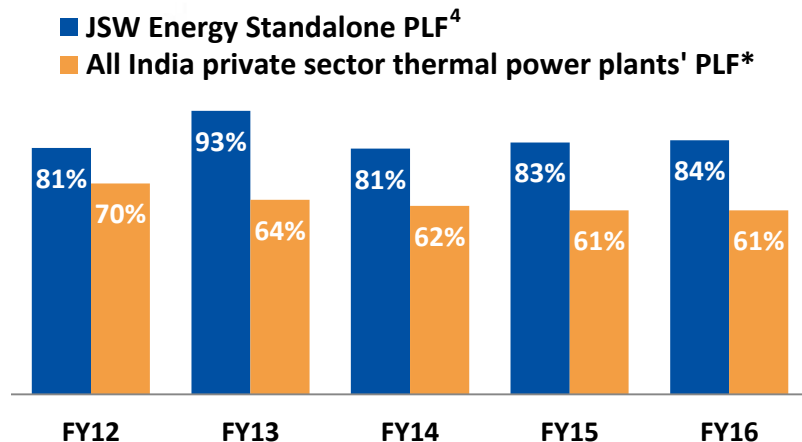


Leveraging upon strong project execution and project management expertise, and infrastructure

¹) High capital cost due to CFBC boilers for lignite based power plant
USD/ INR = 60

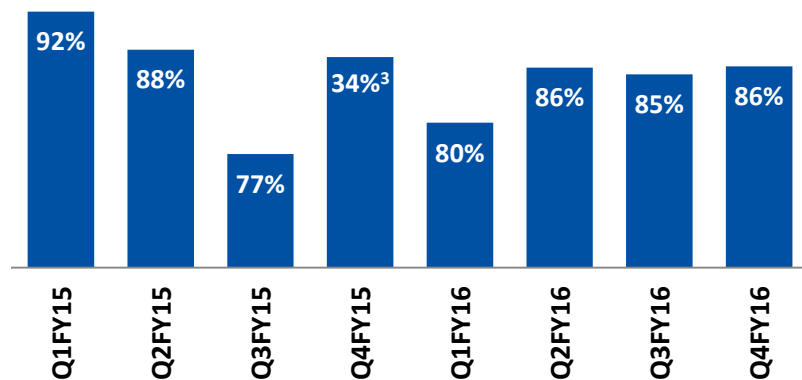
2 Portfolio of Efficient Operating Assets

JSW Energy Stand alone⁴



- ✓ Among the best run thermal power plants in India on a consistent basis
- ✓ Vijayanagar plant has been consistently recognised as a top performing operating power plant by the Ministry of Power for 8 consecutive years²

Raj West Power PLF¹



- ✓ Benchmark O&M practice resulting in consistently higher PLFs

Industry leading PLFs driven by O&M and execution expertise

*Source-CEA

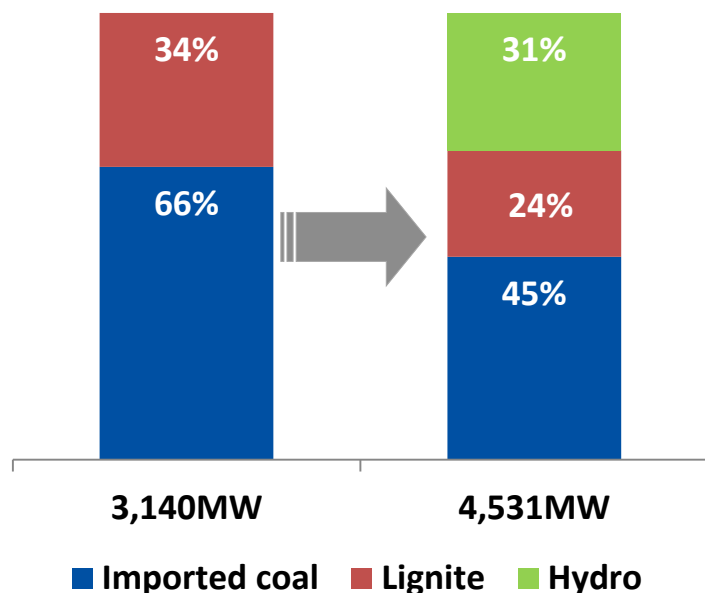
1) Deemed PLF, 2) Vijayanagar's SBU I (260MW) or SBU II (600MW) received either the Bronze Shield or the Silver Shield in the category of 'Performance of Thermal Power Stations' for FY07/FY08/ FY09/ FY10/ FY11/FY14 and the Gold Shield for FY12 and FY13, 3) Q4FY14 PLF was lower due to fuel availability related back-down during Feb-Mar'2014, 4) Includes Vijayanagar (860MW) and Ratnagiri (1,200MW) plants

Diversified Fuel Tie-up and balanced Mix of Off-take Arrangements

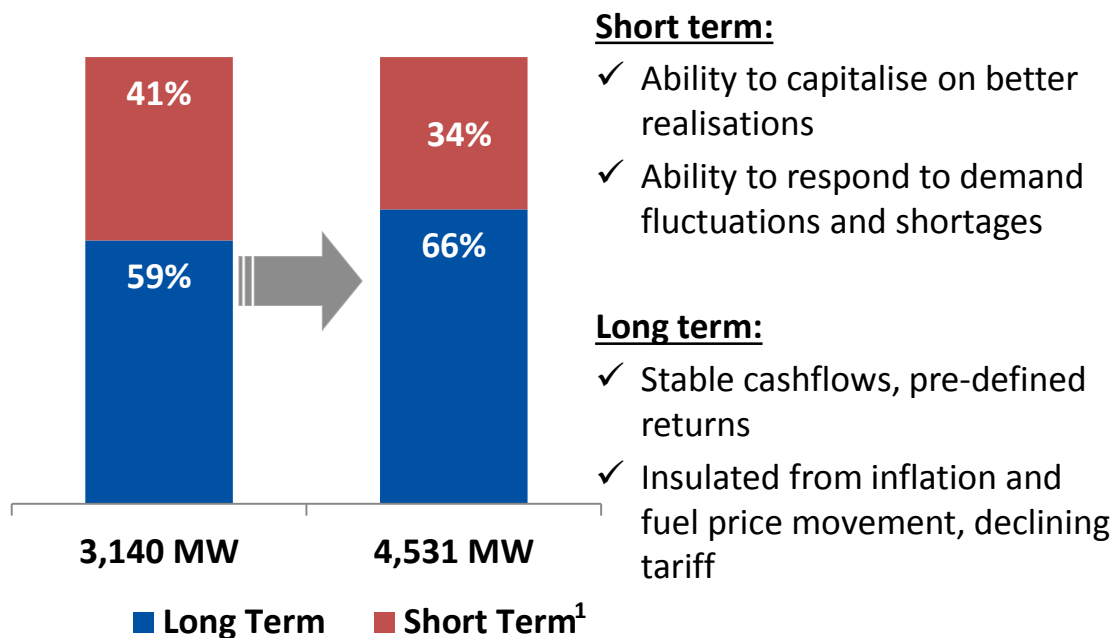
3 4

Fuel sources –

- Thermal coal
- Lignite, and
- Hydro



Power off-take arrangements – optimal mix of long term contracts & merchant power sales (return optimisation)



Short term:

- ✓ Ability to capitalise on better realisations
- ✓ Ability to respond to demand fluctuations and shortages

Long term:

- ✓ Stable cashflows, pre-defined returns
- ✓ Insulated from inflation and fuel price movement, declining tariff

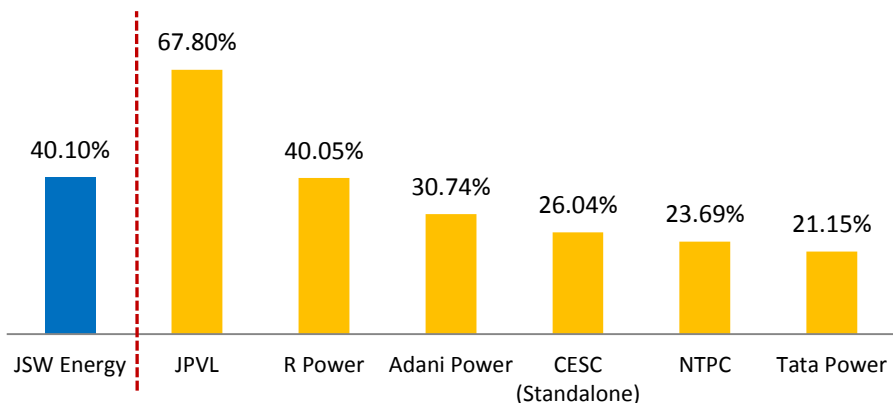
.... with aim to tie-up over 85% of capacity under long term PPAs

Lower fuel risk, resilience to sector dynamics

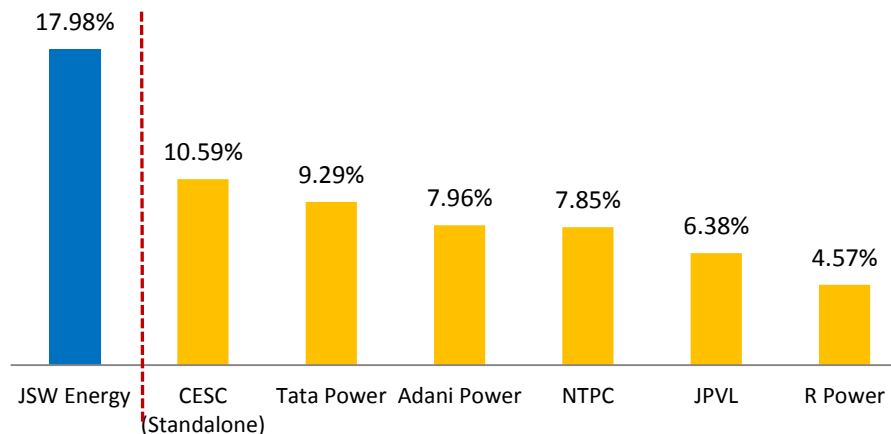
¹) short-term arrangements also includes other arrangements

5 Robust Financial Profile

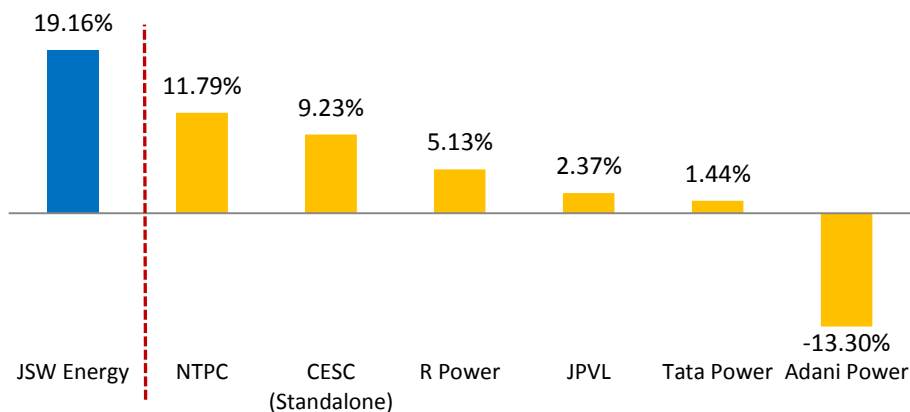
FY15 EBITDA Margin (%¹)



FY15 Return on Capital Employed (%²)



FY15 Return on Net Worth (%)

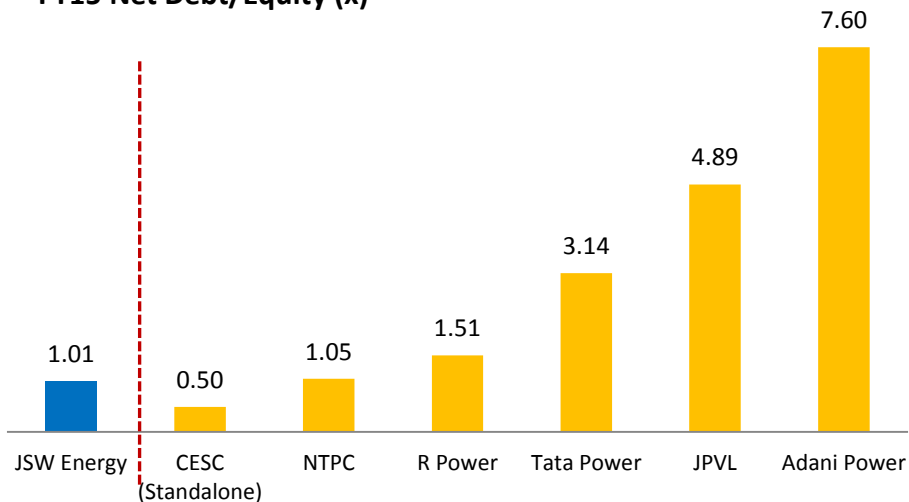


✓ Dividend paying track-record since listing in 2010

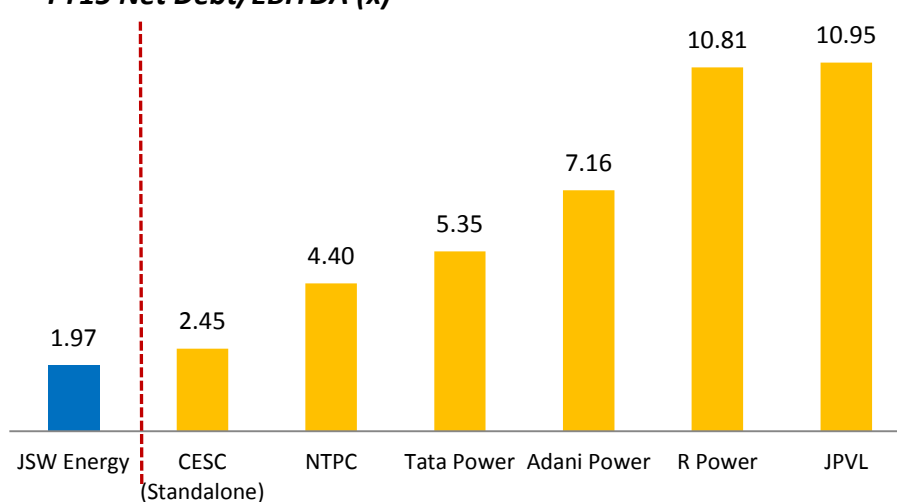
Sector leading margins and return ratios

5 Robust Financial Profile

FY15 Net Debt/Equity (x)



FY15 Net Debt/EBITDA (x)



✓ Free cash positive for last three years, despite sector specific challenges

Well capitalised balance sheet, best positioned to tap growth opportunities

Well poised to capitalise on improving sector fundamentals

		JSW Energy's Advantage / Approach
Regulated sector	Stability of cash flows takes precedence over growth	<ul style="list-style-type: none"> ✓ Increase share of long term PPAs to over 85% ✓ Leverage low fixed cost advantage for upcoming Case 1 Bids
Capital allocation	Prudence as key to sustainable value creation	<ul style="list-style-type: none"> ✓ Put on-hold growth projects when sector fundamentals were uncertain ✓ All existing long term PPAs with pass-through of energy/fuel cost as per applicable regulations
Coal block auctions	Opportunity to secure fuel	<ul style="list-style-type: none"> ✓ Coal auctions may provide potential to enhance our organic growth
Policy environment / Inorganic growth opportunity	Sector looking ripe for consolidation and growth – projects with low risk to cash flow	<ul style="list-style-type: none"> ✓ Well positioned to: <ul style="list-style-type: none"> ▪ leverage our strong balance sheet ▪ capitalise on expected consolidation of the power sector

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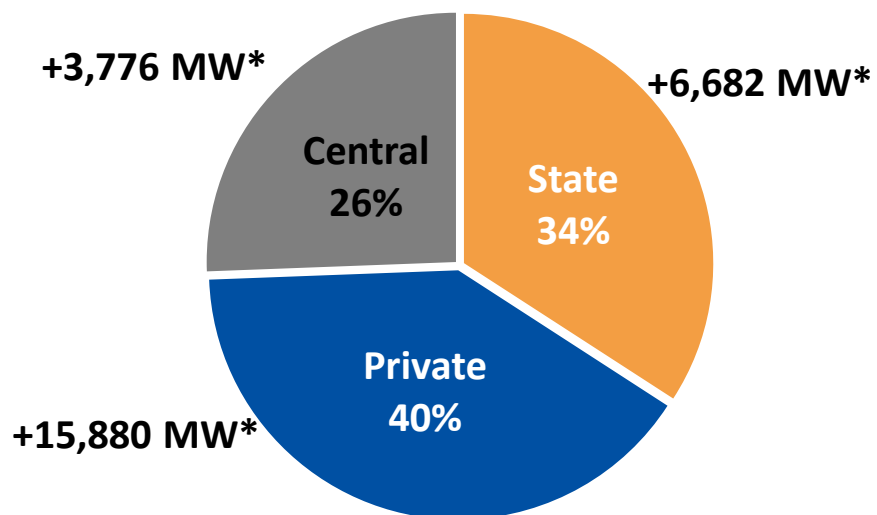
Value Proposition

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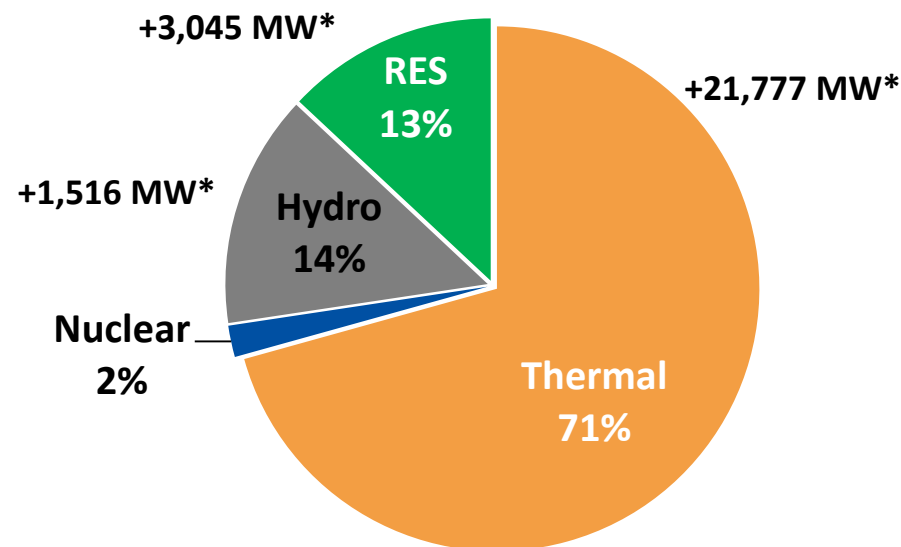
Appendix

Capacity profile and PLF's

Sector-wise Installed Capacity – 298 GW
(as on Mar 31, 2016)



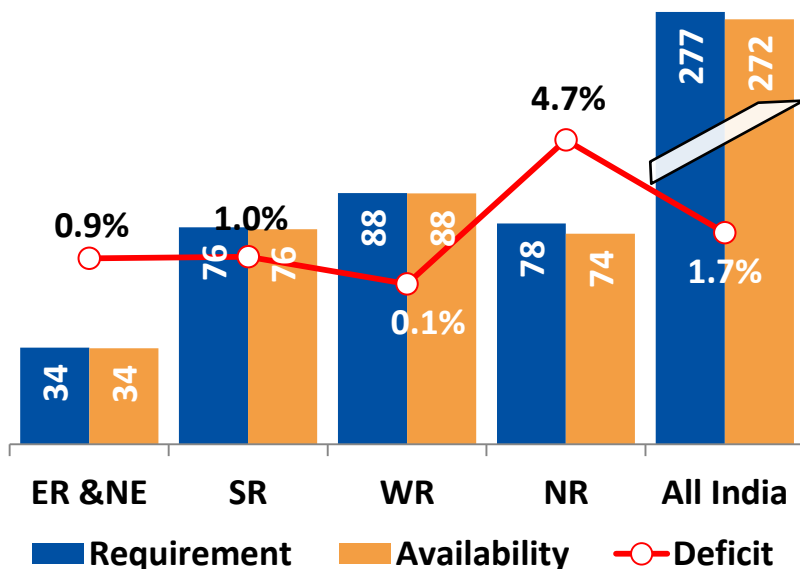
Mode-wise Installed Capacity
(as on Mar 31, 2016)



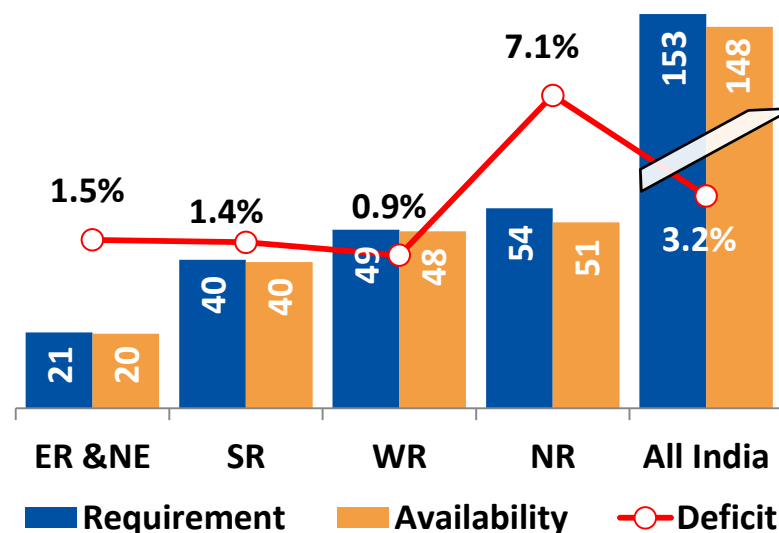
- 60% of the capacity additions in FY16 was contributed by the Private Sector. Thermal power contributed 83% of the capacity additions during FY16.
- All India thermal PLF dipped to ~62% in FY16 from 64% in FY15.

Demand-supply scenario

Power Demand Supply Position Q4 FY16 (BU)



Peak Demand and Peak Met FY16 (GW)

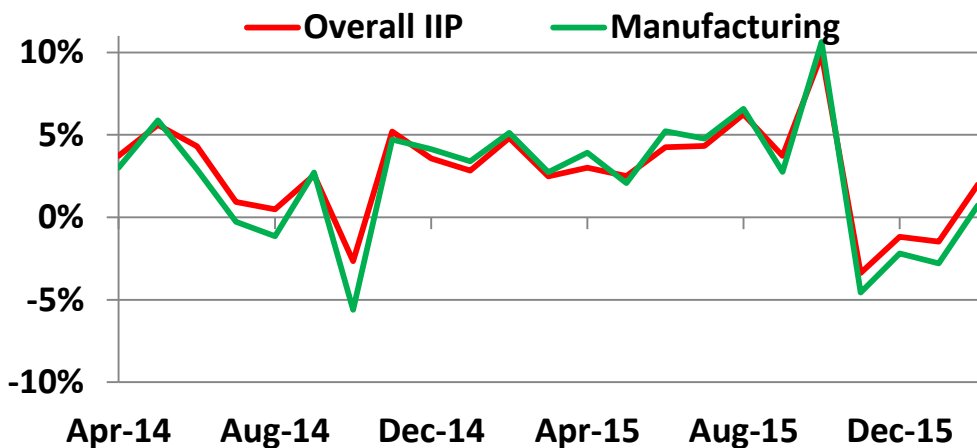


- All India demand-supply gap was 5 Billion Units in Q4 FY16 and peak deficit was 5 GW during FY16.
- All India power demand improved by 9.7% YoY while supply improved by 10.6% YoY in Q4 FY16 (4.2% and 5.8% respectively for FY16).
- Increasing number of Discoms joining UDAY Scheme is encouraging and should result in improved electricity demand in the long run. Domestic coal availability has been improving and renewable energy generation and enhancement of transmission capacity remain focus areas. However, lack of clarity around capacity charge norms for new long-term PPAs and auction of coal blocks, power network congestion and high T&D losses continue to persist.

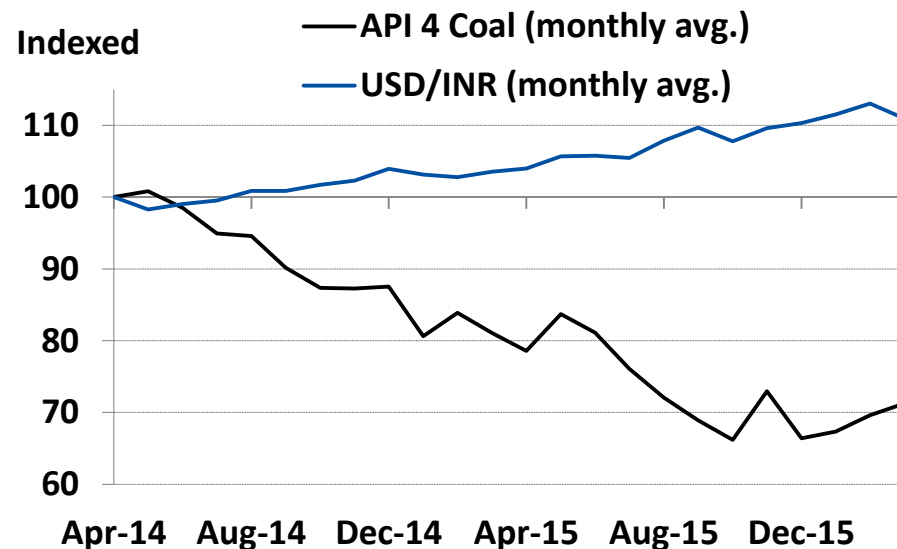
Indian economy and thermal coal prices

- Industrial Production growth improved in Feb-2016 after three consecutive months of negative growth. Almost all the sectors improved meaningfully.
- Inflation remained benign in the last few months and with expectation of good monsoons, interest rates are likely to soften further. Government spending on infrastructure and other development projects should lead to a gradual pick up of the investment cycle and energy demand in the coming quarters.

Industrial production growth (% YoY)



Thermal coal prices inched up, while INR depreciated slightly during Q4 FY16



Month	API 4 Coal	USD/INR
Dec-15	100	100
Jan-16	101	101
Feb-16	105	102
Mar-16	107	101



Agenda

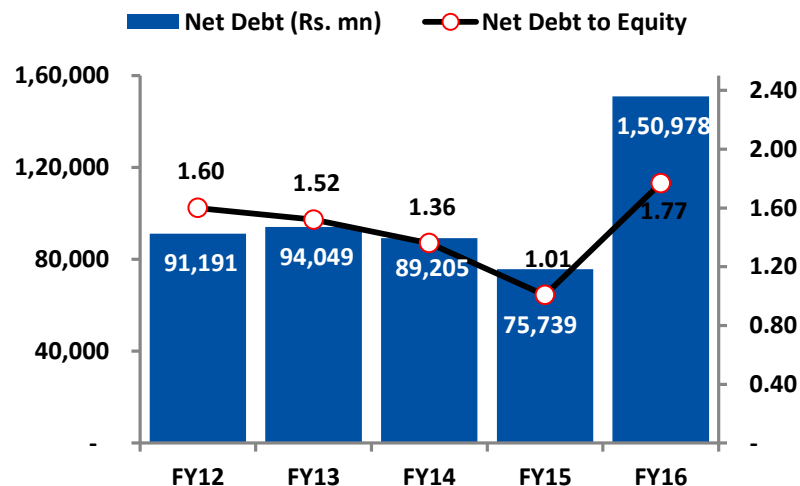
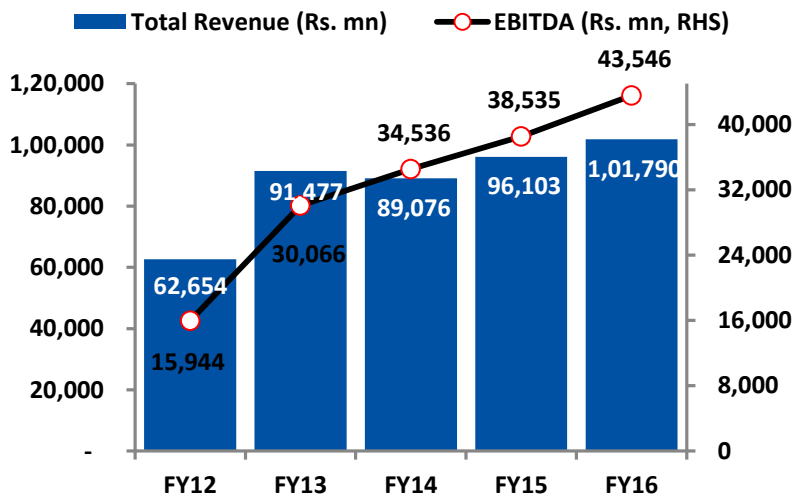
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Strong financial track record



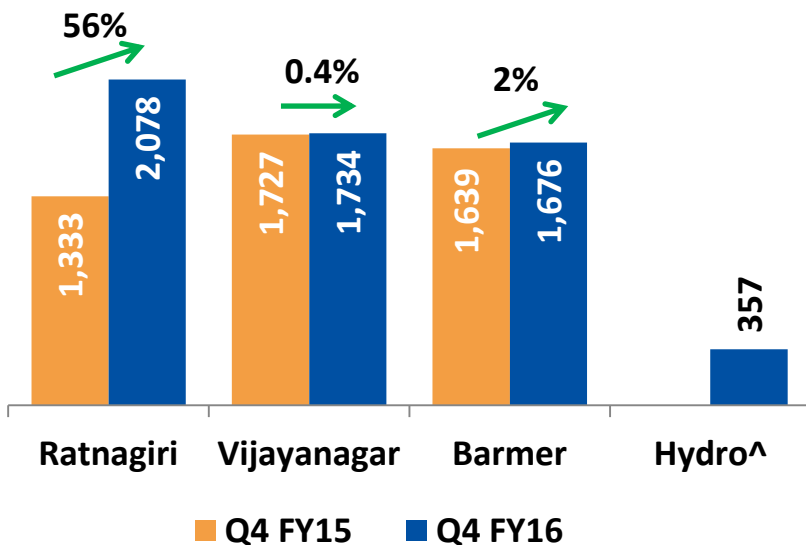
Key financial parameters	FY14	FY15	FY16
EBITDA Margin (%)	38.8	40.1	42.8
Return on Avg. Net Worth (%)	11.8	19.2	17.4
EPS (₹ Per Share)	4.60	8.23	8.51
DPS (₹ Per Share)	2.00	2.00	2.00*

- ✓ Profit making entity since inception
- ✓ Dividend paying track-record since listing
- ✓ Free cash positive
- ✓ Well capitalised balance sheet/ low gearing ratios

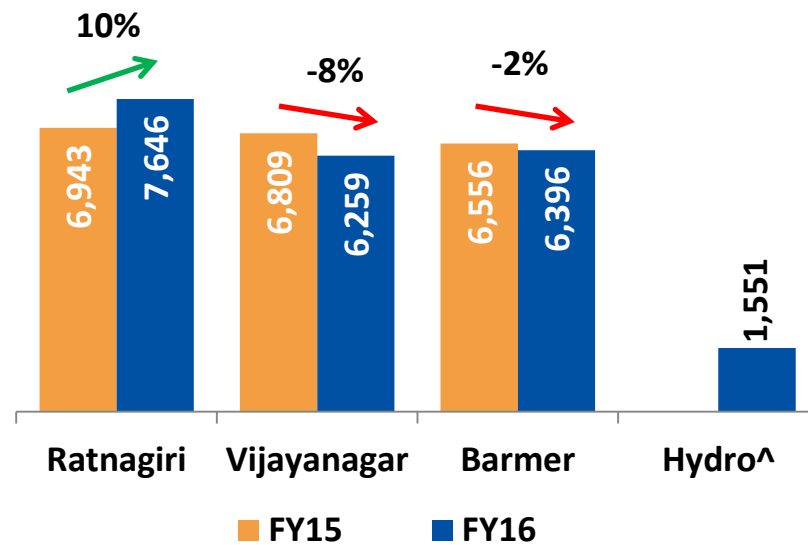
Robust financial profile in a challenging environment

Power generation

Q4 plant-wise net generation



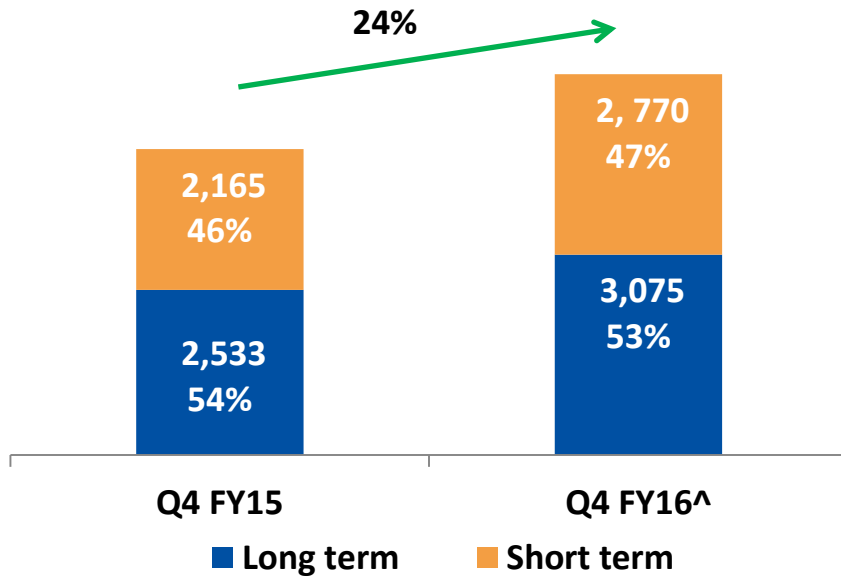
Annual plant-wise net generation



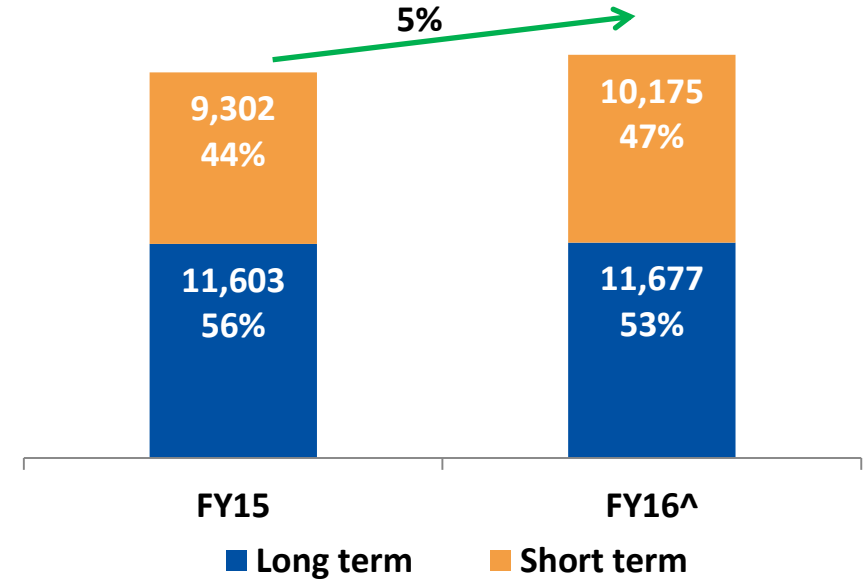
PLF (%)	Q4 FY15	Q4 FY16	FY15	FY16
Ratnagiri	57% (*71%)	87% (*92%)	73% (*77%)	80% (*85%)
Vijayanagar	100%	99%	97%	89%
Barmer*	87%	86%	86%	85%
Hydro^	-	14%	-	27%

Power sales break-up

Q4 power sales break-up



Annual power sales break-up



	Q4 FY15	Q4 FY16^	FY15	FY16^
Average Realization (₹/kwh)#	4.37	4.24	4.24	4.12

Consolidated financial results

₹ Crore

Q4 FY15	Q4 FY16^	Particulars	FY15	FY16^
2,219	2,706	Turnover	9,610	10,179
921	1,162	EBITDA	3,854	4,355
41%	43%	EBITDA Margin(%)	40%	43%
271	439	Interest	1,137	1,503
196	263	Depreciation	790	950
-	-	Exceptional gain(+) / loss(-)	(34)	150
453	461	Profit Before Tax	1,892	2,051
325	305	Profit after Tax	1,350	1,396
1.98	1.86	Diluted EPS (₹)*	8.23	8.51
		Dividend (₹/share)	2.00	2.00#

Consolidated financial results

USD mn

Q4 FY15	Q4 FY16 [^]	Particulars	FY15	FY16 [^]
335	408	Turnover	1,449	1,535
139	175	EBITDA	581	657
42%	46%	EBITDA Margin(%)	40%	43%
41	66	Interest	171	227
30	40	Depreciation	119	143
-	-	Exceptional gain(+) / loss(-)	-5	23
68	69	Profit Before Tax	285	309
49	46	Profit after Tax	204	210
0.03	0.03	Diluted EPS (USD)*	0.12	0.13
		Dividend (₹/share)	0.03	0.03[#]

Consolidated financial highlights

Particulars	Dec 31, 2015		Mar 31, 2016	
	₹Crores	USD mn	₹Crores	USD mn
Net Worth	8,615	1,299	8,536	1,287
Net Debt	15,506	2,338	15,098	2,276
Net Fixed Assets*	22,576	3,404	22,410	3,378
Net Debt to Equity Ratio (x)	1.80		1.77	
Weighted average cost of debt	10.35%		10.35%	

Status update

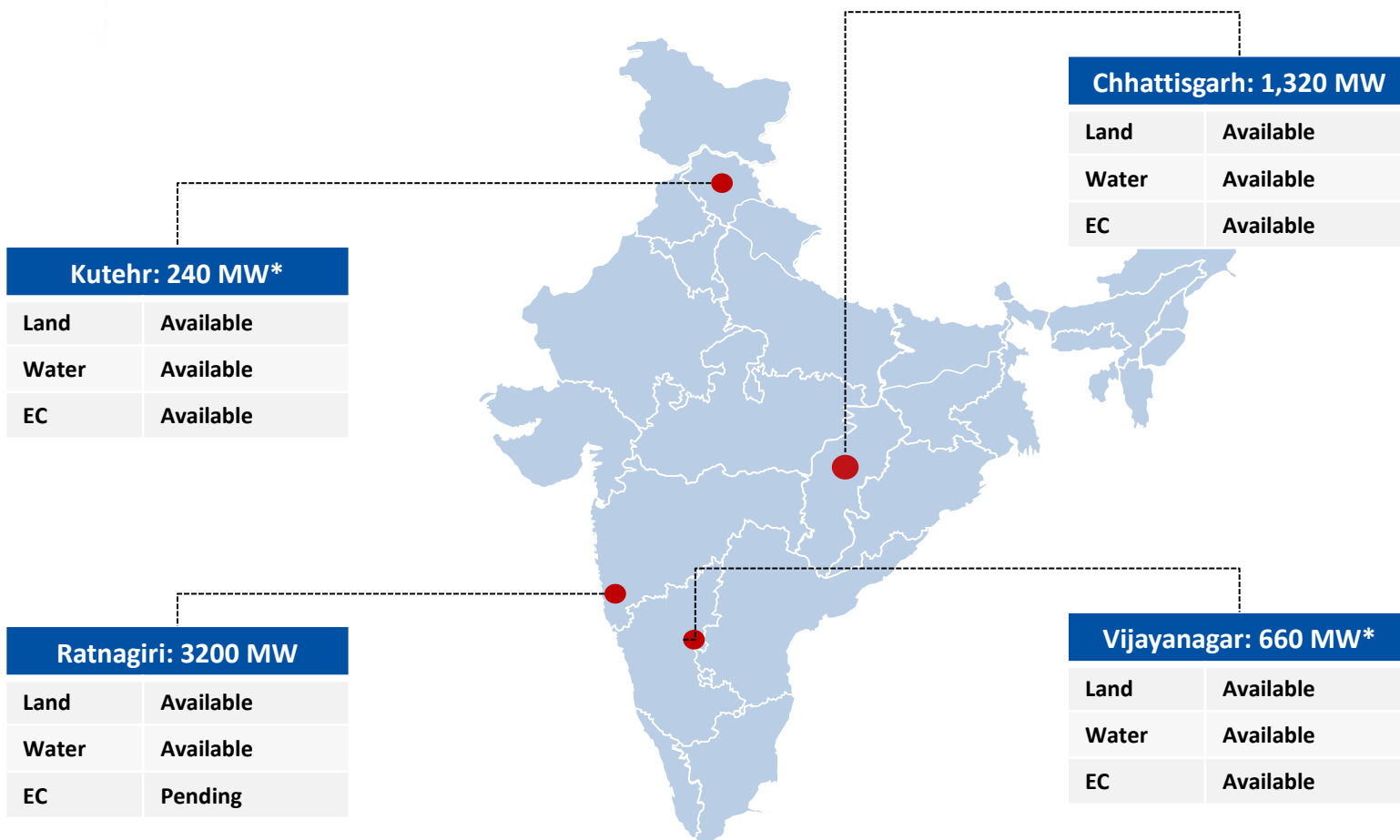
Lignite mining at Barmer (BLMCL)

- Jalipa mine lease transferred to the Joint Venture Company (BLMCL) and mining operations (overburden removal) have commenced

Kutehr hydro project (240 MW)

- All clearances in place
- Awarded Letter of Intent (LOI) to the EPC contractor
- Project cost incurred till 31st March, 2016: Rs. 2,621mn

Opportunity for organic growth



Ratnagiri and Chattisgarh projects on hold, which can be revived with low gestation offering geographical diversification

Forward looking and cautionary statement

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