

Financial Results for the Quarter ended June 30, 2022

Mumbai, India: JSW Energy Limited (“JSW Energy” or the “Company”) today reported its results for the quarter (“Q1 FY23” or the “Quarter”) ended June 30, 2022.

Key Highlights of Q1 FY23 (Consolidated):

Operational:

- Overall Generation: higher by 14% YoY on the back of strong merchant demand, better hydrology and capacity increase in RE
- Total Thermal Generation: up 12% YoY, driven by increased merchant market sales
- Total Hydro Generation: higher by 13% YoY due to better hydrology and uprating at Karcham Wangtoo
- Commenced operations at the 225 MW solar power plant at Vijayanagar with quarter exit CUF of 27%

Consolidated Financial:

- Strong EBITDA: ₹1,111 Crore in Q1, higher by 34% YoY
- Highest ever Q1 Reported Profit After Tax: ₹560 Crore, up by 1.8x YoY
- Cash PAT of ₹813 Crore, up 59% YoY
- Track record of cash returns of >18% on adjusted net worth
- Receivable days decline by 47% YoY to 45 days; Healthy collections trend sustained
- Best in class Balance Sheet, well-positioned to pursue growth
 - Net Debt to Equity at 0.46x
 - Net Debt to EBITDA (TTM) at 1.75x
 - Strong Liquidity: Cash & Cash Equivalents at ₹1,825 Crore



Update on Growth Strategy:

- Group Captive 958 MW Wind & Solar: commenced operations at solar plant in Apr'22; balance wind capacities commissioning from Q1 FY24
- SECI IX & X 1.26 GW Wind projects: Phase-wise commissioning to commence in Q2 FY23
- Kutehr HEP 240 MW: Project well ahead of timelines with ~75% tunneling completed (up from 70% in Q4 FY22)

New Growth Platforms:

- SECI XII Wind project: Letter of Award received for 300 MW of Wind Power Capacity
- Hydro Pumped Storage: Signed MoU of 1 GW with Govt. of Chhattisgarh and 1.5 GW with Govt. of Telangana. With this MoUs totaling to 5GW or 40,000MWh are in place.
 - Project development activities and approvals are under way.

Awards and Recognitions:

- Grow Care Gold Award: Karcham Wangtoo & BASPA II plants recognized for Occupational Health & Safety (OHS)
- Barmer Plant accredited with the 'Prashansa Patra' from National Safety Council for OHS

Consolidated Operational Performance:

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

(Figures in Million Units)

Location/ Plant	Q1 FY23	Q1 FY22
Vijayanagar	1,100	733
Ratnagiri	1,518	1,410
Barmer	1,554	1,573
Nandyal	10	27
Himachal Pradesh (Hydro)	1,572	1,394
Solar	98	4
Total*	5,850	5,141

*Figures rounded off to the nearest unit digit



Long Term sales¹ during the quarter at 4,976 million units were at similar levels of Q1 FY22 (4,994 million units) as the higher sales at Hydro business were offset by lower sales at Thermal businesses. Short term sales during the quarter at 874 million units versus 147 million units in Q1 FY22 due to higher sales at both Vijayanagar and Ratnagiri plants.

The company's diversified portfolio and favourable placement in Merit Order Despatch underpins higher generation and offtake. PLFs achieved during Q1 FY23 at various locations/plants are as follows:

- **Vijayanagar:** The plant operated at an average PLF of 63% (64%²) vis-a-vis 43% (43%²) in Q1 FY22 due to higher short term sales YoY
- **Ratnagiri:** The plant operated at an average PLF of 63% (76%²) vis-a-vis 59% (74%²) in Q1 FY22 due to higher short term sales offset by maintenance activities
- **Barmer:** The plant operated at an average PLF of 73% (75%²) vis-a-vis 73% (79%²) in Q1 FY22, impacted in April 2022 due to low lignite availability
- **Himachal Pradesh (Hydro):** The plants operated at an average PLF of 54% for the quarter vis-a-vis 49% in Q1 FY22 due to better hydrology
- **Solar:** The solar plants achieved an average CUF of 26% vis-a-vis 22% in Q1 FY22. Notably, quarter exit CUF for the solar power plant at Vijayanagar stood at 27%.



¹ Including free power at hydro plants

² Deemed PLF

Consolidated Financial Performance Review and Analysis:

During the quarter, Total Revenue increased by 68% YoY to ₹3,115 Crore from ₹1,860 Crore in Q1 FY22. As a result, EBITDA for the quarter was higher by 34% YoY at ₹1,111 Crore vis-à-vis ₹830 Crore in the corresponding period of previous year. The increase is primarily attributable to higher contribution from short term sales, solar capacity addition at Vijayanagar and 45MW uprating at Karcham Wangtoo.

Underlying finance cost during the quarter decreased by 2.5% YoY to ₹193 Crore on the back of 18 bps reduction in the weighted average cost of debt partially offset by increase in gross debt.

Profit After Tax (PAT) stood at ₹560 Crore, which was 179% higher YoY compared to a PAT of ₹201 Crore in the corresponding period of previous year. Similarly, cash PAT was higher by 59% YoY at ₹813 Crores.

The Consolidated Net Worth and Consolidated Net Debt as on Jun 30, 2022 were ₹16,638 Crore and ₹7,720 Crore respectively, resulting in a Net Debt to Equity ratio of 0.46x and Net Debt/TTM EBITDA of 1.75x. Receivables days' decline to 45 days on Jun 30, 2022 from 85 days on Jun 30, 2021. Liquidity continues to be strong with Cash balances³ at ₹1,825 Crore as of Jun 30, 2022. The Company has one of the strongest balance sheets among its peers with a large headroom to pursue value accretive growth opportunities.



Growth Strategy:

³ Includes unencumbered bank balances, FDs, and liquid mutual funds

JSW Energy is pursuing a growth strategy to expand from the current platform capacity of 7.3 GW to 10 GW by FY25, and 20 GW by FY30, with the entire capacity addition being driven by renewables. 2.25 GW of greenfield renewable energy capacity is currently under construction in full swing:

- SECI IX - 810 MW & SECI X - 450 MW: PPA signed for entire capacity with SECI. WTG Foundation Reinforcement and related infrastructure works in progress and phase-wise commissioning is expected to commence in the current quarter. Both of these projects are well ahead of the scheduled COD (SECI IX: Dec-23 and SECI X: Jul-23).
- 958 MW Solar and Wind Group Captive with JSW Steel: PPA signed for entire capacity.
 - Commenced operations at 225 MW solar plant. Plant operating at June exit CUF of 27% with actual performance higher than designed CUF.
 - Wind projects are progressing well and scheduled to be progressively commissioned from Q1 FY24.
- 240 MW Kutehr Hydro Project: PPA signed with Haryana discom. 75% of tunnelling work (~16.0 km) is completed vis-à-vis 70% in Q4 FY22, ahead of the target timelines of commissioning by September 2024.
- JSW Energy's current portfolio of 7.3 GW (2.25 GW under-construction; LoA received for 0.3GW) comprises 57% renewable 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 (Net Debt to Equity at 0.46x and Net Debt to EBITDA (TTM) at 1.75x) in the sector and a profitable and cash generative operating portfolio (₹1,825 Crore of cash and cash equivalent), the Company is well positioned to pursue its growth aspiration.



Business Environment⁴:

- India's power demand increased by 18.6% YoY in Q1 FY23, reflecting demand from northern states due to the extreme heatwave also supported by a low base of Q1 FY22.
- Further, the all India peak power demand touched high of 212 GW in Jun'22, up 11% YoY.
- In line with demand, overall power generation increased by 16.8% YoY in Q1 FY23, led by renewable generation at 26.0%.
- On the supply side, installed capacity stood at 403.8 GW as on June 30, 2022. In Q1 FY23, installed capacity increased by 4.3 GW, on a net basis, due to addition in Renewable (+4.2 GW) and Hydro (+0.1 GW).

Outlook:

- As per World Bank's latest publication titled "Global Economic Prospects" (June 2022), the ongoing conflict in Ukraine is leading to high commodity prices, adding to supply disruptions, increasing food insecurity, and heightening policy uncertainty. As such World Bank now expects global GDP to grow by 2.9%, and 3% in CY22 and CY23. This marks a downward revision of 1.2 and 0.2 percentage points for CY22 and CY23 from its earlier forecast of January 2022. Moreover, the outlook is subject to various downside risks, including intensifying geopolitical tensions, growing stagflationary headwinds, rising financial instability, continuing supply strains, and worsening food insecurity. Thus overall risks to economic prospects have risen sharply and policy trade-offs have become ever more challenging.

⁴ Source: Central Electricity Authority and POSOCO



- India's latest macro-economic data reflect robust economic recovery. Services PMI prints are strong, on account of easing pandemic-related restrictions leading to improved customer footfalls. Manufacturing PMI is encouraging and Industrial output was robust at 12.9% in April-May. GST collections remained healthy in Q1 FY23, albeit moderation in May and June from a record high collection of INR 1.68 lakh crore in April 2022.
- Elevated inflation continues to be a risk and weighs on the growth outlook. CPI inflation was high at 7.01% YoY in Jun'22, while easing from 7.04% and from the recent peak of 7.79% in April. Normal monsoon nationally (*so far*) and correction in commodity price are favorable tailwinds to lower inflation.
- Broad-based reforms by the government focusing on infrastructure development, asset monetization, taxation, telecom sector, and banking sector imply a strong economic outlook over the medium term. Further Union budget for FY23 has a strong focus on boosting government capex and reviving private sector spending. Production Linked Incentive (PLI) was further extended with additional funds allocated to support large-scale manufacturing in India. RBI projects India's GDP growth at 7.2% in FY23.
- Over the medium term, the power sector outlook is healthy, as rapid urbanization and stabilization of various Govt. schemes are expected to boost overall power demand.
- With the backdrop of India's commitment at COP26 of reaching net-zero by 2070 and a target of achieving 500 GW of non-fossil fuel energy capacity by 2030, the recent annual budget recognized Energy Transition and Climate Action as a key priority area. Green Energy and Clean Mobility systems were recognized as sunrise industries and both of these areas present an enormous potential for capital deployment at scale. Going forward, renewable energy



capacity addition is expected to meet the incremental power demand. The financial health of discoms continues to be a key concern.

- JSW Energy Limited has joined the global movement of leading companies that are aligning their business to limit global temperature rise to 1.5°C above preindustrial levels, and reach net-zero value chain emissions by no later than 2050. JSW Energy has set an ambitious target for 50% reduction in carbon footprint by 2030 and achieving Carbon Neutrality by 2050 by transitioning towards renewable energy. The Company has committed to set a science-based target through the Science Based Targets initiative.



ABOUT JSW ENERGY: JSW Energy Ltd is one of the leading Private sector power producers in India and part of the USD 22 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 4,784 MW having a portfolio of Thermal 3,158 MW, Hydel 1,391 MW & Solar 235 MW, ensuring diversity in geographic presence, fuel sources and power off-take arrangements. The Company is presently constructing various renewable power projects to the tune of 2.25 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.

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