



JSW Energy Limited

Investor Presentation

January 2017

A decorative graphic in the top left corner of the slide, featuring a blue background with white and red curved lines that suggest a stylized flame or a modern architectural element.

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: 4,531MW – proposed increase to 6,031 MW[^])

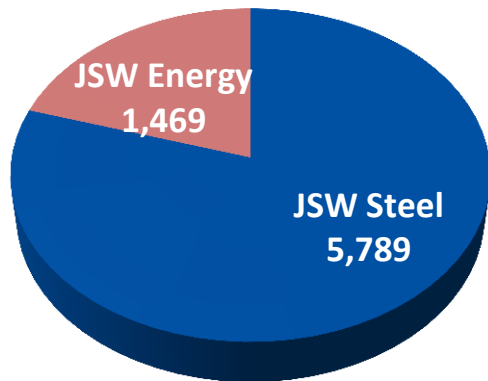


JSW Infrastructure: Engaged in development and operations of ports (Operational capacity: 45MTPA)



JSW Cement: Manufacturer of PSC, OPC and GGBS cement (Operational plants' capacity: 6.4MTPA)

Group market cap (\$7,258 mn**)

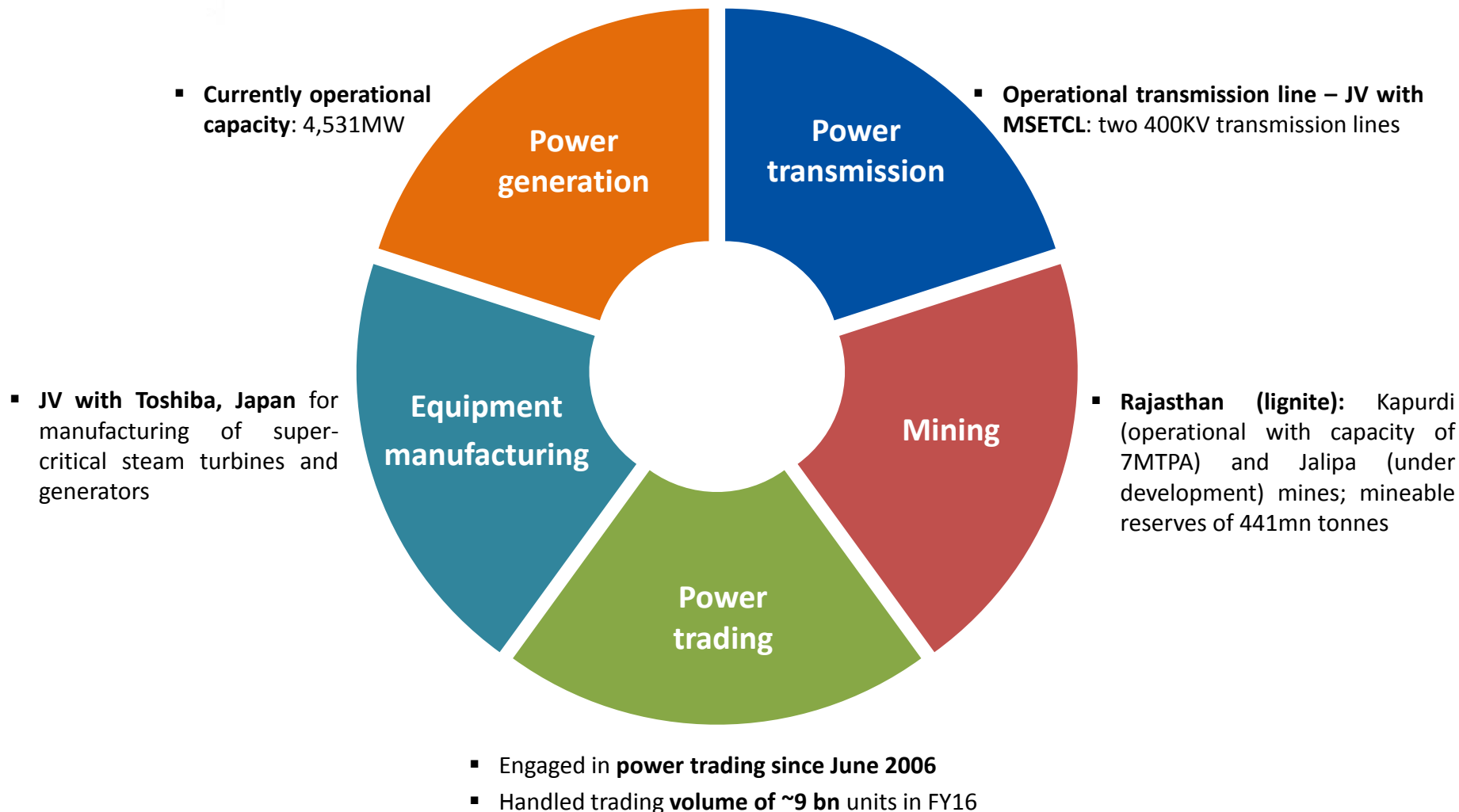


As on Dec 30, 2016

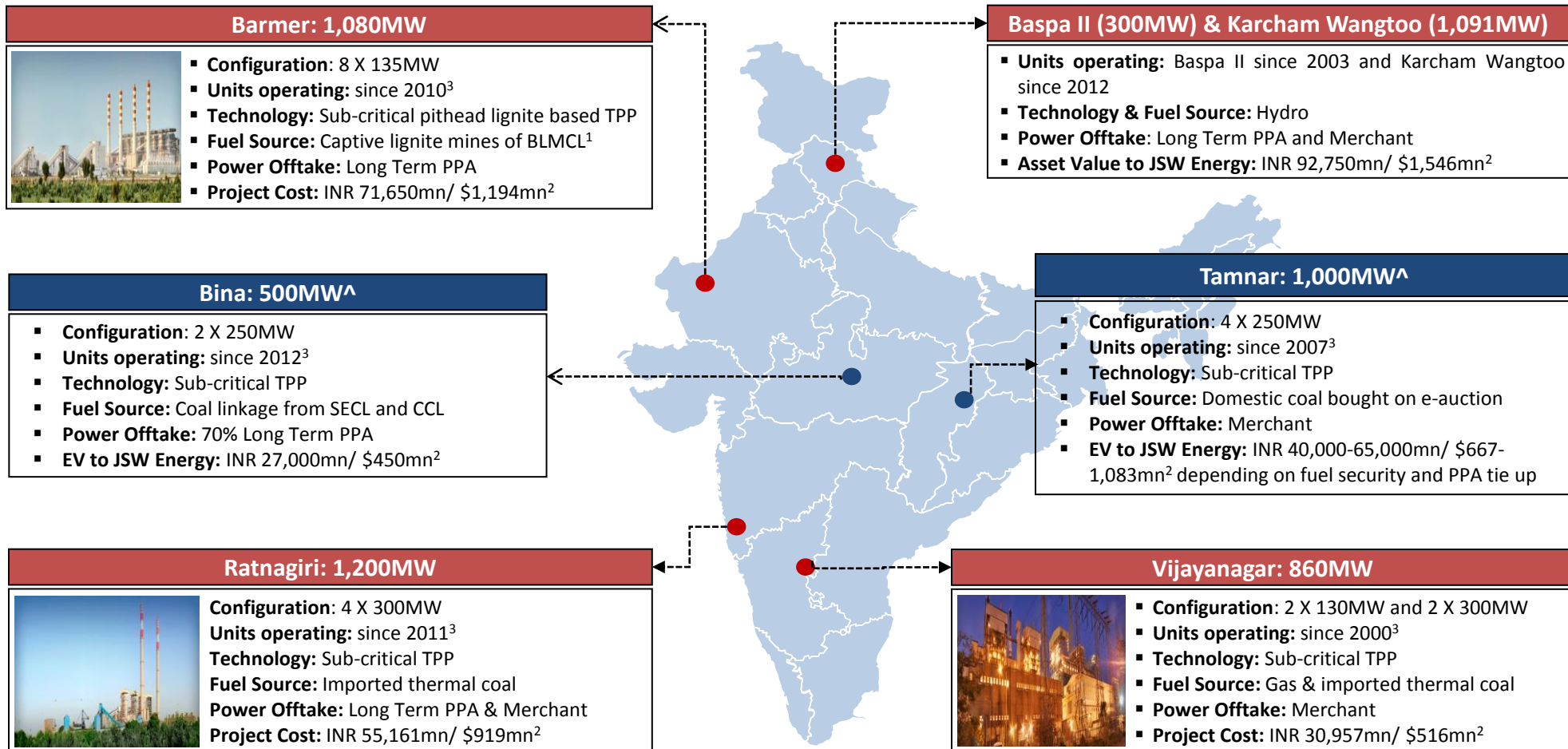
* Listed company. ** USD/₹= 67.9547 (RBI reference rate as on Dec 30, 2016)

[^] Capacity would increase to 6,031 MW upon completion of 500MW Bina thermal power project from JPVL and 1,000MW Tamnar thermal power project from JSPL

JSW Energy – Presence across the value chain



Established energy company with 4,531 MW operational capacity... proposed increase to 6,031 MW[^]



Proximity to load centre/fuel source/infrastructural facilities

[^] Capacity would increase to 6,031 MW upon completion of 500MW Bina thermal power project from JPVL and 1,000MW Tamnar thermal power project from JSPL

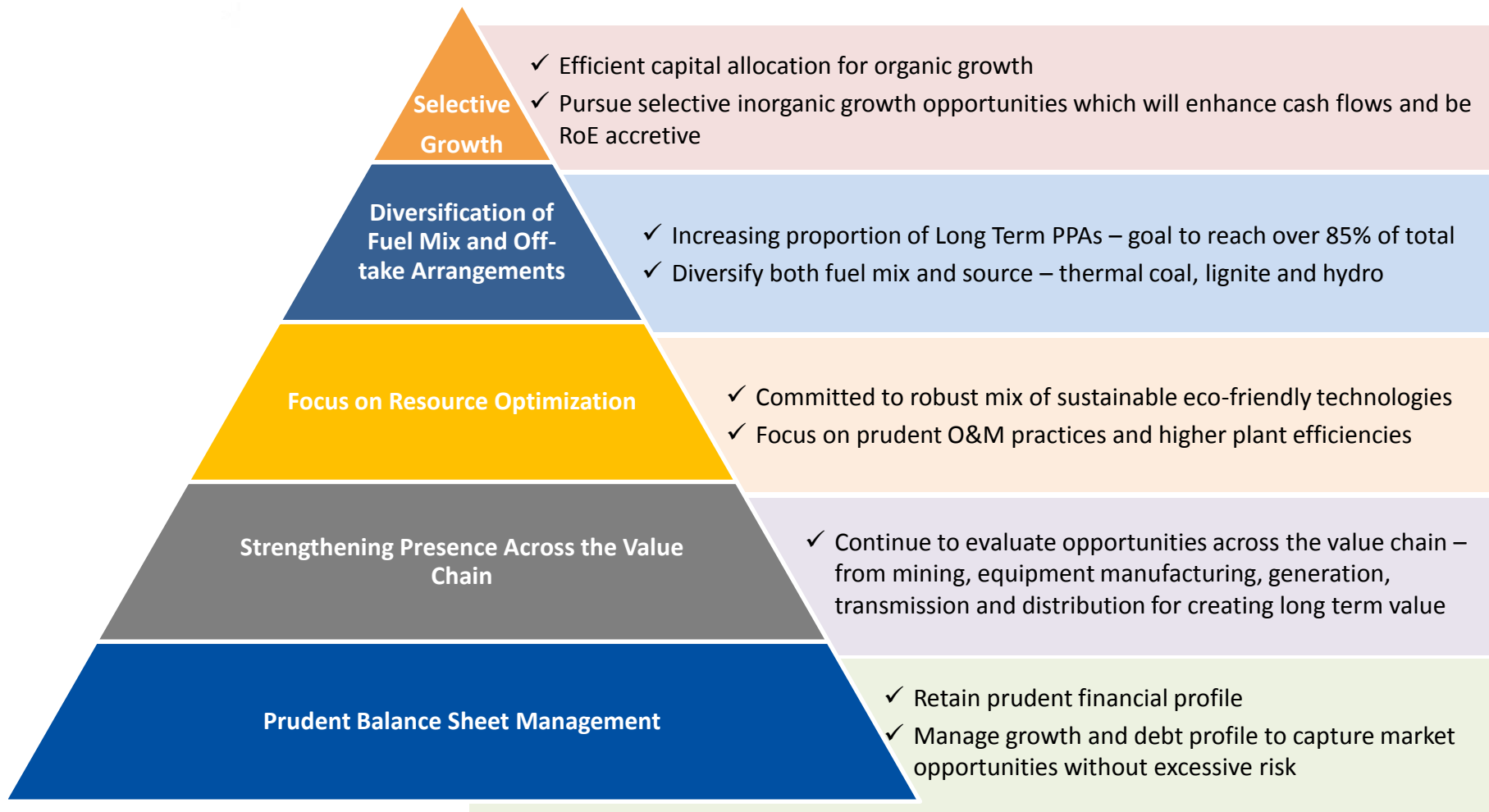
1) Long term FSA with BLMCL for supply of lignite from its captive mines; BLMCL is a 49:51 JV between Raj WestPower Ltd (subsidiary of JSW Energy) and Rajasthan government undertaking, 2) USD/ INR = 60, 3) denotes start of first unit in respective fiscal year; TPP – Thermal Power Plant

Proven track record

	FY12	FY16#	
Capacity (MW)	2,600	4,531	▪ CAGR FY12–16: 15%
Net Generation (MUs)	13,594	22,064	▪ CAGR FY12–16: 13%
Total Revenue	INR 62,654mn / \$1,044mn	INR 102,096mn / \$1,702mn	▪ CAGR FY12–16: 13%
EBITDA	INR 15,944mn/ \$266mn	INR 44,112mn/ \$735mn	▪ CAGR FY12–16: 29%
PAT	INR 1,701mn/ \$28mn	INR 14,445mn/ \$241mn	▪ CAGR FY12–16: 71% ▪ Profitable and dividend paying since listing
Fuel Type	Thermal Coal	Thermal Coal, Lignite, Hydro	▪ 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	▪ 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 six 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 three Non-Executive Directors
Risk Management Committee	<ul style="list-style-type: none"> ✓ Periodically reviews risk assessment and minimisation procedures ✓ Comprises of four 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

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

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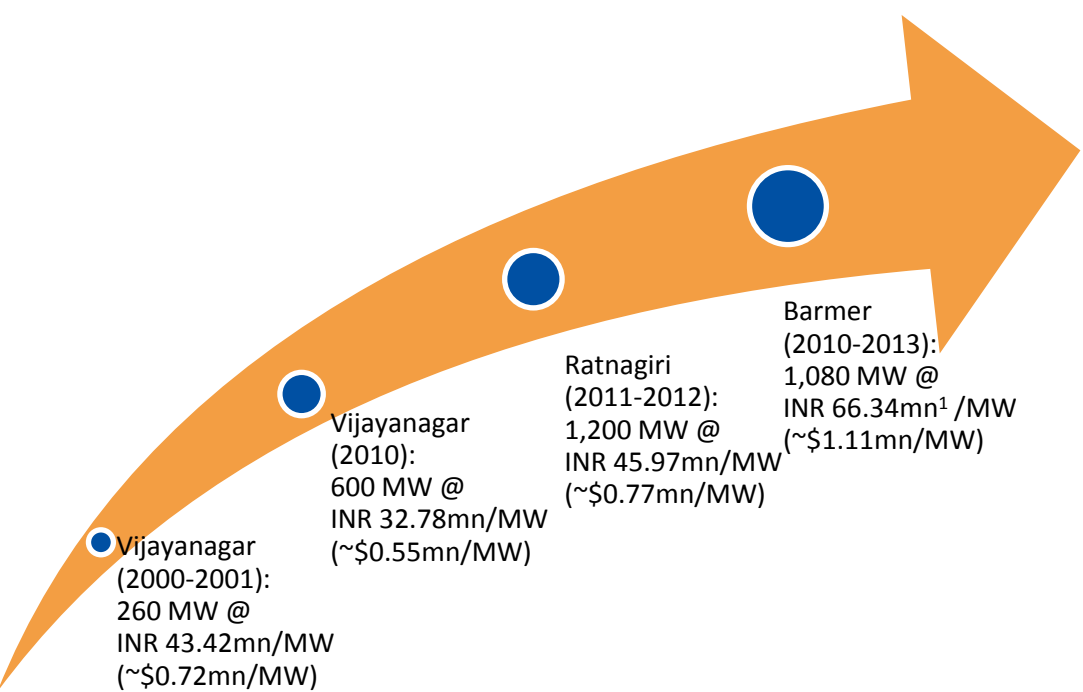
Value proposition

- 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	

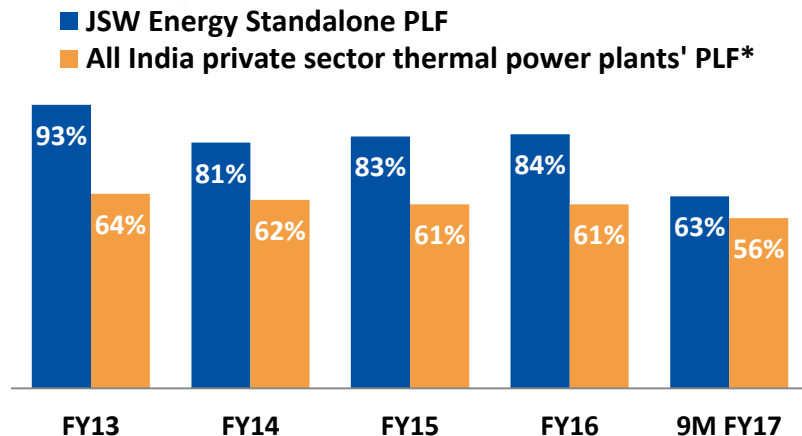


Leveraging upon strong project execution and project management expertise, and infrastructure

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

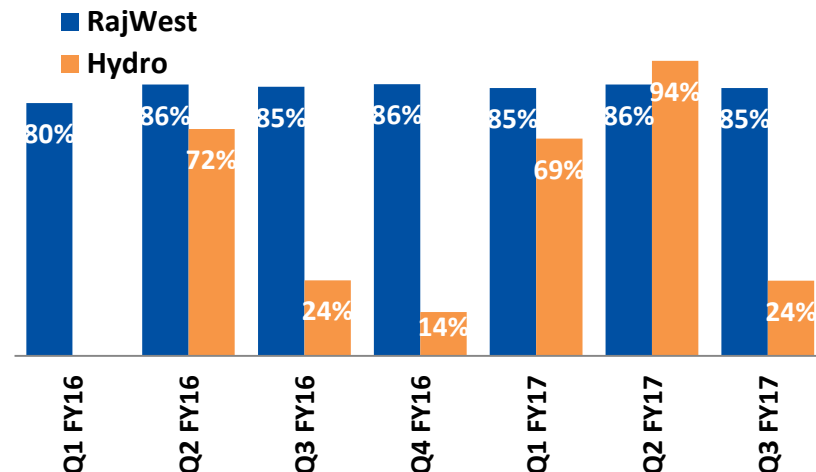
2 Portfolio of Efficient Operating Assets

JSW Energy Standalone¹



- ✓ 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
- ✓ 9M FY17 PLF is lower due to lack of schedule as the orders on certain tenders, in which the Company had participated, remained undecided

RajWest³ and Hydro⁴



- ✓ Benchmark O&M practice resulting in consistently higher PLFs
- ✓ Hydro PLF has tapered down after high levels during the monsoons

Industry leading PLFs driven by O&M and execution expertise

*Source-CEA

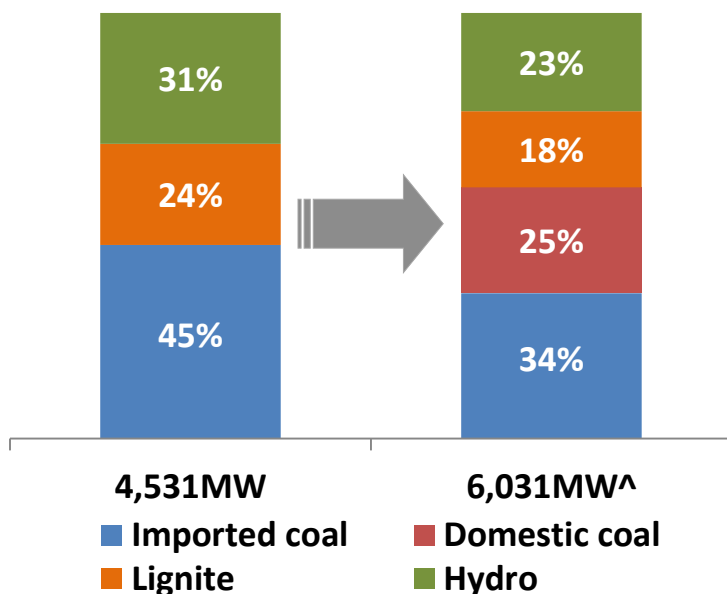
1) Includes Vijayanagar (860MW) and Ratnagiri (1,200MW) plants, 2) Vijayanagar's SBU I (260MW) or SBU II (600MW) received either the Bronze Shield or the Silver Shield in the category of 'Performance of Thermal Power Stations' for FY07/FY08/ FY09/ FY10/ FY11/FY14 and the Gold Shield for FY12 and FY13, 3) Deemed PLF, 4) Hydro assets are part of JSW Energy w.e.f. 1st September, 2015

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

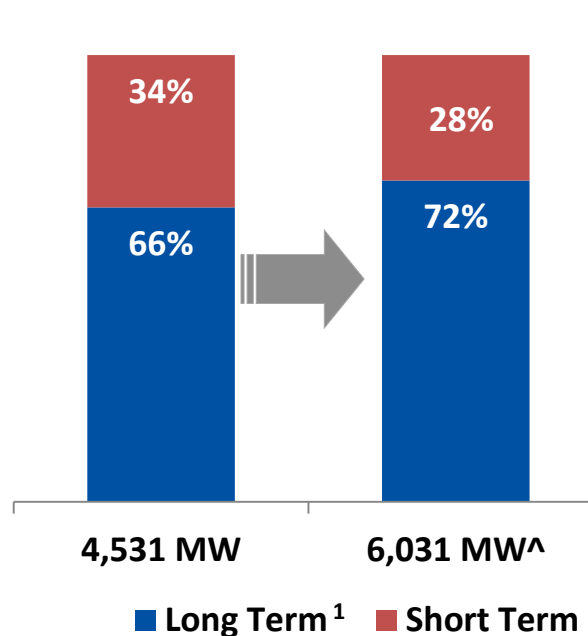
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Fuel sources –

- Imported coal
- Domestic coal
- Lignite
- Hydro



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



Long term:

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

Short term:

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

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

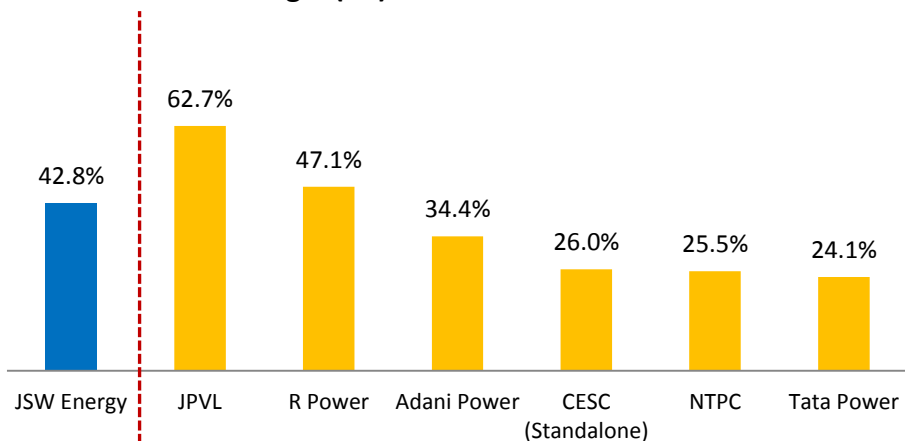
Lower fuel risk, resilience to sector dynamics

[^] Capacity would increase to 6,031 MW upon completion of 500MW Bina thermal power project from JPVL and 1,000MW Tamnar thermal power project from JSPL

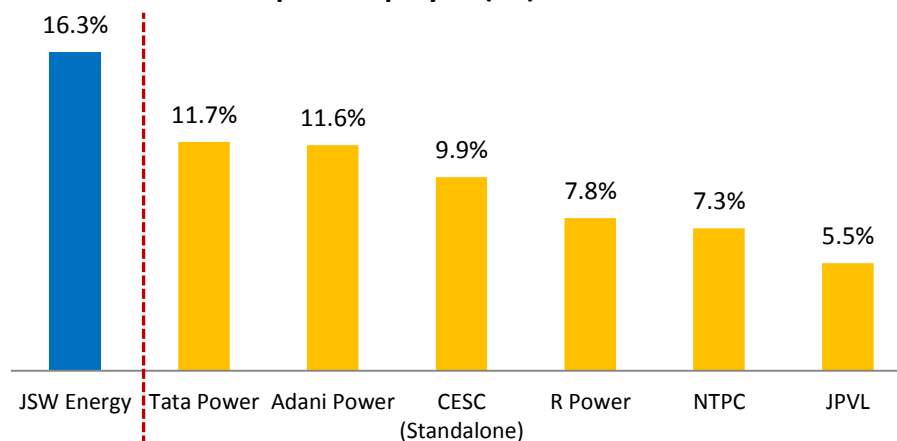
1) Assuming 1,000MW Tamnar plant will secure 100% PPA

5 Robust Financial Profile

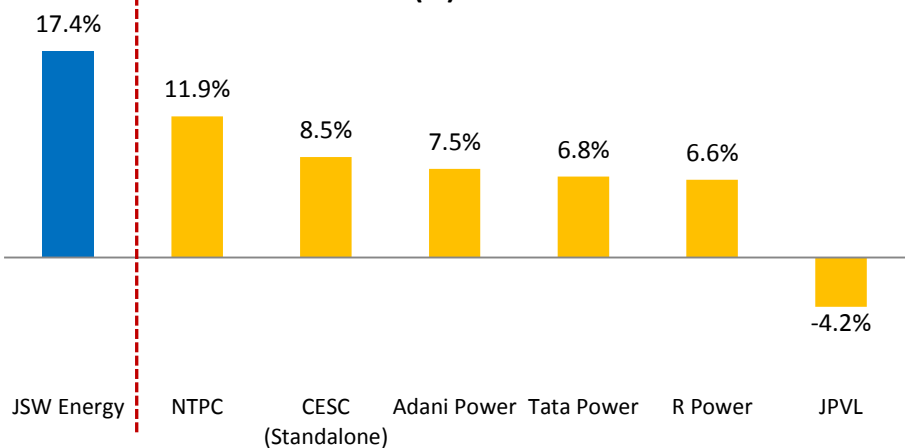
FY16 EBITDA Margin (%¹)



FY16 Return on Capital Employed (%²)



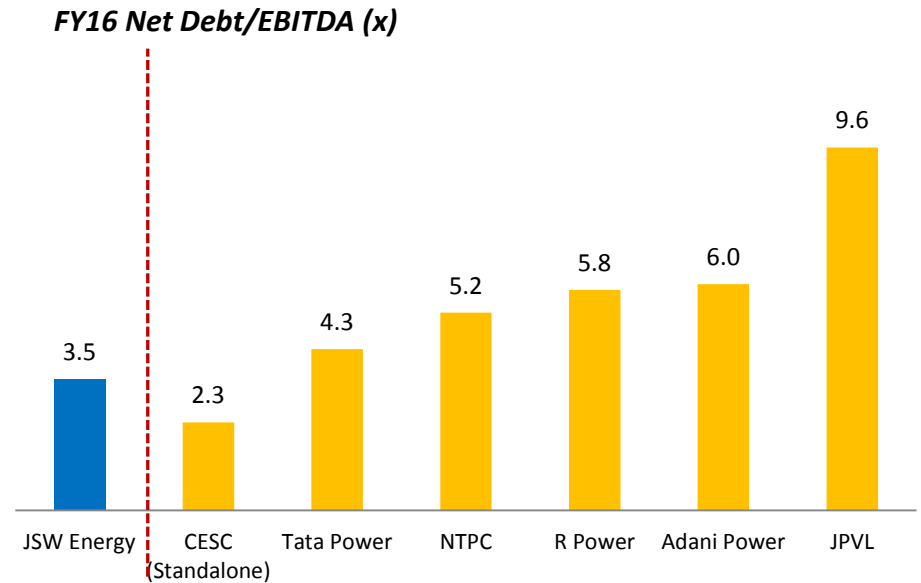
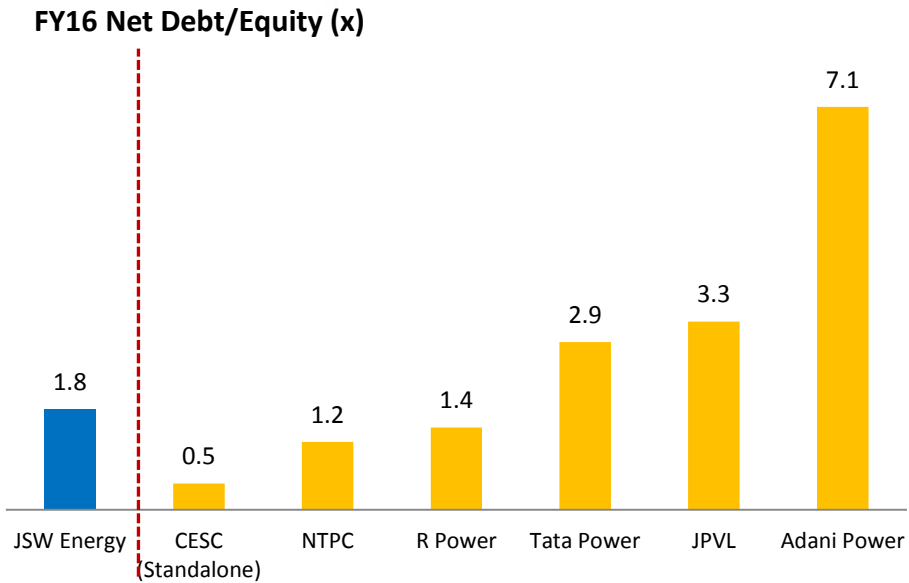
FY16 Return on Net Worth (%)



✓ Dividend paying track-record since listing in 2010

Sector leading margins and return ratios

5 Robust Financial Profile



✓ Leverage increased due to acquisition of Hydro assets with EV of INR 92,750mn

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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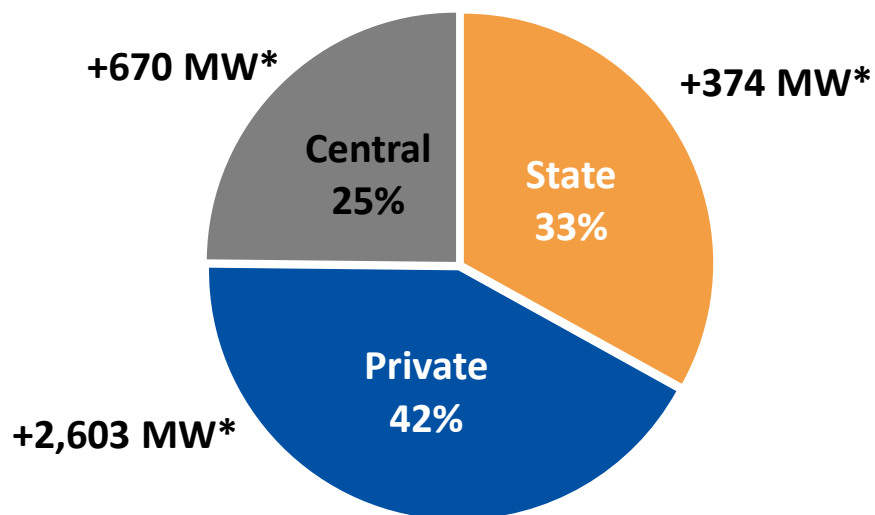
Value Proposition

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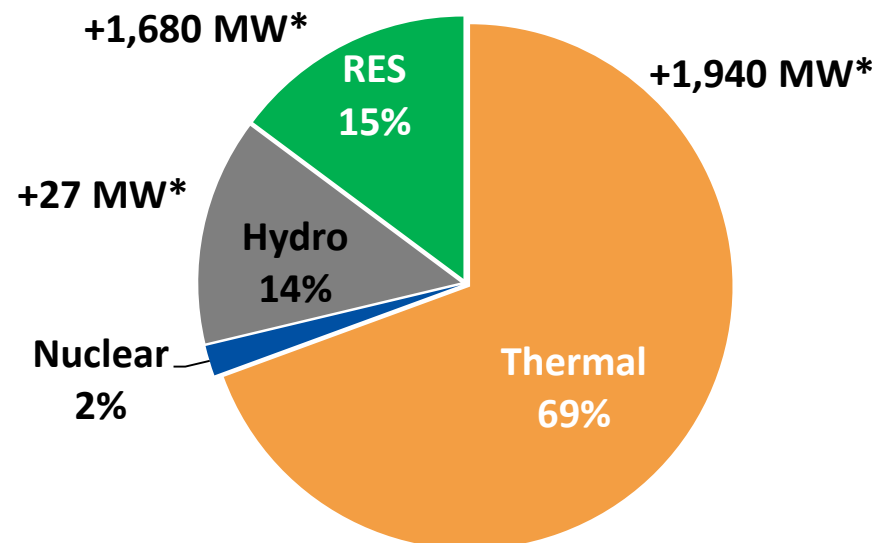
Appendix

Capacity profile and PLF's

Sector-wise Installed Capacity – 310 GW
(as on Dec 31, 2016)



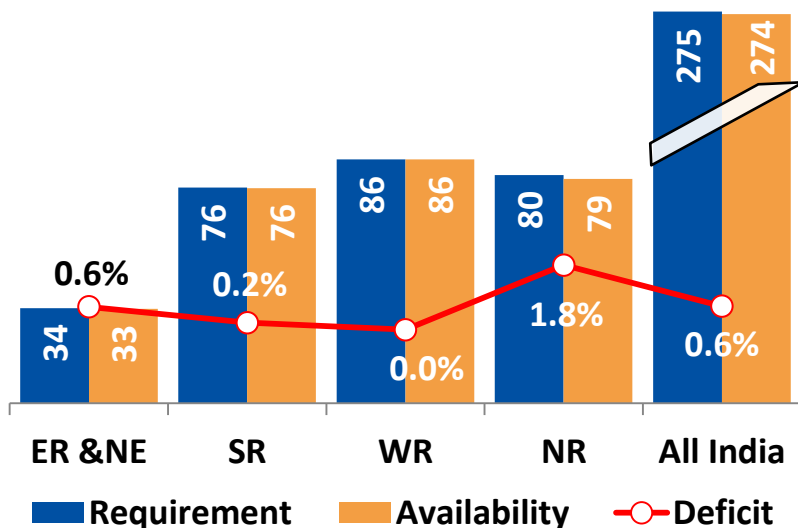
Mode-wise Installed Capacity
(as on Dec 31, 2016)



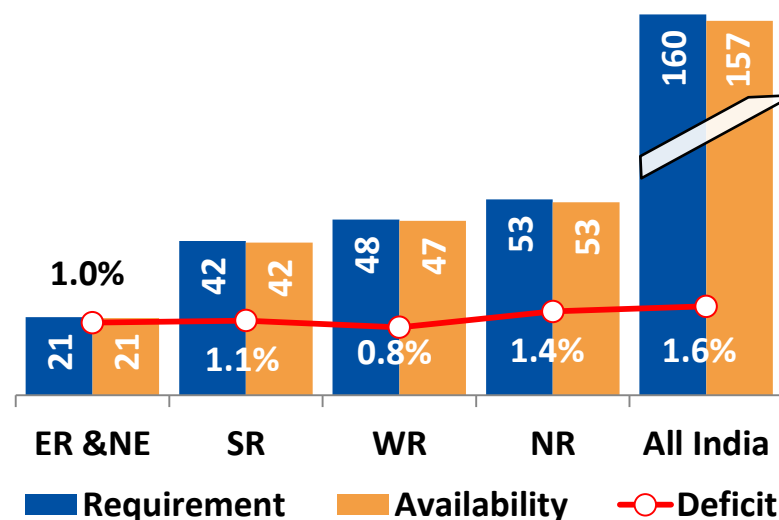
- Most of the capacity additions in Q3 FY17 was contributed by the Private Sector. New capacities were added in both Thermal and Renewable Energy space.
- All India thermal PLF improved to ~60% in Q3 FY17 from ~55% in the previous quarter; although remaining lower than ~63% in Q3 last fiscal.

Demand-supply scenario

Power Demand Supply Position Q3 FY17 (BU)



Peak Demand and Peak Met 9M FY17 (GW)

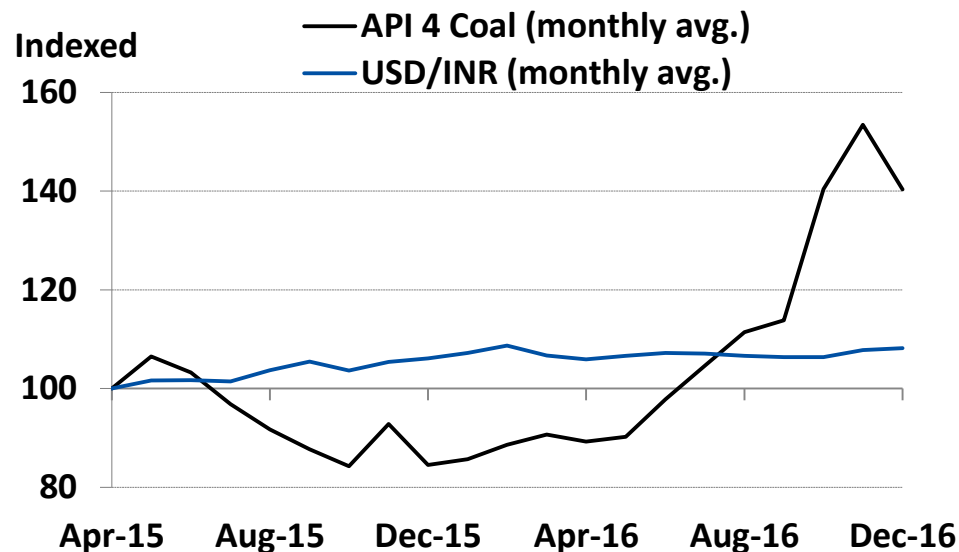


- All India power demand improved by 0.8% YoY while supply improved by 2.1% YoY in Q3 FY17 (3.2% and 4.8% respectively for 9M FY17).
- All India demand-supply gap was 1.8 billion Units in Q3 FY17 and peak deficit during 9M FY17 was 2.6 GW.
- Lack of industrial demand, poor fiscal health of Discoms, coupled with increasing power generation capacity are straining the demand supply balance. Increasing number of Discoms joining UDAY Scheme is encouraging although any significant benefit could be realised only in the long run.

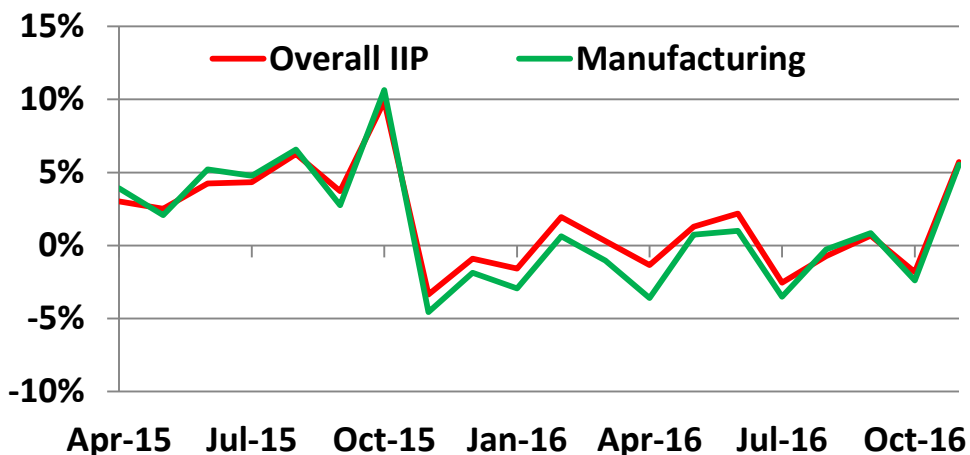
Indian economy and thermal coal prices

- Industrial Production growth in November has been strong on the back of positive growth in every sector; sustainability of growth post demonetisation impact will be key. Falling inflation and softening interest rates should provide further impetus to demand and business activities.
- GST roll out is likely to boost economic growth over medium term. Government spend on infrastructure and other development projects in the forthcoming budget should lead to a gradual pick up of the investment cycle and energy demand in the coming quarters.

Thermal coal prices increased sharply, while INR depreciated slightly during Q3 FY17



Industrial production growth (% YoY)



Month	API 4 Coal	USD/INR
Sep-16	100	100
Oct-16	123	100
Nov-16	135	101
Dec-16	123	102



Agenda

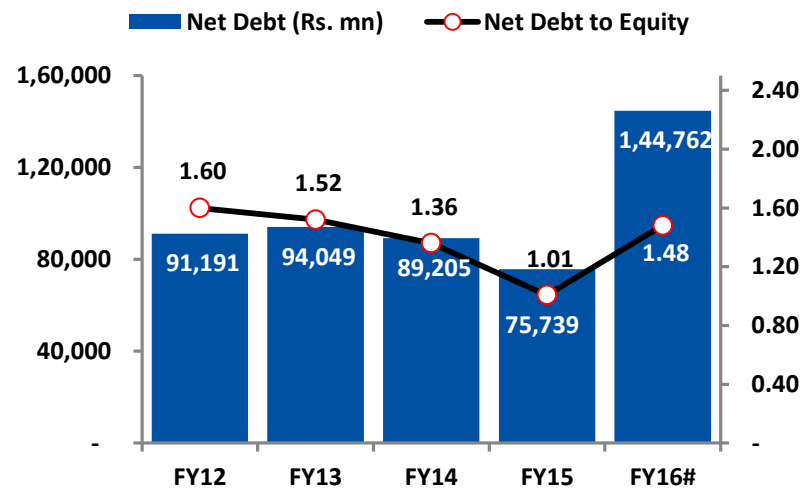
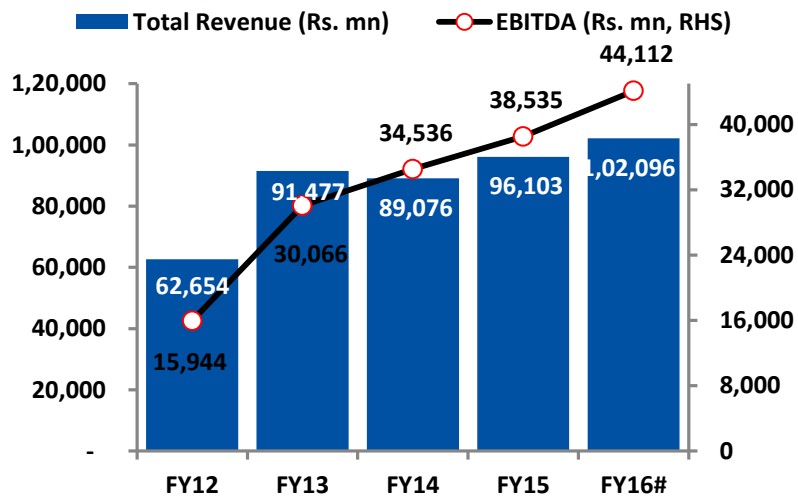
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Strong financial track record



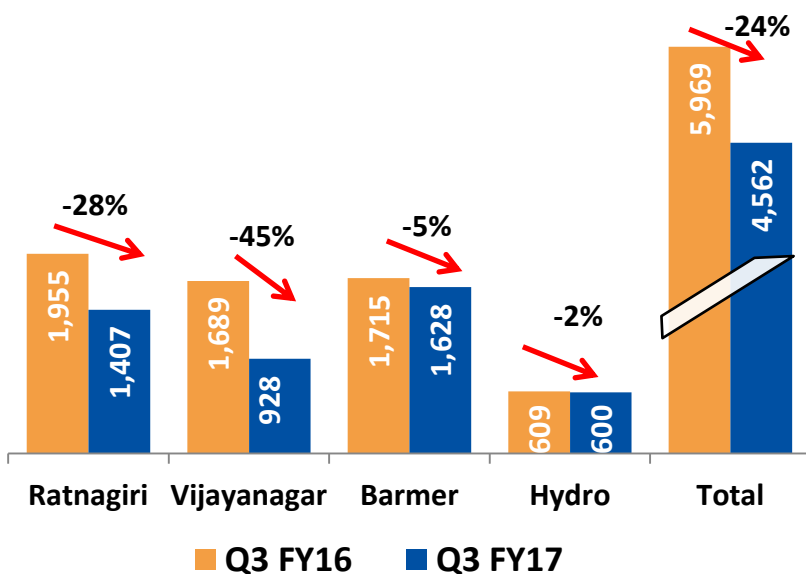
Key financial parameters	FY14	FY15	FY16#
EBITDA Margin (%)	38.8	40.1	43.2
Return on Avg. Net Worth (%)	11.8	19.2	15.9
EPS (₹ Per Share)	4.60	8.23	8.88
DPS (₹ Per Share)	2.00	2.00	2.00

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

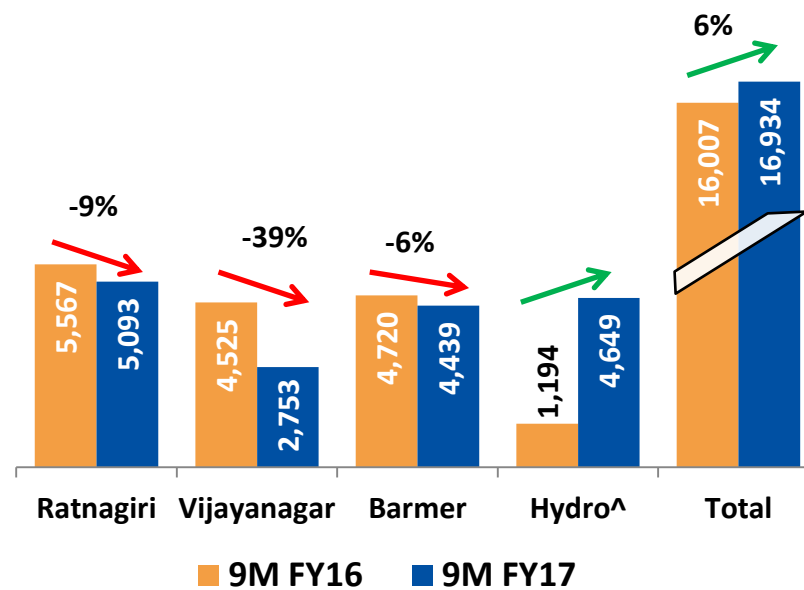
Robust financial profile in a challenging environment

Power generation

Q3 plant-wise net generation



9M plant-wise net generation



PLF (%)	Q3 FY16	Q3 FY17	9M FY16	9M FY17
Ratnagiri	81%(*90%)	59% (*65%)	77% (*83%)	71% (*78%)
Vijayanagar	96%	53%	86%	53%
Barmer*	85%	85%	84%	85%
Hydro^	24%	24%	36%	62%

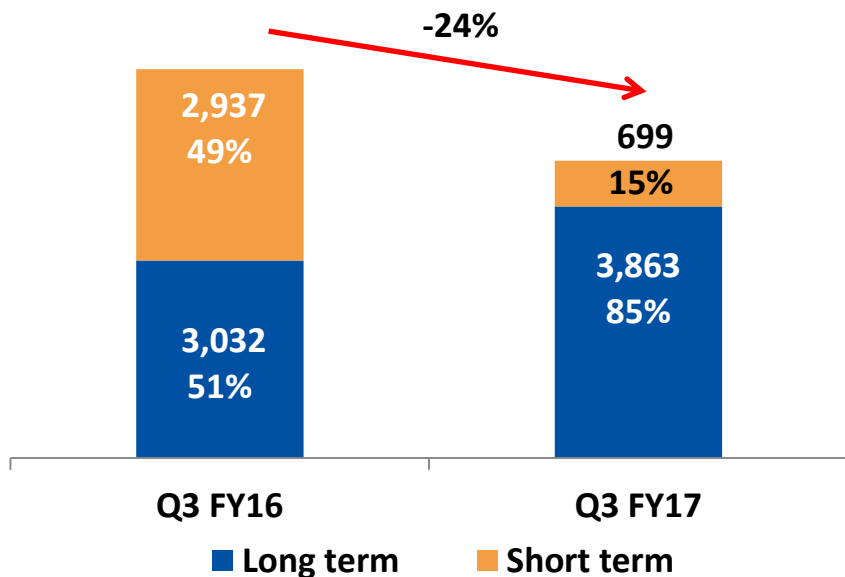
All figures are in million units

* Deemed PLF

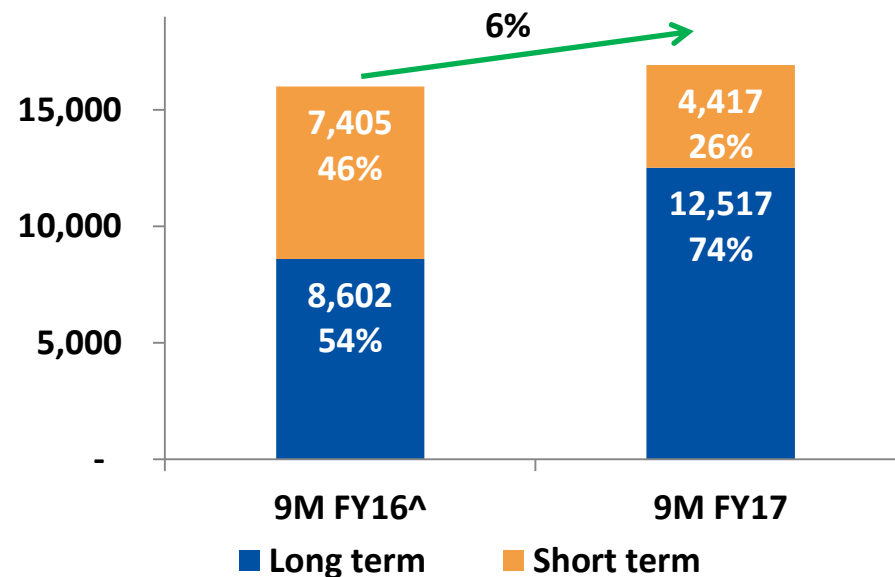
^Hydro assets are part of JSW Energy w.e.f. 1st September, 2015. Hydro net generation numbers exclude free power to HPSEB

Power sales break-up

Q3 power sales break-up



9M power sales break-up



	Q3 FY16	Q3 FY17	9M FY16 [^]	9M FY17
Average Realization (₹/kwh) [#]	4.01	3.98	4.03	3.59

Consolidated financial results

₹ Crore

Q3 FY16	Q3 FY17	Particulars	9M FY16 [^]	9M FY17
2,627	1,955	Turnover	7,545	6,545
1,174	708	EBITDA	3,300	2,881
45%	36%	EBITDA Margin(%)	44%	44%
447	423	Interest	1,061	1,288
240	244	Depreciation	618	731
487	41	Profit Before Tax	1,621	862
309	21	Profit after Tax	1,152	605
1.90	0.13	Diluted EPS (₹)*	7.08	3.72

Consolidated financial results

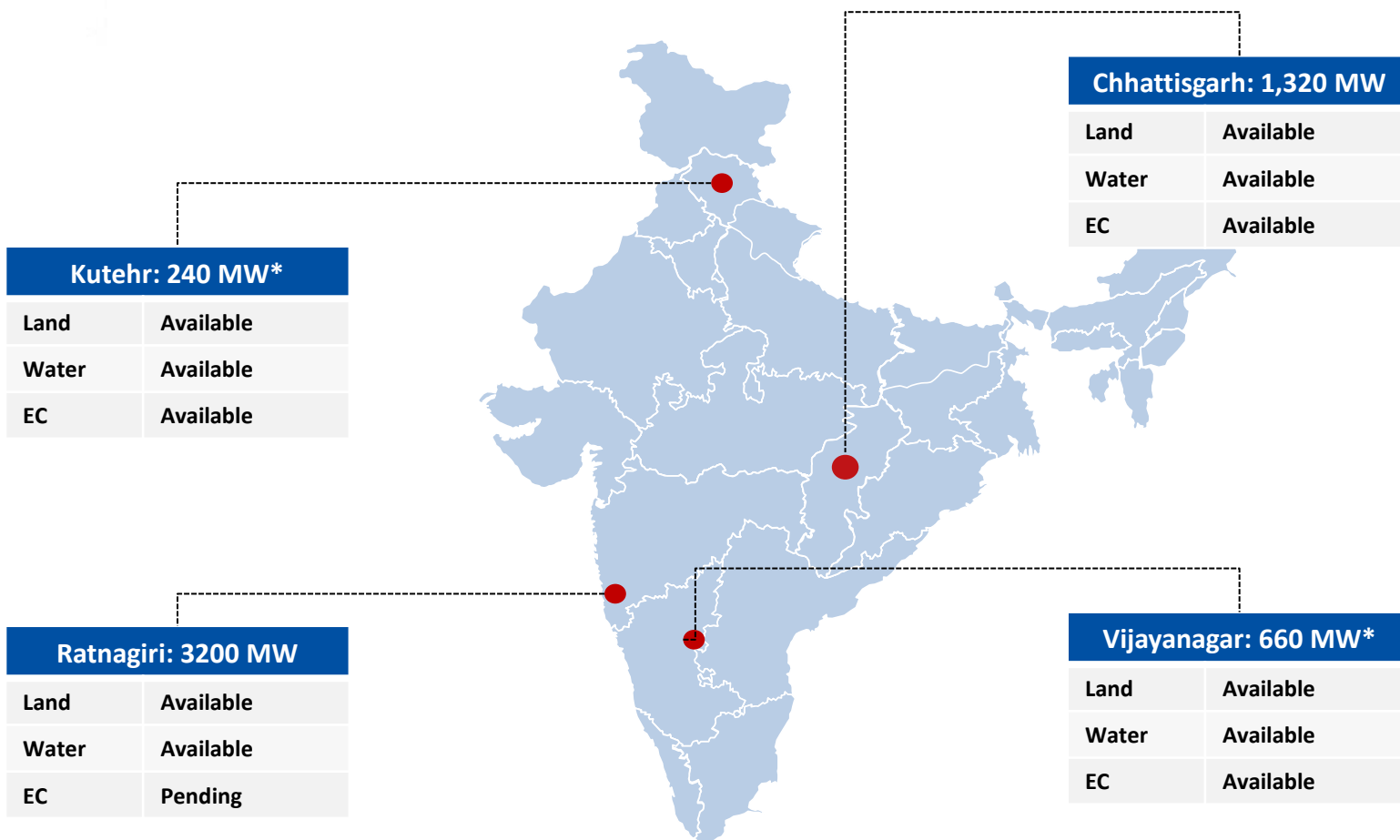
USD mn

Q3 FY16	Q3 FY17	Particulars	9M FY16 [^]	9M FY17
387	288	Turnover	1,110	963
173	104	EBITDA	486	424
45%	36%	EBITDA Margin(%)	44%	44%
66	62	Interest	156	190
35	36	Depreciation	91	108
72	6	Profit Before Tax	239	127
45	3	Profit after Tax	170	89
0.03	0.002	Diluted EPS (₹)*	0.10	0.05

Consolidated financial highlights

Particulars	Sep 30, 2016		Dec 31, 2016	
	₹Crores	USD mn	₹Crores	USD mn
Net Worth	10,252	1,509	10,205	1,502
Net Debt	13,738	2,022	14,134	2,080
Net Debt to Equity Ratio (x)	1.34		1.38	
Weighted average cost of debt	10.37%		10.26%	

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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