Press Release – Q1 '12-'13 20.07.2012

JSW ENERGY LTD

The Board of JSW Energy Ltd., at its meeting held today at Mumbai, approved the Results for the quarter ended June 30, 2012.

Key highlights for Q1' FY 13 (Consolidated):

- Highest quarterly net generation of 4,731 million units, growth of 95% over corresponding quarter of previous year
- Total Income from operations ₹ 2,192 crores, growth of 72 % over corresponding quarter of the previous year
- EBITDA of ₹ 660 crores, increase of 58% over corresponding quarter of the previous year
- Unit – 6 (135 MW) of Raj WestPower Limited (RWPL) synchronized on June 23, 2012
- JSW Energy awarded "Best Thermal Power Generation Company" at Power Line Awards, 2012

Operational Performance (Consolidated)

The operational performance for the quarter excelled with the Company, registering the highest quarterly net generation of 4731 million units, due to stabilised operations across all the locations.

The Plant Load Factor (PLF) achieved during Q1, FY 2012-13 were as under:

- Vijayanagar: The plant achieved average PLF of 101% as against 80% in the corresponding quarter of the previous year.

- Ratnagiri: The plant operated at an average PLF of 92%, against an average PLF of 65% in the corresponding quarter of the previous year.

- Barmer – The four operational units achieved an average PLF of 75%

  The net generation from the different units were as under:

(figures in million units)

Location	**Q1, FY 12-13**	**Q1, FY 11-12**
Vijayanagar	1,745	1,385
Ratnagiri	2,215	988
Barmer	771	49
Total	**4,731**	**2,422**

The merchant sales during the quarter were 2,498 million units, while the sales under the long term PPAs were 1,877 million units. During the quarter, 356 million units have been generated under the Conversion Agreement.

Fuel

Imported thermal coal prices corrected sharply during the course of the quarter due to weak global economy and spurt in thermal coal exports from US. However, the reductions in the imported thermal coal prices have largely been off-set due to steep depreciation in the Indian Rupee against US Dollar during the quarter. The benefits of the reduction in coal prices have only marginally been realised, as inventory at the beginning of the quarter have been fully consumed during the quarter.

The efforts to blend coal to reduce cost during the quarter have been encouraging with stable plant operations. The fuel cost during the quarter was ₹ 1,155 crore, an increase of 63% over the corresponding quarter of the previous year, primarily due to increase in power generation.

South African Coal Mining Holding (Pty) Ltd (SACMH):

During the quarter, SACMH mined 109,919 tonnes of raw coal from the existing underground mine. While an existing open cast mine got closed upon extraction of entire coal, approvals are awaited for commencement of open cast operations at a different location, resulting in significant reduction in coal production and higher costs. The total sale of coal during the quarter was 50,930 tons.

Financial Performance (Consolidated)

During the quarter, the Company achieved a Total Income from operations of ₹ 2,192 crore and EBITDA of ₹ 660 crore, primarily on the back of enhanced capacity. The Company has earned a Profit after tax of ₹ 3 crore during the current quarter against a Profit after Tax of ₹ 136 crore in the corresponding quarter of the previous year. The Profitability for the quarter is lower primarily due to net foreign exchange loss of ₹ 232 crore, considered as an exceptional item, due to the unusual and sharp movement in the value of the Indian Rupee against US Dollar.

Maharashtra Electricity Regulatory Commission (MERC) has granted approval for tariff petitions for FY 10-11 and FY 11-12 in May 2012 with aggregate revenue lower by ₹ 24 crore which has resulted in reversal of income recognised in previous years.

Projects Update:

a) Status of projects under Construction and Implementation

1,200 MW – at Ratnagiri

The commissioning of Unit-1 FGD has been delayed due to a major fire in the absorber tower on May 19, 2012. The Company has since revised the commissioning schedule of the FGD for all units, in phases between Nov '12 to Feb '13, pursuant to an approval from MOEF to the revised schedule.

1,080 MW – at Barmer

Unit 5 and Unit 6 of 135MW each at Barmer have been synchronised and work on the balance 2 units is progressing satisfactorily and is expected to be completed in quarter 2, 2012-13 in phases. The project cost estimated is ₹ 6,865 crore and project expenditure incurred till June 30, 2012 is ₹ 6,532 crore.

Work on obtaining necessary consents / approvals for 270MW expansion project at Barmer is in progress.

240 MW – at Kutehr, Himachal Pradesh (HP)

The Catchment Area Treatment (CAT) Plan has been approved by Government of Himachal Pradesh on April 4, 2012 and the same has been forwarded to Ministry of Environment and Forests (MoEF). The land acquisition process for the project is progressing satisfactorily, while necessary clearances are awaited. Project expenditure (including premium paid to state government) spent till June 30, 2012 is ₹ 143 crore.

Barmer Lignite Mining Co. Ltd (BLMCL).

During the quarter, BLMCL has supplied 841,770 tonnes of lignite to RWPL. The possession of land for Jalipa mines is expected to be provided shortly. The project cost is estimated at ₹ 1,800 crore (comprising of both Kapurdi & Jalipa mines) and cost incurred till June 30, 2012 is ₹ 1,245 crore.

(b) Projects under Development

1320 MW Chhattisgarh Project

The land acquisition for the project, initiated by Chhattisgarh State Industrial Development Corporation (CSIDC) is making steady progress with award for only one village awaited out of five villages. Design and engineering related to various aspects of the project are also on schedule and other necessary approvals are also being expedited.

Others

The work on developmental projects planned in West Bengal (1320 MW), Karnataka (660 MW) and Jharkhand (1620 MW) are presently not being pursued aggressively, as clarity is awaited on the various issues impacting the power sector.

Outlook

The global growth continues to be weak as developed countries try to combat recession and revive growth while developing countries look to address high inflation by curbing consumption. The challenges of the Euro Zone Sovereign debt crisis may further extend the recovery period. These global events have resulted in softening of the energy prices and the thermal coal prices have also moved in similar direction. The thermal coal prices have seen sharp reductions on the back of weak demand as also export of thermal coal from US (upon cheap Shale gas replacing thermal coal demand in US). Domestically, controlling inflation remained the primary objective, which has impacted the growth primarily of the manufacturing sector. The global uncertainties and widening deficits have led to steep currency depreciation. The tariff revisions by distribution entities have been positive for the sector and are expected to improve fiscal position of distribution entities. Delay in resolution of issues surrounding fuel has impacted the ability of power plants to fully exploit the latent capacity. We expect government to resolve the issues critical to the sector; however, delay, if any, in resolution of issues is likely to ensure that demand for merchant power may remain robust during the said period.

About JSW Energy Ltd

JSW Energy Limited, part of the JSW Group, is a growing energy company. The Group has diversified interests in mining, carbon steel, power, industrial gases, port facilities, aluminium, cement and information technology. JSW Energy is working on power solutions in the states of Karnataka, Maharashtra, Rajasthan, Himachal Pradesh & Chhattisgarh. The Company has an operational capacity of 2600 MW, apart from 540 MW of generating capacity under construction. The Company aims to enhance generation capacity to 11,770 MW. The Company is an early entrant in the Power Trading and Power Transmission business and plans to enter into power distribution business, generation through non-conventional energy sources and tie-ups with well known equipment manufacturers and suppliers. It is working towards building a full service integrated energy business.

Forward looking and Cautionary Statement

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.

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