

*OP Jindal page*

*JSW Spirit*

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## Performance at a Glance

	Unit	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
<b>For the year :</b>										
Gross Generation	MUs	2,229.33	2,230.73	2,062.06	2,048.93	1,966.77	2,184.69	2,160.97	2,184.30	1,730.22
Plant Load Factor (PLF)	%	98	98	91	90	86	96	95	96	89
Auxillary Consumption	MUs	173.40	163.54	149.07	144.72	140.77	135.48	128.77	122.75	157.91
Auxillary Consumption	%	7.78	7.33	7.23	7.06	7.16	6.20	5.96	5.62	9.13
Net Generation	MUs	2,055.93	2,067.19	1,912.99	1,904.21	1,826.00	2,049.21	2,032.20	2,061.55	1,572.31
Sales to JSWSL / JPOCL	MUs	797.21	642.59	386.17	654.66	1,329.55	1,269.04	1,129.10	1,095.00	489.83
Sales to KPTCL / ESCOMS	MUs	-	-	-	416.44	496.45	780.17	903.10	966.55	1,082.48
Sales to TPTCL / PTCIL / JSWPTC	MUs	1,258.72	1,424.60	1,526.82	833.11	-	-	-	-	-
Total Revenues	Rs. crores	1,593.98	1,604.71	812.25	548.88	493.67	558.03	521.93	544.66	397.92
Operating Expenses	Rs. crores	746.89	466.33	323.15	300.18	276.89	279.61	287.37	313.46	195.00
Operating Profit	Rs. crores	847.09	1,138.38	489.10	248.70	216.78	278.42	234.56	231.20	202.92
Depreciation & Write-off's	Rs. crores	59.63	58.56	58.29	57.96	57.67	69.84	66.39	66.65	57.58
Interest & Finance Charges	Rs. crores	120.28	88.53	62.89	49.74	59.93	77.69	91.85	102.37	95.83
Profit before Exceptional Item & Tax	Rs. crores	667.18	991.29	367.92	141.00	99.18	130.89	76.31	62.18	49.51
Add / (Less) : Exceptional Item **	Rs. crores	-	-	-	-	-	81.04	(52.43)	-	-
Profit before Tax	Rs. crores	667.18	991.29	367.92	141.00	99.18	211.93	23.88	62.18	49.51
Provision for Tax										
Current Income Tax / Wealth Tax	Rs. crores	75.74	122.50	36.93	10.81	5.94	16.37	2.42	5.62	3.63
Deferred Tax #	Rs. crores	13.02	12.57	11.62	11.30	32.99	-	-	-	-
Fringe Benefit Tax	Rs. crores	0.34	0.24	0.14	0.11	-	-	-	-	-
Profit after Tax (PAT) ++	Rs. crores	578.08	855.97	319.23	118.78	60.25	195.56	21.46	56.56	45.88
PAT as a percentage of Total Revenues	%	36.27	53.34	39.30	21.64	12.20	35.04	4.11	10.39	11.53
Earning Per Share	Rs.	10.58	16.63	10.03	4.11	2.08	6.77	0.74	1.96	1.59

\*\* represents the impact relating to earlier years of KERC's Order reducing tariff & Karnataka High Court's Order setting aside KERC's Order.

# DTL for 2004-05 includes Rs. 23.99 crores originated in earlier years.

++ PAT for 2007-08 includes Rs. 284.36 crores pertaining to profit from the sale of CER's

<b>At the end of the year :</b>										
Equity Share Capital	Rs. crores	546.57	514.76	346.80	289.00	289.00	289.00	289.00	289.00	289.00
Net Worth	Rs. crores	1,964.86	1,270.54	860.84	681.53	645.13	584.88	389.32	367.85	311.29
Book Value Per Share	Rs.	35.95	24.68	24.82	23.58	22.32	20.24	13.47	12.73	10.77
Long Term Debts	Rs. crores	2,312.36	825.02	491.43	417.63	525.47	502.30	614.90	739.99	757.80
Debt : Equity	Ratio	54:46	40:60	42:58	38:62	45:55	46:54	61:39	67:33	71:29
Gross Fixed Assets	Rs. crores	1,100.59	1,090.64	1,081.62	1,072.89	1,069.58	1,065.97	1,120.69	1,127.82	1,104.43
Net Fixed Assets	Rs. crores	568.05	617.27	666.75	716.19	770.59	824.57	938.12	1,005.94	1,043.48

## Board of Directors

Mr. Sajjan Jindal	Chairman & Managing Director
Mr. S.S. Rao	Jt. Managing Director & CEO
Mr. Chandan Bhattacharya	Director
Mr. T.R. Bajalia	Nominee Director of IDBI Bank Ltd.
Mr. P. Abraham, IAS (Retd.)	Director
Mr. D.J. Balaji Rao	Director
Mr. J.K. Tandon	Director
Mr. Prashant R. Deshpande	Director
Mr. Shailesh Shah	Director

Mr. Pramod Menon Chief Financial Officer

Mr. S. Madhavan Company Secretary

### Auditors

**M/s. Lodha & Company**

Chartered Accountants

### Registrars & Share Transfer Agents

Karvy Computershare (P) Limited

### Bankers

IDBI Bank Limited

ICICI Bank Limited

Punjab National Bank

### Registered Office

Jindal Mansion,

5-A, Dr. G. Deshmukh Marg,

Mumbai - 400 026

Tel. No. 022-2351 3000

Fax No. 022-2352 6400

### Corporate Office

The Enclave, Behind Marathe Udyog Bhavan,

New Prabhadevi Road,

Prabhadevi, Mumbai - 400 025

Tel. No. 022-6783 8000

Fax No. 022-2432 0740

### Plant

Post Box No. 9

Toranagallu - 583 123

Bellary Dist. Karnataka

## Directors' Report

To the Shareholders,

Your Directors take pleasure in presenting the 15th Annual Report and the audited accounts of the Company for the year ended 31st March 2009.

### FINANCIAL RESULTS

The performance of the Company for the financial year ended 31st March 2009 is summarised below:

(Rs. in crores)

Particulars	2008-09	2007-08
Sales and Other Income	<b>1,593.98</b>	1,604.71
Profit before Depreciation & Tax	<b>726.81</b>	1,049.85
Depreciation	<b>59.63</b>	58.56
Profit before Tax	<b>667.18</b>	991.29
Provision for Tax	<b>89.10</b>	135.32
Profit after Tax	<b>578.08</b>	855.97
Add: Profit brought forward from previous year	<b>649.94</b>	449.88
Profit available for appropriation	<b>1,228.02</b>	1,305.85
Dividend	-	102.95
Dividend Distribution Tax	-	17.50
Transfer to General Reserve	-	85.60
Balance Carried to Balance Sheet	<b>1,228.02</b>	1,099.80

### RESULTS OF OPERATIONS

The Company has achieved Plant Load Factor (PLF) of 97.88% as against 97.67% in the previous year and has generated 2,229 million units as against 2,231 million units in the previous year. Out of the net generation, the Company sold 1,259 million units to JSW Power Trading Co. Ltd. (JSWPTC), 215 million units to JSW Steel Limited and 582 million units to Jindal Praxair Oxygen Company Private Limited. JSWPTC has sold the power mainly to State of Karnataka.

The average sales realisation from sale of power during the year improved to Rs.6.00 per unit compared to Rs.4.48 per unit during the previous year. The increase is primarily due to improved realisation on sale of power through JSWPTC.

Besides the revenue from sale of Power, the Company has received the Project Management revenue of Rs.339.50 crores for power plants being set-up by JSW Energy (Ratnagiri) Limited (JSWERL) and RajWestPower Limited (RWPL).

The income from operations during the year was Rs.1,591.04 crores, which is an increase of 1.09 % over Rs.1,573.95 crores

(including income from sale of CER-Rs.327 crores) achieved in the previous year.

The Company has achieved a net profit of Rs.578.08 crores as compared to Rs.855.97 crores (which include profit from sale of CER) in the previous year.

### Consolidated Financial Statements

The Audited Standalone and Consolidated Financial Statements of the Company which form part of the annual report have been prepared in accordance with the provisions of the Companies Act, 1956, the Accounting Standard (AS-21) on Consolidated Financial Statements, the Accounting Standard (AS-23) on Accounting for Investments in Associates and the Accounting Standard (AS-27) on Financial Reporting of Interests in Joint Ventures.

### DIVIDEND

To conserve the resources of the Company for financing the Projects undertaken by the Company, it is not proposed to declare any dividend for the year.

### SCHEME OF AMALGAMATION AND CHANGES IN THE CAPITAL STRUCTURE

During the year, Hon'ble High Court of Judicature of Bombay vide order dated 10th October 2008 had sanctioned the Scheme of Amalgamation of JSW PowerTransco Limited (JSWPTL) and JSW Energy (Vijayanagar) Limited (JSWEVL) with the Company. The Scheme became effective on 11th December 2008, the Appointed Date of Scheme being 1st April 2008. Accordingly, JSWPTL and JSWEVL are merged with the Company and in terms of the scheme, the business along with all assets and liabilities of erstwhile JSWEVL and erstwhile JSWPTL stood transferred and vested with the Company as on the Appointed Date viz. 1st April 2008 and the Authorised Capital of Company has increased from Rs.1000 crores to Rs.1501 crores. The Company has on 17th December 2008, allotted 31,816,044 Equity Shares to the eligible shareholders of JSWEVL (with shareholding of the Company in JSWEVL and JSWPTL being cancelled) in ratio of 258 Equity Shares of Rs.10 each for every 1000 Equity Shares of Rs.10 each held in the JSWEVL as on record date. Consequently, the paid-up capital of Company has increased to Rs.5,465,712,770.

### FINANCING

Towards meeting its funding requirements, the Company had filed Draft Red Herring Prospectus (DRHP) with Securities and Exchange Board of India for Initial Public Offering of 63,225,000 Equity Shares of Rs.10 each. The Company had withdrawn the DRHP on 28th July 2008 considering that

the market was not conducive for capital raising through IPO route.

## SUBSIDIARIES

The details of the subsidiary Companies are as follows:

### 1. JSW Energy (Ratnagiri) Limited (JSWERL)

JSWERL, a Wholly Owned Subsidiary Company is implementing 4X300 MW imported coal based Power Plant at Jaigad District in Ratnagiri, Maharashtra at a total cost of Rs. 4,500 crores. Your Company has invested Rs. 588 crores (Rupees Five Hundred Eighty Eight Crores) till 31st March 2009 towards Equity investment. JSWERL has achieved financial closure for entire amount of debt required in the month of August 2007. JSWERL has incurred Rs.2,018.76 crores for the project as on 31st March 2009. The first unit is expected to be commissioned in Fourth quarter of FY 2009-10 and subsequent units with a gap of 3 months.

During the year JSWERL has tied up for supply of 600 MW of power to be generated from the project.

### 2. Raj West Power Limited (RWPL)

RWPL, a Wholly Owned Subsidiary Company is implementing 8X135 MW lignite based Power Plant in Kapurdi and Jalipa, Barmer District, Rajasthan at a total cost of Rs. 5,000 crores. Your Company has invested Rs.1069.00 crores as Equity contribution till 31st March 2009. Financial closure for entire debt requirement is achieved in October 2007. First unit synchronization is scheduled for first quarter of FY 2009-10 and subsequent units synchronization are scheduled with a gap of 2 months. RWPL has incurred Rs. 4,192.72 crores for the project as on 31st March 2009.

RWPL also has plans to expand capacity by setting up 2X135 MW Power Plant at the same location for which necessary regulatory consents are awaited. The cost of the Project is estimated at Rs. 1,350 crores and sanction for debt amount have been received.

### 3. JSW Power Trading Company Limited (JSWPTCL)

JSWPTCL, a Wholly Owned Subsidiary of Company is engaged in power trading activities and has a "F" category license (recently termed as revised "Category I" by CERC), the highest license category, to trade in power in India.

During FY 2008-09, JSWPTCL has procured power from the Company as well from market and it has traded 2052.75 MUs against 1478.58 MUs during

the previous year and made total sales turnover of Rs. 1467.78 crores with a Profit After Tax of Rs. 3.14 Crores. JSWPTCL also got membership and commissioned Terminals of both Power Exchanges (IEX-India Energy Exchange and PXIL-Power Exchange of India Ltd) and traded 55 MUs on them.

Also JSWPTCL is one of the top six power trading companies in India, by volume, for and during the year ended 31st March 2009.

During the year your Company has subscribed to 12,50,00,000 10% Non-Cumulative Redeemable Preference shares of Rs.10 each aggregating to Rs.125,00,00,000.

### 4. Jaigad Power Transco Limited (JPTL)

During the year, your Company acquired entire shareholding of JPTL from JSW Power Transco Limited, the erstwhile wholly owned subsidiary of the Company which merged with the Company during the year. Subsequent to acquisition of shares, on 5th August 2008 your Company entered into Joint Venture Agreement with Maharashtra State Electricity Transmission Company Limited (MSETCL). MSETCL has invested in JPTL to the extent of 26% and with effect from 19th September 2008, JPTL became 74:26 Joint Venture between the Company and MSETCL.

JPTL is implementing two transmission lines from Jaigad-New Koyna and Jaigad-Karad for evacuation of power from JSWERL's 1200MW power plant at Jaigad at a total project cost of Rs. 580 crores. Financial tie up for the Project has been achieved.

During the year, EPC contract has been awarded. JPTL has been granted Transmission License from Maharashtra Electricity Regulatory Commission (MERC).

JPTL has incurred Rs.210.94 crores on the Project till 31.3.2009. Your Company has invested Rs. 57.70 crores as equity contribution till 31st March 2009.

### 5. PT Param Utama Jaya (PTPU)

The Company had acquired controlling interest in FY 2007 in PT Param Utama Jaya (PTPU), an Indonesian Company.

## EXEMPTION U/S 212 FOR SUBSIDIARIES

On an application made by the Company under Section 212(8) of the Companies Act, the Central Government, vide letter dated 16th March 2009, exempted the Company from attaching a copy of the Balance Sheet, Profit and Loss Account, Directors' Report and Auditors' Report of the subsidiary companies and other documents required to be attached under Section 212(1) of the Act to the Balance Sheet of the Company.

Accordingly, the said documents are not being attached with the Balance Sheet of the Company. A gist of the financial performance of the subsidiary companies is contained in the report. The Annual Accounts of the subsidiary companies are open for inspection by any member/investor and the Company will make available these documents/details upon request by any investor of the Company or any investor of its subsidiary companies who may be interested in obtaining the same. Further, the Annual Accounts of the subsidiary companies will be kept open for inspection by any investor at the Company's Registered Office and that of the subsidiary company concerned.

## NEW PROJECTS, INITIATIVES & JOINT VENTURES

### 2X300 MW Power Project of JSW (Vijayanagar) Limited (JSWEVL)

JSWERL, implementing 2X300 MW imported coal based Power Plant in Vijayanagar, Karnataka, at a total cost of Rs.1,860 crores got merged with the Company during the year. The construction of erstwhile JSWEVL's Power Plant is in advanced stage and the commercial operation date (COD) for the first unit is expected in first quarter of FY 2009-10 and COD of second unit is expected during second quarter of FY 2009-10.

### Kuther Hydro Project

Your Company has been awarded 260MW Hydro Electric Project at Kuther, Himachal Pradesh. A Pre-Implementation Agreement is signed with Himachal Pradesh Government subsequent to part payment of upfront premium in terms of the award.

It is run of the river project located in District Chamba of Himachal Pradesh on river Ravi. Consultants have been appointed for preparation of detailed Project report and for conducting Environment Impact assessment.

### Toshiba JSW Turbine & Generator Pvt. Ltd. (Toshiba)

Pursuant to the Joint Venture (JV) Agreement with Toshiba Corporation, Japan to manufacture and market super critical steam turbines and generators for thermal power plants in India, on 2nd September 2008, Toshiba JSW Turbine & Generator Pvt. Ltd. was incorporated with its registered office in Chennai. Your Company has invested

Rs.44,00,00,000 in the JV as on 31st March 2009. The JV with Toshiba is expected to provide Company with advantage while enhancing its generation capacity.

### MJSJ Coal Limited (MJSJ)

The Company has been allocated Thermal Coal Block in Utkal in Orissa with a share of 11% to meet the captive requirements. Pursuant to the signing of Joint Venture Agreement on 13th October 2008, MJSJ Coal Limited was incorporated to develop the Thermal Coal Block at Utkal at Orissa. Your Company has invested Rs. 0.56 crore in MJSJ for 11% stake as on 31st March 2009.

### Power Exchange of India Limited (PXIL)

Your Company is set to acquire 5% stake by investing upto Rs. 1 crore in PXIL which provides the platform for trading in electricity. PXIL is promoted by National Stock Exchange of India Ltd. (NSE) & National Commodities & Derivatives Exchange Ltd. (NCDEX).

### JSW Energy Centre of Excellence (JSWECE)

During the year, JSW Energy Centre of Excellence (JSWECE) has been established by Company, with the objective of training engineers in the entire gamut of Operation and Maintenance of thermal power plants, thereby providing skilled and competent man power to meet the ever growing demand for skilled engineers by Power Sector in the Country.

This Centre aims to serve as an advanced research and knowledge centre for development of Indian Power Sector. JSWECE has been recognised by the Central Electricity Authority (CEA) for imparting advanced power plant training in line with the power sector requirements.

JSWECE will also offer advanced simulator training programs to other power generating Companies. The Centre has already trained over 100 engineers in the first year of its operation.

### MEMORANDUM OF UNDERSTANDING (MOU)

The Company has on 12th January 2009 entered into Memorandum of Understanding (MOU) with the Government of Gujarat, which is in addition to the MOU signed with them on 12th January 2007. As per the MOU's signed, the Company has expressed intention to establish 2400 MW Coal based Power Plant in the State of Gujarat.

The Company has also signed MOU's with other Governments such as the following:

MOU Date	State of	Purpose	Location
17th March 2008	Madhya Pradesh	Establishing 1320 MW Power Plant.	Madhya Pradesh
1st February 2008	Chattisgarh	Establishing 1100 MW Power Project	Chattisgarh
22nd October 2007	Jharkhand	Establishing 2000 MW Power Project	Jharkhand



## AWARDS / RECOGNITION

During the year, the Company received various awards and recognitions, significant amongst which are the following:

- a) Your Company secured National Award to Power Utilities for **Meritorious Performance 2007-08** by Ministry of Power, Govt. of India for second consecutive year.
- b) Your Company also secured first prize in National level for “**Excellence in Thermal Power Generation**” constituted by Indian Electrical and Electronic Manufacturer Association (IEEMA).

## BOARD OF DIRECTORS

### a) Composition

The Board comprises of Nine Directors, of which five are Independent Directors with one of them being nominee Director.

### b) Retirement by Rotation

In accordance with the requirements of the Companies Act, 1956 and Article 129 of the Articles of Association of the Company, Mr. Prashant R. Deshpande and Mr. Chandan Bhattacharya, retire by rotation and being eligible offer themselves for re-appointment.

### c) Changes during the year

Mr. Sajjan Jindal, Chairman was appointed as Chairman & Managing Director w.e.f. 01.01.2009 and Mr. S.S. Rao, JMD & CEO re-appointed as Whole Time Director under the Companies Act, 1956 and designated as Jt. Managing Director & CEO w.e.f. 01.01.2009.

Further, during the year, Mr. N.K. Jain resigned with effect from 23rd October 2008. Dr. U. K. Mukhopadhyay was appointed as Director w.e.f. 5th May 2008 and resigned from the Board w.e.f. 23rd January 2009.

Mr. J.K. Tandon and Mr. Shailesh Shah are appointed as Additional Directors w.e.f. 23rd October 2008 and 23rd January 2009 respectively.

IDBI Bank Limited had withdrawn its nominee Mr. Siby Antony and nominated Mr. Tilak Raj Bajalia w.e.f. 31st July 2008.

ICICI Bank Limited withdrew its nominee Mr. P. Suresh from the Board of Company w.e.f. 26th March 2009.

The Board placed on record the valuable contribution made by Mr. N.K. Jain, Mr. Siby Antony, Dr. U.K. Mukhopadhyay and Mr. P. Suresh during their tenure with the Company.

### d) Board Meetings

The Board met six times during the year.

## CORPORATE GOVERNANCE

The Company has voluntarily adopted to follow the requirements of Corporate Governance as stipulated under Clause 49 of the Equity Listing Agreement of Stock Exchange and accordingly, the Report on Corporate Governance forms part of the Annual Report.

The requisite Certificate from the Auditors of the Company M/s. Lodha & Co., regarding compliance with the conditions of Corporate Governance as stipulated in Clause 49 is annexed to this Report.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (a) that in preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (c) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) that the Directors had prepared the annual accounts for the year under review, on a 'going concern' basis.

## AUDITORS

M/s. Lodha & Co., Chartered Accountants, the Auditors of the Company, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

## ENERGY CONSERVATION AND ENVIRONMENT PROTECTION

Your Company was able to achieve heat rate improvement from 2354 Kcal/Kwh for FY 2007-08 to 2321 Kcal/Kwh for FY 2008-09 by various measures like improving condenser vacuum and arresting of system steam leakages either by preventive maintenance or by replacing valves which are failed. The plant has carried out 16 Nos. of Structural and Logic modifications which results in enhanced plant performance.

- b) Your Company was able to achieve fly ash utilization of 116.31% for FY 2008-09 by having a tie up with Cement manufacturer and encouraged local brick manufacturers to use fly ash as a raw material.

### TECHNOLOGY ABSORPTION AND INNOVATION

Various innovative measures were adopted to streamline the operations and improve reliability. Key amongst these are:

- a) Your Company has upgraded Generator Relay panel (GRP) in both the units and it is replaced with ABB make Numerical relays to ensure better monitoring, quicker isolation and to avoid false tripping of units by utilizing latest technology.
- b) Your Company has installed energy savers in plant lighting circuit results in saving of 12%.
- c) Your Company has upgraded Cooling tower gear boxes with better factor of safety one to ensure enhanced availability of equipments.
- d) Coal dust firing in Mill IC is commissioned as a back up for mill.

### CORPORATE SOCIAL RESPONSIBILITY

Your Company carries on social welfare activities through a trust namely, "JSW Foundation".

### FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange earnings of the Company for year under review amounted to Rs. Nil. The foreign exchange outflow is as under:

		Rs. in crores
(a)	Import of Coal	13.35
(b)	Travelling Expenses	0.24
(c)	Legal & Professional	27.32
(d)	Plant & Machinery & Spares	960.58
	<b>Total</b>	<b>1,001.49</b>

### PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 (the Act), read with the Companies (Particulars of Employees) Rules, 1975, as amended, regarding employees is given in **Annexure A** to the Directors' Report.

### ACKNOWLEDGEMENTS

The Directors thank the Company's customers, vendors, investors, business associates and bankers for the support to the Company.

The Directors also thank the Government of India, the concerned State Governments and all concerned statutory and regulatory authorities.

The Directors appreciate and value the contributions made by every employee of the Company.

For and on behalf of the Board of Directors

Place: Mumbai  
Date: 4th May 2009

**Sajjan Jindal**  
Chairman & Managing Director

## Annexure 'A' to Directors' Report

### INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2009.

(a) Employed throughout the year and were in receipt of remuneration of not less than Rs. 24,00,000 per annum

Sl. No.	Name and age	Designation	Remuneration in Rs.	Qualification and Experience	Date of Comm. of Employment	Last Employment Held
1.	Ballal A.S. 49 Years	General Manager	2,696,808	B. Sc. Chem, B.E. Mech., MBA 20 Years	27.03.2000	HMT Ltd. (Manager)
2.	Bhat Ramachandra V 47 Years	General Manager	2,581,907	Dip. Mech, AMIE Mech 25 Years	15.10.1997	Karnataka Power Corporation Ltd. (Assistant Engineer – Mech)
3.	Dhanuka Vinod Kumar 56 years	Sr. Vice President – Projects	4,246,503	B.Sc. (Mechanical Engineering) 35 Years	20.07.2007	Indo Gulf Fertilisers Ltd. (Jt. President)
4.	Ghosh Samirendra 57 years	Sr. Vice President - Projects	2,982,614	B.E.E., MIMA 35 Years	06.07.2007	Indo Gulf Fertilisers Ltd. (Senior Vice President)
5.	Jindal Satish 49 Years	Sr. Vice President	3,845,903	B.E. (Electrical) 18 Years	01.05.2006	Power Trading Corporation of India Ltd. (Vice President)
6.	Koshy Feby 39 Years	General Manager	2,726,067	B E Mech 17 Years	12.11.1997	BSES Ltd. (Dy. Manager)
7.	Menon Pramod 37 years	Chief Financial Officer	4,682,557	CA, ICWA – Grad. 14 years	01.04.2007	JSW Steel Ltd. (General Manager – Finance)
8.	Mohan S. 45 Years	General Manager	2,606,084	B. Sc. Chemistry MHRM 21 Years	03.07.2000	Power Grid Corporation of India Ltd. (Dy. Manager)
9.	Pai Shantaram 41 Years	General Manager	2,699,461	B.E. Electrical 17 Years	06.07.1997	Nuclear Power Corporation (Scientific Officer/ C-Maintenance Engineer)
10.	Pillai R. R. 58 Years	Chief Operating Officer	6,850,450	AMIE, ME (Mechanical) 39 Years	24.12.2000	BHEL Ltd. ( DGM)
11.	Rao S.S. 61 years	Jt. Managing Director & CEO	11,755,055	B.E., M.B.A. 39 Years	12.04.2007	Aditya Birla Group (Group Executive President & Business head–Power)
12.	Singh Upinder 47 Years	Chief Operating Officer	6,678,578	B.E. (Electrical), Dip. in Business Management 25 Years	19.04.1995	Power Grid Corporation of India Ltd. (Manager – Systems Operations)
13.	Singh Navraj 52 years	Vice President - Projects	3,839,737	B.Tech - IIT, Delhi 28 Years	15.11.2007	Tata Power Company Ltd. (Assistant General Manager)
14.	Varkey K.J. 49 years	Vice President	6,421,141	B. Sc. (Mechanical Engineering) 26 years	15.04.1996	Ansaldo Energia (Italy)

(B) Employed for the part of the year and were in receipt of remuneration aggregating to not less than Rs.2,00,000 per month

Sl. No.	Name and age	Designation	Remuneration in Rs.	Qualification and Experience	Date of Comm. of Employment	Last Employment Held
1.	Jindal Sajjan 49 Years	Chairman & Managing Director	9,360,000	B.E. (Mechanical) 27 Years	01.01.2009	Jindal Strips I Ltd. (Jt. Managing Director)
2.	Malik Ashok K. 47 Years	General Manager	739,109	B.E. (Mechanical) 25 Years	21.08.2006	Sterlite Industries Ltd. (Assistant General Manager)
3.	Pinge Nagesh Dinkar 49 years	President (Internal Audit)	17,106,015	B.Com. (Hons), LL.B (Gen.), ACA 24 Years	17.12.2007	Reliance Retail Ltd. President (Chief Internal Audit & Compliance)
4.	Sagar Sanjay 52 Years	President (Project Development)	1,511,354	MBA 24 Years	16.01.2009	Adani Enterprises Ltd. (Chief Corporate Coordination)
5.	Shahi Awadhesh Prasad 51 years	Associate Vice-President	8,31,919	B.Sc. Engineering Electrical 30 Years	16.08.2007	NTPC Ltd. (Assistant General Manager)

**Notes:**

1. Remuneration shown above includes salary, bonus, house rent allowance or perquisite for accommodation, leave travel allowance, medical reimbursement, perquisite for use of furniture and Company's contribution to provident fund, but does not include leave encashment and Company's contribution to gratuity fund. The monetary value of perquisite is calculated in accordance with the provisions of the Income Tax Act, 1961 and Rules made thereunder.
2. All the employees have adequate experience to discharge the responsibility assigned to them.
3. The nature of employment in all cases is contractual.

# Management Discussion and Analysis

## Background

The first half of the fiscal 2009 witnessed increasing interest rates and inflation, weakened equity markets due to global macroeconomic concerns and reversal in the pattern of global capital flows. The bankruptcy of global financial majors in the second half of fiscal 2009 led to a rapid deterioration of the global macroeconomic environment and a sharp moderation in global economic activity. In India this was reflected by a sharp reduction in domestic liquidity leading to a massive credit crunch and fall in capital flows. However the decline in the global commodity prices resulted in inflation touching all time lows which in turn prompted substantial reduction in key policy rates and reserve requirements and the consequent reduction in the market interest rates. The rupee also depreciated from a high of around Rs. 40 per US dollar to around Rs. 50 per US dollar at the end of fiscal 2009. The one silver lining in an otherwise difficult global scenario was the signing of the Indo-US nuclear deal which is expected to provide a major impetus to the power sector in India.

### I. Industry Overview:

India is amongst the fastest growing economies globally and has grown at an average rate of 7.4% per annum during the last five years. In order to sustain this high GDP growth rate, the Power sector also needs to grow at an appropriate pace in the medium to long-term.

In spite of the current economic slowdown, the energy deficit, as a result of slow progress in development of additional energy capacity has ensured that the demand for power remains robust even in the face of global meltdown resulting in a contraction of domestic industrial activity.

The Government of India (GoI) has an ambitious mission of 'Power for all by 2012'. This requires that the installed generation capacity should be at least 200,000 MW by 2012 from its present level of 143,000 MW.

The Electricity Act, 2003 has provided ample opportunities for investments by the private sector in Generation, Transmission and Distribution of Power. The Act promotes a liberal, transparent and enabling legal framework for power development. It facilitates investment by creating a competitive environment and reforming distribution segment of the power industry. The broad measures under the Act are as under :

- Generation freed from licensing
- Trading recognised as a distinct activity
- Open access in transmission and distribution
- Multiple licences in distribution allowed

- Regulatory oversight for fixation of tariff, licensing, Open access and market development
- Tariff policy 2006 issued

The Central and State governments together own and operate over 85% of the installed power capacity in India. The private sector has historically been reluctant to enter the market for power plants because of onerous governmental regulations on the construction and operation of power plants and sourcing of fuel for such plants.

However, the participation of the private sector has been increasing over time owing to power sector reforms and as a result of the favourable climate created for investment and enterprise in the country. The restructuring of utilities, a sound regulatory foundation, participative tariff setting and concrete efforts to improve the financial health of the state utilities are some of the positive steps in this direction. An increasing thrust on the Public Private Partnership model, coupled with progressive policy initiatives by the Government, has also provided a major boost to the power equipment manufacturing industry. In addition, the success of the UMPP model in the power generation segment has spurred the government to initiate a similar program in the power transmission segment also.

### II. Opportunities, Concerns and Outlook

The low per capita consumption of power in India as compared to the world average presents a significant potential for sustainable growth in the demand for power in India.

Sustaining economic growth is critically dependent on significant supply augmentation and change in the composition of energy use. Dependence on imports, for meeting the primary energy demand in the country has been increasing over a long period and reduction in the same would entail a number of measures.

- Tapping India's coal reserves with appropriate technology and reforms in the coal sector to increase competition
- Mitigating transportation constraints on availability of coal
- Accelerating exploration of oil and gas
- Fully exploiting the nuclear and hydro potential for power generation, and expediting programmes for energy generation through renewable and non renewable sources

According to National Electricity Plan (April 2007), the requirement of additional capacity during the 11th Plan (Fiscal 2008 to Fiscal 2012) to meet all-India peak demand

of 152,746 MW is approximately 82,500 MW. Accordingly, a capacity addition programme of 78,577 MW has been envisaged during 11th Plan comprising of 39,865 MW in Central Sector, 27,952 MW in State Sector and 10,760 MW in private Sector comprising of 16,553 MW hydro, 58,644 MW thermal and 3,380 MW nuclear.

In order to facilitate the development of electricity market, the Ministry of Power has issued the approach and the guidelines on development of Merchant Power Plants (MPPs), for which coal linkage/captive coal blocks allotment would be available. The Ministry of Power, in consultation with Ministry of Coal, has identified 15 Coal Blocks with estimated reserves of approximately 3.6 billion tonnes for allocation to merchant and captive power plants through the screening committee route. Coal blocks with aggregate reserves of about 2.4 billion tonnes are expected to be considered for merchant power.

The 2006 Expert Committee on Energy estimated India's power needs at 960 GW by 2031-32, up from 144 GW. It is further estimated that by 2030, a maximum of 75% of the energy needs could only be met by coal, hydro and non-conventional energy sources leaving a gap of 240 GW for the nuclear energy, where also gigantic investments would be required. The recently concluded Indo - US nuclear deal which has ended India's isolation from access to nuclear fuel and technology is expected to provide a major boost to our country's efforts to bridge its mounting energy deficit. The deal has stoked an enormous amount of interest both in the government as well as in the private sector, on the significant opportunities for growth in the nuclear power segment.

Based on Ministry of Power targets, India needs at least another 57,000 MW of generation capacity by 2012. If this is to be achieved, it would need multiple initiatives in generation, transmission and distribution. However, delays in land acquisition, environmental clearances and other approvals remain an area of concern. In addition, the low growth in domestic coal mining has increased dependence on imported coal. Availability of coal linkages and assured coal supply within the country will remain critical.

### III. Standalone Financials as per Indian GAAP

During the fiscal 2009, the Company completed the merger of its subsidiaries JSW Energy (Vijayanagar) Limited and JSW PowerTransco Ltd. with itself. The effective date of the merger was 11th December, 2008 with the appointed date being 1st April, 2008. Accordingly, the financial results for 2008-09 comprise the merged accounts of the aforesaid entities.

#### Revenue

During the current year the Company's revenue stream comprises of :

- Income from power generation business
- Income from Operation & Maintenance services for power plants of JSW Steel Ltd.
- Income from Project Management Contracts for setting up Power plants of various subsidiaries.
- Other Income

The total revenues of the Company for FYE 2009 stood at Rs. 1,593.98 Crores as against Rs. 1,604.71 Crores for FYE 2008. The marginal decline in the revenues is due to an extraordinary income from sale of Certified Emission Reductions (CERs) amounting to Rs. 327.56 Crores in FYE 2008. However the same was offset in FYE 2009 by a robust growth of 33.28% in income from power generation which increased from Rs. 925.65 Crores to Rs 1,233.67 Crores. The increased revenues from power generation in FYE 2009 is primarily resulting from :

- Improved efficiency in plant operation which is reflected in the improved heat rate from 2354 in 2008 to 2321 in 2009
- Plant load factor has improved from 97.67 % in FYE 2008 to 97.88% in FYE 2009
- The net generation improved by 8.62% due to improved efficiency and high PLF, thereby enabling the Company to sell more power on short-term.
- Average sales realisation from sale of power has increased from Rs. 4.48 per unit to Rs. 6.12 per unit driven by an improved realisation on sales from short-term power through JSW Power Trading Co. Ltd.

#### EBITDA

The EBITDA for the Company declined from Rs. 1,138.38 Crores in FYE 2008 to Rs. 847.09 Crores in FYE 2009 primarily due to the following :

- extraordinary income from sale of Certified Emission Reductions (CERs) amounting to Rs. 327.56 Crores in FYE 2008.
- Increase in cost of fuel from Rs. 1.51 per unit in FYE 08 to Rs. 3.02 per unit in FYE 09

The exclusion of the CER income from the comparison shows a YOY increase in the EBITDA of 4.35%.

#### Interest

The interest cost for the year at Rs. 120.28 Crores increased by 35.86% over FYE 2008 due to hardening of interest rates and additional debt availed in the past to meet cash flow mismatch in operations. During FYE 2009, Company has repaid debt of Rs. 129.16 Crores.

### Profit After Tax

The PAT has witnessed a decline of 32.47% from Rs. 855.97 Crores in FYE 2008 to Rs. 578.08 Crores in FYE 2009 primarily due to lower EBIDTA and higher interest cost. The tax paid/provision also declined from Rs. 135.32 Crores in FYE 2008 to Rs. 89.10 Crores in FYE 2009. The Earnings per Share of the Company as at March 31, 2009 was Rs. 10.58 per share.

### Net Worth

The net worth of the Company increased to Rs. 1,964.86 Crores in FYE 2009 from Rs. 1,270.75 Crores in FYE 2008.

### Debt Equity Ratio

The debt gearing of the Company is at 1.19 times as at FYE 2009.

### Review of the Business and Financials of Subsidiaries

The Hon'ble High Court of Bombay vide its Order dated 10th October, 2008 sanctioned the Scheme of Amalgamation for merger of JSW PowerTransco Limited (JPTCL) and JSW Energy (Vijayanagar) Limited (JSWEVL) with the Company with effect from the appointed date 1st April 2008. In accordance with the Scheme, the asset and liabilities of JSWEVL and JPTCL were transferred to and vested with the Company with effect from 1st April 2008.

#### ➤ JSW Energy (Ratnagiri) Limited (JSWERL)

- JSWERL is constructing a 4X300 MW coal based power plant in Ratnagiri, Maharashtra.
- The project cost of Rs. 4,500 Crores is being funded on a debt equity ratio of 75:25, where Rs. 3,375 Crores is tied up with consortium of lenders led by State Bank of India. The actual cost incurred upto FYE 2009 is Rs. 2,018.76 Crores. Construction and commissioning of the first unit is expected in Fourth Quarter of FYE 2009-10 and subsequent three units with a gap of 3 months.

#### ➤ Jaigad PowerTransco Limited (JPTL)

- The Company has entered into Joint Venture (JV) Agreement with Maharashtra State Electricity Transmission Company Limited (MSETCL) for construction of transmission lines for evacuation of power, with the latter holding a 26% equity in the JV Company, JPTL.
- JPTL is constructing two transmission lines from Jaigad to New Koyna and from Jaigad to Karad for evacuation of power from JSWERL's 1200 MW power plant at Jaigad at a total project cost of Rs. 580 Crores. Financial tie up for the Project has been achieved.
- JPTL has been granted Transmission License from Maharashtra Electricity Regulatory Commission

(MERC) and the EPC contract for the project has been awarded.

- JPTL has incurred Rs. 210.94 Crores on the Project till 31.3.2009. Your Company has invested Rs. 57.70 Crores as equity contribution till 31st March 2009.

#### ➤ Raj WestPower Limited (RWPL)

- RWPL is constructing a 8X135 MW lignite-fired power plant in Barmer, Rajasthan;
- The project cost of Rs. 5,000 Crores is being funded on a debt equity ratio of 75:25, where Rs. 3,750 Crores is tied up with consortium of lenders led by ICICI Bank Limited and the Company has incurred expenditure of Rs. 4,192.72 Crores till FYE 2009;
- First unit is scheduled to be commissioned in the second Quarter of FYE 2009-10 and subsequent units synchronization are scheduled with a gap of 2 months;
- A Fuel Supply Agreement has been entered into with Barmer Lignite Mining Company Limited, the joint venture company formed with Rajasthan State Mines and Minerals Limited, for supply of lignite for 30 years. However due to the delay in the acquisition of land for the purpose of lignite mining, RWPL has got the necessary consent from the Government of Rajasthan to use coal in the interim period for power generation.

#### ➤ JSW Power Trading Company Limited (JSWPTCL)

- JSWPTCL is engaged in power trading activities since June 2006.
- Apart from trading in the power generated by JSW Energy Limited (JSWEL), the Company also trades in market power;
- The Company has been granted a "F" category license, (recently termed as revised "Category I" by CERC), the highest license category, to trade power in India;
- JSWPTC has traded 2,052.75 million units in fiscal 2009 and achieved gross sales of Rs. 1,467.78 Crores and earned profit after tax of Rs. 3.14 Crores.

#### ➤ PT Param Utama Jaya (PTPUJ)

- PT Param Utama Jaya, is engaged in the business of Consultancy in Indonesia;
- It has commenced business activity in FYE 2009 earning a revenue of Rs. 0.90 Crores and net loss of Rs. 1.16 Crores.

## Other Developments

### > Kuther Hydro Project

The Company has been awarded a 260 MW Hydro Electric Project at Kutehr, Himachal Pradesh. A Pre-Implementation Agreement has been signed with Himachal Pradesh Government subsequent to part payment of upfront premium in terms of the award. SNC – Lavalin have carried out a detailed feasibility on the project and their detailed project report is awaited. Meanwhile, the hydrological data prepared by consultants reflect that the capacity will be about 240 MW.

### > Joint Venture with Toshiba

JSW Energy Limited (20%) entered into a Joint Venture (JV) with Toshiba Corporation Limited, Japan (75%) and JSW Steel Limited (5%) to design, manufacture, market and provide maintenance services of mid to large sized supercritical steam turbines and generators.

The manufacturing facility will be located near Ennore port, Chennai. This initiative is expected to provide a strong foothold to the JSW Group in the rapidly growing super critical power plant equipment manufacturing sector in India as well as abroad. Toshiba Corporation - Japan will transfer the super critical steam turbine generator technology to the JV Company. The phased manufacturing of steam turbine generator sets is expected to commence from 2010-11.

### > Joint Venture for Utkal Coal Blocks

The Company has been allocated Thermal Coal Block in Utkal in Orissa with a share of 11% to meet the captive requirements. The Company has signed an agreement with other partners to develop the same through Joint Venture Company MJSJ Coal Limited. The Company has invested Rs. 0.56 Crores in the Equity of the Joint Venture as at FYE March 2009.

## IV. Consolidation of Accounts

The consolidated Profit after Tax for the FYE 2009 including the results of operations of our subsidiaries was Rs. 276.69 Crores as compared to Rs. 625.27 Crores for FYE 2008. The Company's consolidated financial statements include the financial performance of the following subsidiaries :

- a) JSW Power Trading Company Limited
- b) JSW Energy Ratangiri Limited
- c) Raj WestPower Limited
- d) Jaigad Power Transco Limited
- e) PT Param Utama Jaya

## V. International Financial Reporting Standards (IFRS)

Convergence with IFRS, issued by the International Accounting Standards Board, is gaining the attention of companies, investing communities and regulators across the globe. A number of countries have already adopted IFRS and some of them, including India are in the process of adopting the same. As per the guidelines issued by the ICAI, full convergence with IFRS by Indian Companies is to be achieved by April 1, 2011, the roadmap for which has been issued. Currently we report our financials under Indian GAAP and will adopt IFRS as per the roadmap issued by the ICAI.

## VI. Risks and Concerns

The Company presently has an adequate Risk Management system in place commensurate to the nature of its existing operations. Risks are assessed for probability of occurrence and impact on occurrence. Given our expansion plans as also the substantial additions in generation capacity expected in the next fiscal and given the complex nature of the power business, the Company has initiated several measures to design and implement a Risk Management framework to capture and mitigate risks. The framework, which is part of the De-Risk and Risk Identification process, includes workshops all across the organisation – a top down approach, percolating to all levels. .

## VII. Internal Control Systems

### Internal control

The Company's internal control systems are designed to identify, mitigate and manage risks through well defined and documented policies, guidelines, levels of authority and approval procedures and internal audit. The internal control systems and procedures are designed to assist in the identification and management of risks. The system is reviewed and updated on an ongoing basis. The Company has initiated the deployment of Oracle ERP during the current fiscal covering most of its operations supported by a well defined and structured authorization protocol.

### Internal Audit

The Company has a strong internal audit department which reports to the Audit Committee comprising Independent Directors who are experts in their field. The Company successfully integrated the COSO (Committee of Sponsoring Organisations) of the Treadway Commission framework with its audit process to enhance the quality of its financial reporting, compatible with business ethics, effective controls and governance.



## Audit Plan and Execution

The Internal Audit team prepares a Risk Based Audit Plan, which is approved by the Audit Committee. The frequency of the audit is determined by the risk ratings assigned to areas/functions. The Audit plan is executed by the Internal Audit team. The audit plan is subject to a periodic review so as to include areas which would have assumed significance due to the changing industry scenario and the aggressive growth plans of the Company. The internal auditors present a summary of their significant observations and related actions periodically to the Audit Committee.

## VIII. Human Resources

JSW Energy's 663-member team as on 31st March, 2009 comprised qualified and skilled members across various locations.

### Key HR initiatives, 2008-09

#### Corporate Office

- Compensation and Employee benefits management for all locations have been centralized at Corporate Office;
- Administrative functions of new Projects has been centralized at Corporate Office, ensuring cost control and improved efficiency;
- Time bound manpower sourcing for various Projects at the Corporate Office including compensation and grade fixations to ensure parity across locations;
- Complete HR back-office support provided for setting up Toshiba JSW Joint Venture Company at Chennai.

**JSW Energy Centre of Excellence:** The Company established the JSW Energy Centre of Excellence (JSWECE), equipped with a contemporary power plant simulator, with the objective of training engineers in the entire gamut of Operation and Maintenance of thermal power plants. JSWECE has been accorded recognition by the Central Electricity Authority (CEA) to impart advanced power plant training in line with the power sector requirements. The Centre has already trained over 100 engineers in the first year of its operation.

## IX. CSR Initiatives

JSW Energy has always viewed Corporate Social Responsibility (CSR), as an integral part of its core mission of delivering value to its stakeholders. The CSR activities of the Company prescribe to the CSR vision of the JSW group with the activities being driven through a trust – JSW Foundation. The Company believes that its own long-term profitability and growth as well as the inclusive growth of all sectors of the nations economy are interlinked. The Company continued

its emphasis on CSR Activities through resource conservation, environment protection and enrichment and development of local communities in its area of operation viz. Barmer and Ratnagiri.

### Salient features of our work:

#### Barmer

- Providing financial assistance to the students of Bhadresh village towards admission for Diploma in Engineering course at Jodhpur Engineering College,
- Conducting literacy programs and computer training programs. Vocational training programs covering tailoring, carpentry and electrical work have been organized for the local community.
- Plantation of more than 8500 saplings to maintain the ecological balance, renovation of Temples, water tanks, Anganwari centers and providing water facility for cattle camps at Bhadresh.

#### Ratnagiri

- Established 11th Class Arts & Commerce in Jaigad High School and provided college uniforms and reference study books to students;
- Donation of Computers, Printers, desks and benches to Primary Schools.
- Spoken English Classes and sports training sessions organised for the students of Jaigad High-school;
- Commenced work on the reconstruction of the dilapidated Jaigad primary Urdu school building benefiting the students from fishermen community;
- Provision of medical services to the local community including medical check up camps in Schools;
- Construction of 1.85 Lakh litres capacity Reservoir for Nandiwade villagers and construction of 10 borewells;
- Plantation of 12000 saplings across 12 hectares, construction of bunds & cultivation of seasonal crops and solid waste management by setting compost Units;
- Construction of Ice Plant & Cold Storage for fishermen including distribution of GPS, fish finders and fishnets.

## X. Cautionary Statement

Statements in this "Management Discussion and Analysis" describing the Company's objectives, projections, estimates and expectations may be "forward looking statements" within the meaning of applicable securities, laws and regulations. Actual results could differ materially from those expressed or implied depending on economic conditions, Government policies and other incidental/related factors.

# Report on Corporate Governance for the F.Y. 2008-09

## I. COMPANY'S PHILOSOPHY:

The Company is committed to pursue growth by adhering to the highest standards of Corporate Governance. The Company is committed to its social initiatives.

The business goals of the Company are aimed at the overall well being and welfare of all the constituents of the system. The Company has laid a strong foundation by constituting a Board with balanced mix of experts of eminence and integrity, forming a core group of top level executives, inducting competent professionals across the organization and putting in place best system, process and technology.

## 2. BOARD OF DIRECTORS:

### Composition:

The Board of Directors as on date viz. May 4, 2009 comprises of 9 Directors, of which 7 are Non-Executive who bring in a wide range of skills and experience to the Board. The Chairman is Executive and the number of Independent Directors is 5.

### Meetings and attendance record of each Director:

During the Year, 6 Meetings of the Board of Directors were held on 9th May 2008; 24th July 2008; 26th September 2008; 23rd October 2008; 23rd January 2009 and 7th March 2009.

The attendance record of the Directors at the Board Meetings held during the year and the last Annual General Meeting (AGM) and the details of other Directorships and Committee Chairmanships and Memberships held by the Directors of the Company are given below:

Name of Director	Attendance Particulars		No. of other Directorships and other Committee Memberships / Chairmanship		
	Board Meetings	Last AGM (Y/N)	Other Directorships#	Committee Memberships ##	Committee Chairmanships
Mr. Sajjan Jindal	6	Y	7	-	-
Mr. Nirmal Kumar Jain*	3	N	N.A.	N.A.	N.A.
Mr. Sattiraju Seshagiri Rao	4	N	5	1	3
Mr. P. Abraham	3	N	11	3	-
Mr. Prashant R. Deshpande	3	N	-	-	-
Mr. Chandan Bhattacharya	5	Y	6	2	1
Mr. P. Suresh**	1	N	N.A.	N.A.	N.A.
Mr. Siby Antony* * *	1	N.A.	N.A.	N.A.	N.A.
Mr. T. R. Bajalia@	3	N	-	-	-
Mr. D. J. Balaji Rao	4	N	10	6	3
Dr. U.K. Mukhopadhyay@@	4	Y	N.A.	N.A.	N.A.
Mr. J.K. Tandon@@@	2	N.A.	5	1	-
Mr. Shailesh Shah#	2	N.A.	1	-	-

\*Upto 23.10.2008; \*\* Upto 26.03.2009; \*\*\*Upto 31.07.2008; @w.e.f. 31.07.2008; @@Upto 23.01.2009; @@@w.e.f. 23.10.2008; #w.e.f. 23.01.2009

# Excluding Directorship in Private Limited and Foreign Companies.

## Only two committees, namely, Audit Committee, Shareholders/Investor Grievance Committee have been considered.

Composition of Board as on 31st March, 2009 :

Name of the Director	Position
<b>Executive</b>	
Mr. Sajjan Jindal*	Chairman & Managing Director
Mr. S.S. Rao**	Whole Time Director - WTD (designated as Jt. Managing Director & CEO)
<b>Non-Executive</b>	
Mr. J. K. Tandon	Additional Director
Mr. Shailesh Shah	Additional Director
<b>Non-Executive Independent</b>	
Mr. P. Abraham	Director
Mr. D. J. Balaji Rao	Director
Mr. Chandan Bhattacharya	Director
Mr. Prashant R. Deshpande	Director
<b>Nominee Directors</b>	
Mr. T.R. Bajalia (Considered independent)	Nominee of IDBI Bank Ltd.
<b>Total Nos. of Directors = 9</b>	

\* till 31.12.2008 as Chairman and w.e.f. 1.1.2009 as Chairman & Managing Director;

\*\* As JMD and CEO till 31.12.2008 and as WTD designated as JMD and CEO w.e.f. 1.1.2009.

### Changes in Board Composition during the year

Name of the Director	Details of Change	Date of Change
Mr. Siby Antony	Nomination withdrawn by IDBI Bank	31st July 2008
Mr. T. R. Bajalia	Nominated as Director by IDBI Bank	31st July 2008
Mr. Nirmal Kumar Jain	Resigned as Director and Vice Chairman	23rd October 2008
Mr. J.K. Tandon	Appointed as Additional Director	23rd October 2008
Dr. U.K. Mukhopadhyay	Resigned as Director	23rd January 2009
Mr. Shailesh Shah	Appointed as Additional Director	23rd January 2009
Mr. P. Suresh	Nomination withdrawn by ICICI Bank	26th March 2009

### 3. AUDIT COMMITTEE:

- i) The Audit Committee met 4 times during the year on 9th May 2008; 24th July 2008; 23rd October 2008 and 23rd January 2009. The attendance of each Member is as given below:

Name of Directors	No. of Meetings Attended
Mr. Chandan Bhattacharya	4
Mr. Nirmal Kumar Jain*	3
Mr. D.J. Balaji Rao	3
Mr. P. Abraham	3
Mr. J.K. Tandon**	1

\* upto 23.10.2008; \*\*w.e.f 23.10.2008

- ii) During the year, Audit Committee was re-constituted on 23.10.2008 and it consists of Three Independent Directors and One Non-Independent Director as under:

Mr. Chandan Bhattacharya

Mr. D.J. Balaji Rao

Mr. P. Abraham

Mr. J.K. Tandon

The Members possess adequate knowledge of Accounts, Audit, Finance, etc. Mr. Chandan Bhattacharya is the Chairman of the Audit Committee.

- iii) Audit Committee meetings are also attended by the Joint Managing Director and CEO, CFO, Head of Internal Audit, the Company Secretary and the Statutory Auditors.
- iv) The broad terms and reference of Audit Committee are to review the financial statements before submission to Board, to review reports of the Auditors and Internal Audit department and to review the weaknesses in internal controls, if any, reported by Internal and Statutory Auditors etc. In addition, the powers and role of the Audit Committee are as laid down under Clause 49 II C & D of the Listing Agreement and Section 292A of the Companies Act, 1956.

### 4. REMUNERATION COMMITTEE:

The Remuneration Committee met twice during the year on 9th May 2008 and 23rd January 2009. Mr. P. Abraham is the Chairman of Remuneration Committee. The Constitution of the Committee as at 31st March 2009 and the attendance of each Member during the year is as given below:

Name of Directors	No. of Meetings Attended
Mr. P. Abraham	2
Mr. N. K. Jain*	1
Mr D.J. Balaji Rao	2
Mr. J.K. Tandon**	1

\* upto 23.10.2008; \*\* w.e.f. 23.10.2009

The terms of reference of the 'Remuneration Committee' are as follows:

- i) To determine on behalf of the Board and on behalf of the Shareholders the Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment.
- ii) Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

#### 4.1 Remuneration Policy and Details of Remuneration paid to Directors:

The Remuneration Committee recommends the remuneration package for the Executive Directors of the Board. In framing the remuneration policy, the Committee takes into consideration the remuneration practices of Companies of similar size and stature and the Industry Standards.

The Directors' compensation is based on the appraisal system wherein their individual goals are linked to the organizational goals. Executive Directors (ED) are paid, subject to the approval of the Board and of the Company in General Meeting and such other approvals, as may be necessary,

compensation as per the appointment terms/ agreements entered into between them and the Company.

The present remuneration structure of ED comprises of salary, perquisites, allowances, performance linked incentive and contributions to PF & Gratuity.

The Non-Executive Directors (NED), have been paid remuneration by way of Sitting fees. The Company pays Sitting fees at the rate of Rs.20,000/- for attending each meeting of the Board and / or Committee thereof.

The Sitting fees paid in F.Y 2008-09 for attending the Board/Committee Meetings held during the year is as under:-

Name of the Non-Executive Director	Sitting Fees Paid
Mr. Sajjan Jindal*	80000
Mr. Nirmal Kumar Jain**	140000
Mr. Shailesh Shah***	40000
Mr. J.K. Tandon@	80000
Mr. Siby Anthony@@	20000
Dr. U.K. Mukhopadhyay@@@	80000
Mr. D.J. Balaji Rao	180000
Mr. P.Abraham	200000
Mr. C. Bhattacharya	180000
Mr. Prashant R. Deshpande	60000
Mr. P.Suresh# (Payable to ICICI Bank)	20000
Mr. T.R. Bajalia## (Payable to IDBI Bank)	60000
<b>Total</b>	<b>1140000</b>

\*till 31.12.2008 as Chairman and NED; \*\*Upto 23.10.2008; \*\*\*w.e.f. 23.01.2009; @w.e.f. 23.10.2008; @@Upto 31.07.2008; @@@Upto 23.01.2009; #Upto 26.03.2009; ##w.e.f. 31.07.2008.

Also, Commission to all the NED (excepting those from the JSW Group) is payable based on selected criteria not exceeding in aggregate 1% per annum of the net profits of the Company. The Commission payment for the year ended 31st March 2009 is proposed to be distributed broadly on following basis:

- Lumpsum Payment;
- Number of meetings of the Board attended; and
- Number of meetings of the Audit Committee attended as Chairman/Member

Commission payable to the Non-Executive Directors for the financial year 2008-09 is as follows:

(Rs. In lacs)

Name of the Non-Executive Director	Commission
Mr. D.J. Balaji Rao	310000
Mr. P.Abraham	290000
Mr. C. Bhattacharya	400000
Mr. Prashant R. Deshpande	260000
Mr. P.Suresh* (Payable to ICICI Bank)	217808
Mr. T.R. Bajalia* (Payable to IDBI Bank)	280000
<b>Total</b>	<b>1757808</b>

\* Payable to the respective Financial Institutions they represent.

#### 4.2 Remuneration of Managing and Whole Time Directors:

The disclosure in respect of remuneration paid/payable to the Managing Director and Whole Time Director of the Company for the year is given below:

Name of Director	Salary & Perks (Rs. in Crores)	Term
Mr. Sajjan Jindal* Chairman & Managing Director	0.94	5 year (till 31.12.2013)
Mr. S.S. Rao Jt. Managing Director & CEO	1.18	4 years (till 11.04.2011)

\* w.e.f. 01.01.2009;

**Note:** Salary includes Basic Salary, House Rent Allowance, Bonus, LTA, use of Company's Car, Furniture & Equipment and perquisites, the monetary value of which has been calculated in accordance with the provisions of the Income Tax Act, 1961 and Rules made there under but does not include Company's Contribution to Gratuity Fund.

#### DETAILS OF SHARES HELD BY EXECUTIVE DIRECTOR:

Mr. Sajjan Jindal, Chairman and Managing Director of the Company holds 2,98,17,705 Equity Shares as on 31st March 2009.

#### 5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

The Shareholders/Investors Grievance Committee was reconstituted on 19.12.2007 with the following as members:

Mr. J. K. Tandon, Chairman

Mr. S.S. Rao

Mr. Prashant R. Deshpande

There has been no meeting of the Shareholders/ Investors Grievance Committee during the year.

The terms of reference of the committee are inter alia as follows:

1. Investor relations and redressal of shareholders grievances including relating to non-receipt of dividend, balance sheet etc.
2. Oversee the performance of the Registrars and Share Transfer Agents of the Company.

## 7. ANNUAL GENERAL MEETINGS:

The details of date, time and location of Annual General Meetings (AGM) held in last 3 years are as under:

AGM	Venue	Date & Time	Special Resolutions Passed
14th	Jindal Mansion, 5A, G. Deshmukh Marg, Mumbai – 400 026	22.09.2008 - 11.00 a.m.	- For keeping statutory records at a place other than Registered office. - For payment of Commission to Non-Executive Directors. - For creation of security on the assets of the Company.
13th	Jindal Mansion, 5A, G. Deshmukh Marg, Mumbai – 400026	21.09.2007 - 11 a.m.	Nil
12th	Jindal Mansion, 5A, G. Deshmukh Marg, Mumbai – 400026	28.06.2006 - 12 Noon	- For increase in Remuneration to Mr. Raaj Kumar, JMD and CEO. - For increase in Remuneration to Mr. Krishna Deshika, Director - Finance.

## 8. DISCLOSURES:

There are no materially significant related party transactions i.e. transaction of the Company of material nature with its Promoters, Directors or the Management, their Subsidiaries or relatives etc. that would have potential conflict with the interests of the Company at large.

No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the year under review.

The Whistle Blower Policy (WBP) has not been adopted by the Company and will be considered at the appropriate time.

The Company has complied with the mandatory requirements of this clause.

## 9. MEANS OF COMMUNICATION:

The Company was governed by the Listing agreement applicable for Privately Placed debt Instruments until the Non Convertible Debentures were redeemed.

Until redemption, the Company was publishing the half yearly results as required under the Listing Agreement for Privately Placed Debentures.

Mr. S. Madhavan, Company Secretary is the Compliance Officer.

There have been no Shareholders' Complaints received during the year.

## 6. OTHER COMMITTEES OF THE BOARD OF DIRECTORS:

Apart from aforesaid Committees, the Company has constituted committees such as Finance Committee, Projects Committee etc.

### 9.1 Edifar Filing:

Electronic Data Information Filing and Retrieval (EDIFAR) filing, which will be applicable upon listing of the Company's Equity Shares, will be complied with at the appropriate time.

### 9.2 Management Discussion and Analysis Report:

The Management discussion and Analysis Report (MD & A) is a part of the Annual Report.

## 10. GENERAL SHAREHOLDERS INFORMATION:

### Listing of Securities:

#### a. Equity Shares:

The Equity Shares of the Company are not listed.

#### b. Debentures:

The Privately placed Non-Convertible Debentures issued by the Company and subscribed by Axis Bank were listed on Bombay Stock Exchange Limited and the same has been redeemed on 28th day of June 2008. None of the other Debentures of the Company are listed.

### ISIN:

EQUITY	INE121E01018
NON – CONVERTIBLE DEBENTURE	INE121E07015

**Market Price Data:**

Not Applicable

**Performance of Share Price in comparison to BSE Sensex:**

Not Applicable

**Registrar & Share Transfer Agents:**

Karvy Computershare Private Limited  
Plot No. 17 to 24, Vittalrao Nagar,  
Madhapur, Hyderabad - 500 081  
Tel.: 040 - 23420815 to 824  
Fax: 040 - 23420814  
E-mail: svraju@karvy.com  
Website: www.karvy.com

**Share Transfer System:**

Shares sent for transfer in physical form are normally registered by our Registrars and Share Transfer Agents within 15 days of receipt of the documents, if documents are found in order. Shares under objection are returned within two weeks.

**Distribution of Shareholding:**

The distribution of shareholding as on 31st March, 2009 is given below:

Sr. No.	No. of Equity Shares	No. of Shareholders	No. of Shares	% of Total shares
1	1 - 10000000	5	624466	0.00
2	10000001 - 20000000	5	68317053	12.00
3	20000001 - 30000000	3	79541755	15.00
4	30000001 - 40000000	1	31192200	6.00
5	40000001 - 50000000	1	44058476	8.00
6	50000001 and above	2	322837327	59.00
	<b>TOTAL</b>	<b>17</b>	<b>546571277</b>	<b>100.00</b>

Categories of Shareholders as on 31.03.2009:

Particulars	No. of Shares	%
Promoters	503,292,058	92.08
Foreign Institutional Investors	43,279,219	7.92
<b>Total</b>	<b>546,571,277</b>	<b>100.00</b>

**Dematerialisation of Shares and Liquidity:**

The Company has arrangements with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialisation facility.

**The status of Dematerialisation is as under:**

	No. of shares	% of total shareholding
Demat	54,59,46,289	100.00
Physical	6,24,988	0.00
<b>Total</b>	<b>54,65,71,277</b>	<b>100.00</b>

**Outstanding GDRs/ADRs or Warrants or any Convertible Instrument, conversion dates and likely impact on equity:**

NIL

**Registered Office:**

Jindal Mansion, 5A, Dr. G. Deshmukh Marg,  
Mumbai – 400 026

**Plant Locations:**

Post Box No. 9, Toranagallu,  
Dist: Bellary – 583 123, Karnataka

**Address for Investor Correspondence:**

**Registrar & Share Transfer Agents**

Karvy Computershare Private Limited  
Plot No. 17 to 24, Vittalrao Nagar, Madhapur  
Hyderabad - 500 081  
Tel.: 040 - 23420815 to 824  
Fax: 040 - 23420814

**CORPORATE ETHICS**

The Company adheres to the highest standards of business ethics, compliance with statutory and legal requirements and commitment to transparency in business dealings. A Code of Conduct for Board Members and Senior Management as detailed below has been adopted:

**a) Code of Conduct for Board Members and Senior Management:**

The Board of Directors of the Company adopted the Code of Conduct for its members and Senior Management at their meeting held on 9th May 2008. The Code highlights Corporate Governance as the cornerstone for sustained management performance, for serving all the stakeholders and for instilling pride of association.

The Code is applicable to all Directors and specified Senior Management executives. The Code impresses upon Directors and senior management executives to uphold the interest of the Company and its stakeholders and to endeavor to fulfill all the fiduciary obligations towards them. Another important principle on which the code is based is that the Directors and Senior Management Executives shall act in accordance with the highest standard of honesty, integrity, fairness and ethical conduct and shall exercise utmost good faith,

due care and integrity in performing their duties. The Code has been posted on the website of the Company. [www.jsw.in](http://www.jsw.in)

**b) Declaration affirming compliance of Code of Conduct:**

A declaration by Joint Managing Director and CEO affirming compliance of Board members and senior management personnel to the Code is also annexed herewith.

**c) Compliance Certificate by Auditors:**

The Company has obtained a certificate from the Statutory Auditors regarding compliance of conditions of corporate governance.

**DECLARATION AFFIRMING COMPLIANCE OF CODE OF CONDUCT**

The Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for year ended 31.03.2009.

## **Auditors' Certificate on Compliance of Conditions of Corporate Governance:**

We have examined the compliance of the conditions of Corporate Governance by JSW Energy Limited (hereinafter referred to as the 'Company') for the year ended 31st March 2009 as stipulated in Clause 49 of the Listing Agreement. Although the Company is not listed in any of the stock exchanges, the management is voluntarily complying with the aforesaid stipulated conditions, hence requires this certificate.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has broadly complied in all material aspects with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

We further state that the certificate should be used only for internal purposes of the Company and should not be shared with any other third party without our prior consent.

**For LODHA & CO.**  
Chartered Accountants

**R.P. Baradiya**  
Partner

Membership No. 44101

Place: Mumbai

Date: 4th May 2009



## Auditors' Report

To the members of

### JSW ENERGY LIMITED

1. We have audited the attached Balance Sheet of JSW ENERGY LIMITED as at 31st March 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (hereinafter referred to as the "Act"), we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that: -
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report have been prepared in compliance with the accounting standards referred to in Section 211(3C) of the Act, to the extent applicable;
  - e) On the basis of the written representation received from directors as on 31st March 2009, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2009, from being appointed as a director of the Company in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - f) In our opinion and to best of our information and according to the explanations given to us, the said accounts read together with Note No. 4 in Schedule 'O' "Significant Accounting Policies and Notes to Accounts" regarding overdues from Karnataka Power Transmission Corporation Limited, the matter in respect of which is pending in Supreme Court and other notes appearing in the said Schedule and elsewhere in the accounts, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2009;
    - ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
    - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For LODHA & COMPANY**  
Chartered Accountants

**R. P. Baradiya**  
Partner

Place: Mumbai  
Date: 4th May, 2009

Membership No. 44101

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2009 OF JSW ENERGY LIMITED.**

On the basis of such checks as were considered appropriate and according to the information and explanations given to us during the course of audit, we state that:

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
b) The fixed assets have been verified in accordance with a phased programme designed to cover all assets once in three years. The frequency of verification is considered reasonable, having regard to the size of the Company and nature of its fixed assets. Pursuant to the programme, physical verification of certain plant and machinery was conducted and no material discrepancies were noticed on such verification.  
c) During the year, no substantial part of fixed assets has been disposed off by the Company.
2. a) The inventory has been physically verified by the management at reasonable intervals during the year.  
b) The procedures of physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
c) On the basis of examinations of the record of the inventory, we are of opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification between the physical stocks and book records were not material.
3. The Company has not granted or taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us and having regard to the fact that some of the items purchased are of a special nature in respect of which suitable alternative source do not exist for obtaining comparable quotations, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of services. During the course of our audit, no major weaknesses have been noticed in the aforesaid internal control system.
5. a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.  
b) In our opinion, having regard to our comments in para 4 above and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements aggregating during the year to Rs. 5,00,000 or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. No deposits within the meaning of Section 58A and Section 58AA of the Act and rules framed thereunder have been accepted by the Company.
7. The Company has an internal audit system commensurate with the size of the Company and nature of its business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Order of the Central Government under Section 209(1)(d) of the Act and are of the opinion that, prima facie, the prescribed records have been made and maintained. We are, however, not required to make a detailed examination of the records with a view to determine whether they are accurate or complete.
9. a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to the Company with appropriate authorities. No undisputed amounts payable in respect of the aforesaid statutory dues were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable.  
b) According to the records of the Company, there are no dues of Income Tax, Sales Tax, Service Tax, Customs Duty, Wealth Tax, Excise Duty, Cess which have not been deposited on account of any dispute except the following:

Particulars	Forum where the dispute is pending	Rs. in crores
Income Tax	Chief Commissioner of Income Tax – I, Bangalore	0.30
Cess to Bellary Urban Development Authority (BUDA)	Karnataka High Court	0.61

10. The Company has no accumulated losses as at 31st March 2009 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders during the year.
12. During the year, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, Clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees/securities given by the Company for loans taken by others from banks and financial institutions are not, prima facie, prejudicial to the interest of the Company.
16. According to the information and explanations given to us, the term loans were applied for the purpose for which they were obtained.
17. According to the information and explanations given to us and on overall examination of the cash flow statements and balance sheet of the Company, in our opinion, funds raised on short term basis have, prima facie, not been used for long-term investment.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has created securities in respect of debentures issued.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For **LODHA & COMPANY**  
Chartered Accountants

**R. P. BARADIYA**

Partner

Membership No. 44101

Place: Mumbai  
Date: 4th May 2009

## Balance Sheet as at 31st March 2009

Rupees in Crores

	Schedule	As at 31st March 2009	As at 31st March 2008
<b>SOURCES OF FUNDS</b>			
<b>I. Shareholders' Funds</b>			
Share Capital	A	546.57	514.76
Reserves & Surplus	B	1,418.29	755.99
<b>2. Loan Funds</b>			
Secured Loans	C	2,331.14	850.12
<b>3. Deferred Tax Liability</b>			
		81.51	68.49
<b>Total</b>		<b>4,377.51</b>	<b>2,189.36</b>
<b>APPLICATION OF FUNDS</b>			
<b>I. Fixed Assets</b>			
a) Gross Block	D	1,100.59	1,090.64
b) Less: Depreciation		532.54	473.37
c) Net Block		568.05	617.27
d) Capital Work In Progress		1,879.61	152.46
		2,447.66	769.73
<b>2. Investments</b>			
	E	1,939.94	1,411.77
<b>3. Current Assets, Loans and Advances</b>			
a) Inventories	F	32.27	30.05
b) Sundry Debtors	G	111.45	82.01
c) Unbilled Revenue		4.10	55.44
d) Cash and Bank Balances	H	26.42	100.31
e) Loans and Advances	I	150.11	68.00
		324.35	335.81
<b>Less: Current Liabilities and Provisions</b>			
a) Liabilities	J	331.94	206.42
b) Provisions	K	2.50	121.53
		334.44	327.95
<b>Net Current Assets</b>			
		(10.09)	7.86
<b>Total</b>		<b>4,377.51</b>	<b>2,189.36</b>
Significant Accounting Policies and Notes to Accounts	O		
The above schedules form part of the Financial Statements			

As per our attached report of even date

**For LODHA & COMPANY**

Chartered Accountants

**R.P. Baradiya**

Partner

Place: Mumbai

Dated: 4th May 2009

**Sampath Madhavan**

Company Secretary

**Pramod Menon**

Chief Financial Officer

For and on behalf of the Board of Directors

**Sajjan Jindal**

Chairman &amp; Managing Director

**S.S. Rao**

Jt. Managing Director &amp; CEO

# Profit and Loss Account for the year ended 31st March 2009

Rupees in Crores

	Schedule	For the year ended 31st March 2009	For the year ended 31st March 2008
<b>INCOME</b>			
Income from operations :			
Sale of Power		1,233.67	925.65
Sale of Certified Emission Reductions		-	327.56
Operator Fee		17.87	17.05
Project Management Fee		339.50	303.69
Other Income	L	2.94	30.76
<b>Total</b>		<b>1,593.98</b>	<b>1,604.71</b>
<b>EXPENDITURE</b>			
Cost of Fuel		620.24	312.16
Operation, Maintenance and Other expenses	M	126.65	154.17
Interest and Finance Charges	N	120.28	88.53
Depreciation		59.63	58.56
<b>Total</b>		<b>926.80</b>	<b>613.42</b>
<b>Profit before Tax</b>		<b>667.18</b>	<b>991.29</b>
Provision for Tax			
- Current Income Tax		75.66	122.47
- Wealth Tax		0.08	0.04
- Deferred Tax		13.02	12.57
- Fringe Benefit Tax		0.34	0.24
<b>Profit after Tax</b>		<b>578.08</b>	<b>855.97</b>
Profit brought forward from earlier year (Refer Note 8 in Schedule 'O')		649.94	449.88
<b>Profit available for appropriation</b>		<b>1,228.02</b>	<b>1,305.85</b>
<b>Appropriations:</b>			
Dividend		-	102.95
Dividend Distribution Tax		-	17.50
Transfer to General Reserve		-	85.60
<b>Balance carried to Balance Sheet</b>		<b>1,228.02</b>	<b>1,099.80</b>
Earnings per share (EPS)		10.58	16.63
Significant Accounting Policies and Notes to Accounts	O		
The above schedules form part of the Financial Statements			

As per our attached report of even date  
**For LODHA & COMPANY**  
 Chartered Accountants

For and on behalf of the Board of Directors

**Sajjan Jindal**  
 Chairman & Managing Director

**R.P. Baradiya**  
 Partner

Place: Mumbai  
 Dated: 4th May 2009

**Sampath Madhavan**  
 Company Secretary

**Pramod Menon**  
 Chief Financial Officer

**S.S. Rao**  
 Jt. Managing Director & CEO

# Cash Flow Statement for the year ended 31st March 2009

Rupees in Crores

	Year ended 31st March 2009	Year ended 31st March 2008
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before Tax	667.18	991.29
<b>Adjusted for:</b>		
Depreciation	59.63	58.56
Interest Income	(2.74)	(10.49)
Amortisation of Employees Share payments	0.73	0.21
Preliminary expenses / Share issue expenses	2.94	
Loss on Sale of Fixed Assets	0.21	0.10
Foreign Exchange - Gain / (Loss)	(0.04)	(5.47)
Interest Expenditure	120.28	88.53
	<b>181.01</b>	<b>131.44</b>
Operating profit before working capital changes	<b>848.19</b>	<b>1122.73</b>
<b>Adjustments for:</b>		
Trade and Other Receivables	(29.44)	(20.25)
Unbilled Revenue	51.34	(55.44)
Trade Payables including Advance received from customers	(42.52)	90.39
Loans and Advances	(37.34)	(6.86)
Inventories	(2.22)	(6.93)
	<b>(60.18)</b>	<b>0.92</b>
<b>Cash generated from operations</b>	<b>788.01</b>	<b>1123.65</b>
<b>Direct Taxes Paid (Net)</b>	<b>(75.99)</b>	<b>(122.69)</b>
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>712.02</b>	<b>1000.95</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed Assets including CWIP & Pre-operative Expenses	(1,591.30)	(162.99)
Pending Allocation		
Interest Income	2.74	10.49
Investments in Subsidiaries (Incl. Advance Against Share Capital)	(506.79)	(1,009.09)
Investments in Associates (Incl. Advance Against Share Capital)	(44.56)	-
Advance paid against Preference Share Capital	(3.76)	(2.09)
Sale of Fixed Assets	0.30	0.04
<b>NET CASH USED IN INVESTMENT ACTIVITIES</b>	<b>(2,143.37)</b>	<b>(1,163.64)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital	91.51	-
Borrowings (Net)	1481.02	241.16
Interest Paid	(121.07)	(87.16)
Dividend Paid	(120.45)	-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>1331.01</b>	<b>154.00</b>
<b>NET INCREASE / DECREASE (-) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(100.33)</b>	<b>(8.68)</b>
<b>CASH AND CASH EQUIVALENTS - OPENING BALANCE</b>	<b>76.31</b>	<b>84.99</b>
<b>ADD: PURSUANT TO SCHEME OF AMALGAMATION</b>	<b>30.45</b>	<b>-</b>
	<b>106.76</b>	<b>84.99</b>
<b>CASH AND CASH EQUIVALENTS - CLOSING BALANCE</b>	<b>6.42</b>	<b>76.31</b>

**Notes:**

1. The above cash flow statement has been prepared by using the indirect method as per Accounting Standard 3.
2. Cash and cash equivalents exclude balance in margin money.
3. The above figures are inclusive of amounts transferred on account of merger (Refer Note 5 in Schedule 'O').
4. Previous year's figures have been regrouped/rearranged wherever necessary to conform to current year's classification.

As per our attached report of even date

**For LODHA & COMPANY**

Chartered Accountants

For and on behalf of the Board of Directors

**Sajjan Jindal**

Chairman &amp; Managing Director

**R.P. Baradiya**

Partner

Place: Mumbai

Dated: 4th May 2009

**Sampath Madhavan**

Company Secretary

**Pramod Menon**

Chief Financial Officer

**S.S. Rao**

Jt. Managing Director &amp; CEO

## Schedules forming part of the Balance Sheet as at 31st March 2009

Rupees in Crores

	As at 31st March 2009	As at 31st March 2008
<b>SCHEDULE 'A' - SHARE CAPITAL</b>		
<b>1. Authorised</b>		
1,501,000,000 (Previous Year 1,000,000,000) Equity Shares of Rs.10 each	<b>1,501.00</b>	1,000.00
<b>2. Issued, Subscribed &amp; Paid Up</b>		
546,571,277 (Previous Year 514,755,233) Equity Shares of Rs.10 each	<b>546.57</b>	514.76
The above Includes 167,955,233 Equity Shares of Rs. 10 each issued in the financial year 2007-08 as fully paid up Bonus Shares by capitalisation of Reserves and Surplus		
During the year, 31,816,044 Equity Shares of Rs. 10 each allotted to the shareholders of erstwhile JSW Energy (Vijayanagar) Ltd., pursuant to the Scheme of Amalgamation without payment being received in cash		
<b>SCHEDULE 'B' - RESERVES AND SURPLUS</b>		
<b>1. Debenture Redemption Reserve</b>		
As per last Balance Sheet	<b>20.24</b>	20.24
Less: Amount transferred to General Reserve on redemption of Debentures	<b>15.44</b>	-
	<b>4.80</b>	20.24
<b>2. General Reserve</b>		
As per last Balance Sheet	<b>85.60</b>	43.92
Add: As per the Scheme of Amalgamation (Refer Note 5 in Schedule 'O')	<b>91.48</b>	-
Add: Amount transferred from Debenture Redemption Reserve	-	-
Amount transferred from Profit and Loss Account	-	85.60
Amount transferred from Debenture Redemption Reserve Account	<b>15.44</b>	-
Less: Exchange Difference for previous year adjusted to cost of Fixed Assets (Refer Note 7 in Schedule 'O')	<b>8.00</b>	-
Amount capitalised for Bonus Shares issued	-	43.92
	<b>184.52</b>	85.60
<b>3. Share Options Outstanding</b>		
As per last Balance Sheet	<b>0.21</b>	0.21
Add: Additions during the year	<b>0.73</b>	-
	<b>0.94</b>	0.21
<b>4. Surplus as per Profit and Loss account</b>		
	<b>1,228.02</b>	1,099.80
Less: Assets & Liabilities of Investment Division demerged in financial year 2007-08	-	325.83
Amount capitalised for Bonus Shares issued in financial year 2007-08	-	124.03
	<b>1,228.02</b>	649.94
	<b>1,418.29</b>	755.99

## Schedules forming part of the Balance Sheet as at 31st March 2009

Rupees in Crores

	As at 31st March 2009	As at 31st March 2008
<b>SCHEDULE 'C' - SECURED LOANS</b>		
<b>1. Debentures</b>		
a) 140 (Previous Year 140) 20% Secured Redeemable Non-Convertible Debentures of Rs. 100 lacs each, redeemable at par in 44 quarterly instalments commenced from 15th July 2001	140.00	140.00
Less: Redeemed till date	120.80	114.89
	19.20	25.11
b) 1000 (Previous Year 1000) 11.30% Secured Redeemable Non-Convertible Debentures of Rs. 10 lacs each, redeemable at par in 28 quarterly instalments commenced from 15th July 2005	100.00	100.00
Less: Redeemed till date	100.00	39.29
	-	60.71
	19.20	85.82
<b>2. Rupee Term Loans</b>		
a) Financial Institutions	40.34	55.23
b) Banks	2,204.82	624.80
<b>3. Foreign Currency Term Loans from a Financial Institution</b>		
	48.00	59.17
<b>4. Working Capital Loan from a Bank</b>		
	18.78	25.10
	<b>2,331.14</b>	<b>850.12</b>

Note for Secured Loans:

Terms of Redemptions:

- The 11.30% Secured Redeemable Non-Convertible Debentures of Rs. 10 lacs each, were redeemable at par in 28 quarterly installments commenced from 15th July 2005. These debentures were prepaid during the year.
- 20% Secured Redeemable Non-Convertible Debentures of Rs. 100 lacs each, redeemable at par in 44 quarterly installments commenced from 15th July 2001.

Details of Security:

- Debentures mentioned in 1 {b} were secured by way of (a) second ranking legal mortgage in respect of immovable property of Company's 2x130 MW Power Project assets (SBU-I) situated in the State of Maharashtra (b) a second ranking equitable mortgage in respect of immovable assets of Company's SBU-I unit situated in the State of Karnataka (c) a second ranking charge by way of hypothecation of movable assets of Company's SBU-I unit (d) second ranking charge on receivables and interest in the Retention Accounts, both present and future of Company's SBU-I unit and (e) pledge of 16,13,926 Equity shares of JSW Steel Limited held by the JSW Energy Investment Private Limited.
- Rupee Term Loan mentioned in 2 {b} aggregating to Rs. 300 Crores is secured on a *pari passu* basis by (a) a first ranking legal mortgage in respect of immovable property of Company's SBU-I unit situated in the State of Maharashtra (b) a first ranking equitable mortgage in respect of immovable assets of Company's SBU-I units situated in the State of Karnataka (c) a first ranking charge by way of hypothecation of movable assets of Company's SBU-I unit (d) second ranking charge on receivables and interest in the Retention Accounts, both present and future of Company's SBU-I unit and (e) pledge of 94,00,000 Equity Shares of JSW Steel Limited held by JSW Energy Investment Private Limited.
- Rupee Term Loan mentioned in 2 {b} aggregating to Rs. 300 crores is secured on a *pari passu* basis by (a) a second ranking legal mortgage in respect of immovable property of Company's SBU-I unit situated in the State of Maharashtra (b) a second ranking equitable mortgage in respect of immovable assets of Company's SBU-I units situated in the State of Karnataka (c) a second ranking charge by way of hypothecation of movable assets of Company's SBU-I unit, and (d) a second ranking charge on receivables and interest in the Retention Accounts, both present and future of Company's SBU-II units and (e) pledge of 94 lacs Equity Shares of JSW Steel Limited held by JSW Energy Investment Private Limited.
- Rupee term loan mentioned in 2 (b) aggregating to Rs. 400 Crores is secured on a *pari passu* basis by way of the (a) second charge on the movable assets of Company's SBU-I unit and (b) pledge of 5,14,75,525 Equity Shares of the Company held by promoters.
- Rupee term loan mentioned in 2 (b) aggregating to Rs. 42.14 Crores is secured on a *pari passu* basis by the way of (a) second charge by way of mortgage on the immovable assets of Company's SBU-I Unit and (b) second charge by way of hypothecation movable assets (excluding book debts) of the Company's SBU-I unit.
- Rupee term loan mentioned at 2 (b) aggregating Rs. 1146.38 Crores is secured on *pari passu* basis by (a) a first ranking legal mortgage on the immovable property of Company's 2X300 MW Power Project (SBU-II unit) assets situated in the State of Maharashtra including receivables and interest in the Retention Accounts, both present and future, (b) a first charge by way of hypothecation of its moveable assets of Company's SBU-II unit, and (c) a first charge by way of equitable mortgage of immovable assets of Company's SBU-II unit situated in the State of Karnataka.
- Other debentures aggregating to Rs. 19.20 Crores, Term Loans aggregating to Rs. 56.64 crores and Working Capital Loans aggregating to Rs. 18.78 crores are secured on a *pari passu* basis by (a) a first ranking legal mortgage of immovable property of the Company's SBU-I unit situated in Maharashtra (b) a first ranking charge by way of equitable mortgage of immovable assets of the Company's SBU-I unit in the State of Karnataka (c) a first ranking charge by way of hypothecation of moveable assets of Company's SBU-I unit (d) a first ranking charge on the receivables and interest in the Retention Accounts, both present and future of Company's SBU-I unit.



## Schedules forming part of the Balance Sheet as at 31st March 2009

### SCHEDULE 'D' - FIXED ASSETS

Rupees in Crores

Particulars	Gross Block			Depreciation / Amortisation / Impairment				Net Block				
	As at 01/04/2008	Transferred under Scheme of Amalgamation	Additions	Deductions	As at 31/03/2009	Upto 31/03/2008	Transferred under Scheme of Amalgamation	For the year	Deductions/ Adjustments	Upto 31/03/2009	As at 31/03/2009	As at 31/03/2008
<b>a) Tangibles</b>												
Freehold Land	1.36	-	-	-	1.36	-	-	-	-	-	1.36	1.36
Buildings	15.36	0.34	-	-	15.70	2.82	0.01	0.37	-	3.20	12.50	12.55
Plant & Machinery*	1,069.03	0.16	8.60	0.26	1,077.52	469.31	0.01	58.72	0.25	527.79	549.72	599.71
Furniture & Fittings	2.28	0.25	0.60	-	3.13	0.78	0.03	0.25	-	1.06	2.07	1.50
Motor Vehicles	2.61	-	0.86	0.98	2.49	0.46	-	0.22	0.27	0.41	2.08	2.16
<b>b) Intangibles</b>												
Specialised Softwares	-	-	0.39	-	0.39	-	-	0.07	-	0.07	0.32	-
<b>TOTAL</b>	1,090.64	0.75	10.45	1.24	1,100.59	473.37	0.05	59.63	0.52	532.54	568.05	617.27
Previous Year	1,081.62	-	9.23	0.21	1,090.64	414.87	-	58.56	0.06	473.37	617.27	-

#### Notes:

- \*1. Includes Gross Block Rs. 28.00 crores (Previous Year Rs. 28.00 Crores), Net block Rs. 2.80 Crores; (Previous Year Rs. 5.60 Crores) towards Company's share of Water Supply System constructed on land not owned by the Company, being written off over a period of 10 years from 1st April 2000.
2. Additions to / Deductions from Plant & Machinery for the year includes foreign exchange gain / (Loss) of Rs. 5.05 Crores (net of foreign exchange gain of Rs. 8.00 Crores relating to previous year adjusted during the current year consequent to change in accounting policy - Refer Note 7 in Schedule 'O').

**SCHEDULE ' D ' - FIXED ASSETS (Contd.)****CAPITAL WORK-IN-PROGRESS**

Rupees in Crores

	<b>As at 31st March 2009</b>	<b>As at 31st March 2008</b>
<b>CAPITAL WORK-IN-PROGRESS AND PRE-OPERATIVE EXPENSES DURING CONSTRUCTION PERIOD (PENDING ALLOCATION)</b>		
<b>PLANT AND MACHINERY AND CIVIL WORKS</b>		
Capital Advances	167.01	142.60
Plant and Machinery under implementation	1,313.40	1.87
Software under implementation	0.91	-
Civil Works	38.07	-
<b>Sub Total (A)</b>	<b>1,519.39</b>	<b>144.47</b>
<b>PRE-OPERATIVE EXPENDITURE DURING CONSTRUCTION PERIOD</b>		
Opening Balance *	62.89	-
Fuel for Testing	3.44	-
Rates and Taxes	0.82	0.06
Insurance	1.89	-
Rent	0.05	-
Legal and Professional Expenses	3.62	1.00
Project Management Expenses	144.86	-
Travelling and Conveyance	0.46	0.11
General Expenses	0.79	0.08
Interest on Fixed Loans	110.37	-
Other Borrowing Costs	0.40	6.74
Exchange Loss (Refer Note 7 in Schedule 'O')	30.74	-
Depreciation	0.03	-
Fringe Benefit Tax	0.01	-
Wealth Tax	-	-
	<b>360.37</b>	<b>7.99</b>
Less: Interest Income	0.15	-
Rent received	-	-
<b>Sub Total: (B)</b>	<b>360.22</b>	<b>7.99</b>
<b>Total: (A+B)</b>	<b>1,879.61</b>	<b>152.46</b>

\* Notes:

1. Includes amount of Rs. 57.84 Crores transferred pursuant to the Scheme of Amalgamation (Refer Note 5 in Schedule 'O')
2. Opening Balance is net of Rs. 0.71 Crores and Rs. 2.23 Crores being preliminary expenses and Share issue expenses written off during the year.

## Schedules forming part of the Balance Sheet as at 31st March 2009

Rupees in Crores

	As at 31st March 2009	As at 31st March 2008
<b>SCHEDULE 'E' - INVESTMENTS</b>		
Long Term:		
<b>i) Government Securities</b>		
6-Year National Savings Certificate (Rs. 10,000; Previous Year Rs. 10,000) (Pledged with Commercial Tax Dept.)	-	-
<b>ii) Trade &amp; Unquoted</b>		
In Subsidiary Companies		
a) 7,00,00,000 (Previous Year 7,00,00,000) Equity Shares of Rs. 10 each fully paid up of JSW Power Trading Company Limited (JSWPTCL)	<b>70.02</b>	70.02
b) 1,06,94,99,268 (Previous Year 68,08,59,268) Equity Shares of Rs. 10 each fully paid up of Raj WestPower Limited (RWPL) * * of which 32,08,49,781 shares (previous year Nil) pledged as security in favour of financial institutions for loans granted to RWPL	<b>1,069.50</b>	680.86
c) Nil (Previous Year 18,80,00,500) Equity Shares of Rs. 10 each fully paid up of JSW Energy (Vijayanagar) Limited (JSWEVL) (Refer Note 5 in Schedule 'O')	-	188.00
d) 58,85,00,600 (Previous Year 45,50,00,600) Equity Shares of Rs. 10 each fully paid up of JSW Energy (Ratnagiri) Limited (JSWERL)* * of which 30,01,35,306 shares (Previous Year 22,95,00,306) pledged as security in favour of financial institutions for loans granted to JSWERL	<b>588.50</b>	455.00
e) 1,500 (Previous Year 1,500) Equity Shares of Indonesian Rupiah 1000000 each fully paid up of PT Param Utama Jaya, Indonesia	<b>17.84</b>	17.84
f) Nil (Previous Year 50,000) Equity Shares of Rs.10 each fully paid up of JSW Power Transco Limited (Refer Note 5 in Schedule 'O')	-	0.05
g) 4,33,11,830 (Previous Year Nil) Equity Shares of Rs. 10 each fully paid up of Jaigad Power-Transco Limited	<b>43.31</b>	-
h) 12,50,00,000 (Previous Year Nil) 10% Non Cumulative Redeemable Preference Shares of Rs. 10 each fully paid of JSW Power Trading Company Limited (JSWPTCL)	<b>125.00</b>	-
<b>Other than subsidiaries</b>		
a) 10 (Previous Year 10) Equity Shares of AED 100 each fully paid up of JSW Energy Overseas Limited, Dubai (Rs. 13,922; Previous Year 13,922)	-	-
b) 3,75,500 (Previous Year Nil) 10% Redeemable Non-Cumulative Preference Shares of Rs. 100 each fully paid up of JSW Realty & Infrastructure Pvt. Ltd.,	<b>3.76</b>	-
c) 2,20,00,000 (Previous Year Nil) Equity Shares of Rs. 10 each fully paid up of Toshiba JSW Turbine & Generator Pvt. Ltd.	<b>22.00</b>	-
d) 11,000 Equity Shares of Rs. 10 each fully paid up of MJSJ Coal Limited	<b>0.01</b>	-
	<b>1,939.94</b>	1,411.77

## Schedules forming part of the Balance Sheet as at 31st March 2009

Rupees in Crores

	As at 31st March 2009	As at 31st March 2008
<b>SCHEDULE 'F' - INVENTORIES</b>		
(As taken, valued and certified by the Management)		
Stock of fuel	7.30	6.49
Stores & Spares	24.97	23.56
(including in transit Rs. 0.60 Crores; Previous Year Rs. 0.75 Crores)		
	<b>32.27</b>	<b>30.05</b>
<b>SCHEDULE 'G' - SUNDRY DEBTORS</b>		
<b>Unsecured, considered good</b> (Refer Note 3 in Schedule 'P')		
Outstanding for a period not exceeding six months	106.10	76.66
Outstanding for a period exceeding six months (Refer Note 4 in Schedule 'O')	5.35	5.35
	<b>111.45</b>	<b>82.01</b>
<b>SCHEDULE 'H' - CASH AND BANK BALANCES</b>		
Cash in hand	0.02	0.01
Balance with Scheduled Banks:		
a) In Current Accounts	2.40	15.30
b) In Deposits	4.00	61.00
c) In Margin Money Accounts (for issue of Bank Guarantees)	20.00	24.00
	<b>26.42</b>	<b>100.31</b>
<b>SCHEDULE 'I' - LOANS AND ADVANCES</b>		
<b>Unsecured, considered good</b>		
Advances recoverable in cash or in kind or for value to be received	62.62	12.22
Advance paid against Preference Share Capital to JSW Realty & Infrastructure Pvt. Ltd.	-	2.15
Advance Against Equity Share Capital in Subsidiaries	14.39	10.00
Advance Against Equity Share Capital in Associates	22.55	-
Deposits with Government/Semi Government Authorities	1.88	0.48
Income Tax/ TDS (Net of Provision of Rs. 122.46 Crores)	2.53	-
Sundry Deposits	46.14	43.15
	<b>150.11</b>	<b>68.00</b>
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>SCHEDULE 'J' - CURRENT LIABILITIES</b>		
Sundry Creditors (Refer Note 10 in Schedule 'O' for dues to Micro, Small and Medium Enterprises)	147.89	117.17
Project related Creditors	168.72	-
Advance Received from Customers	-	67.95
Other Liabilities *	8.25	13.43
Interest accrued but not due on loans/debentures	7.08	7.87
* No amount due to be credited to Investor Education and Protection Fund		
	<b>331.94</b>	<b>206.42</b>
<b>SCHEDULE 'K' - PROVISIONS</b>		
For Leave Entitlement	2.46	1.05
For Proposed Dividend	-	102.95
For Income Tax less payment	-	0.01
For Dividend Distribution Tax	-	17.50
For Fringe Benefit Tax less Payment	0.04	0.02
	<b>2.50</b>	<b>121.53</b>

## Schedules forming part of the Balance Sheet as at 31st March 2009

Rupees in Crores

	For the year ended 31st March 2009	For the year ended 31st March 2008
<b>SCHEDULE 'L' - OTHER INCOME</b>		
Interest Income (TDS Rs. 0.60 Crores; Previous Year Rs. 2.27 Crores)	2.74	10.49
Exchange Difference (Net)	-	5.47
Provision no longer required written back	-	14.73
Miscellaneous Income	0.20	0.07
	<b>2.94</b>	<b>30.76</b>
<b>SCHEDULE 'M' - OPERATION, MAINTENANCE AND OTHER EXPENSES</b>		
Payment to & Provision for Employees:		
a) Salaries and Wages	38.06	19.42
b) Contribution to Provident and Other Funds	1.42	0.90
c) Staff and Labour Welfare Expenses	2.59	2.09
Water	2.21	2.32
Rent	0.84	0.52
Rates and Taxes	4.77	7.35
Insurance	0.99	1.83
Consumption of Stores and Spares	7.23	5.74
Repairs and Maintenance expenses:		
Building	0.27	0.56
Plant and Machinery	7.86	9.91
Others	0.37	0.39
Legal and Professional Expenses	5.52	8.34
IPO Expenses	-	6.57
Merger expenses	5.85	-
Postage and Telephone	0.34	0.27
Printing and Stationery	0.33	0.25
Travelling and Conveyance	4.94	3.93
Loss on Sale of Fixed Assets	0.21	0.10
Cash Discount	18.13	15.11
General Expenses	5.17	8.07
Exchange Difference (Net)	0.04	-
Project Management Expenses other than Employees cost	19.51	60.50
	<b>126.65</b>	<b>154.17</b>
<b>SCHEDULE 'N' - INTEREST AND FINANCE CHARGES</b>		
Interest on:		
Debentures and Fixed Loans	112.72	84.19
Working Capital Loan	0.82	0.19
Others	0.51	2.34
Finance Charges	6.23	1.81
	<b>120.28</b>	<b>88.53</b>

## Schedules forming part of the accounts as at 31st March 2009

### SCHEDULE 'O'

#### Significant Accounting Policies and Notes to Accounts:

##### I. Significant Accounting Policies

###### (a) General

The financial statements are prepared under the historical cost convention, on the accounting principles of a going concern and as per applicable accounting standards. The Company follows mercantile system of accounting and recognises income and expenditure on accrual basis except those with significant uncertainties.

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses for that year. Actual result could differ from these estimates. Any revision to accounting estimates is recognised prospectively.

###### (b) Revenue Recognition

Revenue is recognised based on the nature of activity when consideration can be reasonably measured and there exists reasonable certainty of its recovery.

i. Revenue from sale of power is recognised when substantial risks and rewards of ownership is transferred to the buyer under the terms of the contract.

ii. Revenue from construction / project related activity:

Revenue from construction contract are recognised by reference to the overall estimated profitability of the contract under the percentage of completion method. Foreseeable losses in any contract are provided irrespective of the stage of completion of the contract activity. The stage of completion of the contract is determined considering the nature of the contract, technical evaluation of work completed / measurement of physical progress and proportion of the cost incurred to the estimated total cost.

Contracts cost comprise all cost that relate directly to the specified contract, incidental cost attributable to the contract including allocated overheads and warranty cost.

iii. Operator fees and other income is accounted on accrual basis as and when the right to receive arises.

###### (c) Fixed Assets

Fixed assets are recorded at cost which include all direct and indirect expenses upto the date of acquisition, installation and / or commencement of commercial generation of power.

###### Expenditure incurred during construction period:

Apart from costs related directly to the construction of an asset, indirect expenses incurred up to the date of commencement of commercial production which are incidental and related to construction are capitalised as part of construction cost. Income, if any, earned during the construction period is deducted from the indirect costs.

###### (d) Depreciation

Depreciation is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

Depreciation on impaired assets related to a cash generating unit is provided by adjusting the depreciation charge in the remaining periods so as to allocate the revised carrying amount of the asset over its remaining useful life.

The Company capitalises software where it is reasonably estimated that the software has an enduring useful life. Software is depreciated over an estimated useful life of 3 years.

**(e) Impairment of assets**

In accordance with AS-28 on 'Impairment of assets' issued by the Institute of Chartered Accountants of India, where there is an indication of impairment of the Company's assets related to cash generating units, the carrying amounts of such assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of such assets is estimated as the higher of its net selling price and its value in use. An impairment loss is recognized in the profit and loss account whenever the carrying amount of such assets exceed its recoverable amount.

**(f) Borrowing Costs**

- i) Borrowing Costs (including exchange difference) directly attributable to the acquisition and construction of a qualifying asset are capitalised as part of cost of such asset upto the date when such asset is ready for its intended use.
- ii) Other borrowing costs are charged to revenue.

**(g) Investments**

Long term Investments are stated at cost. In case, there is a decline other than temporary in the value of any Investments, a provision for the same is made.

**(h) Inventories**

Inventories are valued at lower of cost and net realisable value. Cost is determined on the basis of weighted average. Obsolete, defective and unserviceable stocks are duly provided for wherever applicable.

**(i) Foreign Exchange Transactions**

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction.

Foreign currency designated assets, liabilities and capital commitments are stated at the year end rates.

Forward contracts other than those entered into to hedge foreign currency risk on unexecuted firm commitments or of highly probable forecast transactions are treated as foreign currency transactions and accounted accordingly. Exchange differences arising on such contracts are recognized in the period in which they arise and the premium paid is accounted as expense over the period of the contract.

The exchange differences are adjusted to carrying cost of the fixed assets if they relate to such fixed assets and to profit and loss account in other cases.

**(j) Employee benefits**

Retirement benefits in the form of Provident Fund and Family pension Scheme are defined contribution schemes and the contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

Stock Based Compensation - The compensation cost of stock options granted to employees is calculated using the intrinsic value of the stock options. The compensation expense is amortised uniformly over the vesting period of the option.

Gratuity liability under the Payment of Gratuity Act, 1972 is a defined benefit obligation and is provided for on the basis of the actuarial valuation made at the end of each financial year.

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation.

Actuarial gains/ losses are immediately taken to profit and loss account and are not deferred.

**(k) Taxation**

Income tax expenses comprise current tax and fringe benefit tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charges or credit (reflecting the tax effects of timing differences between accounting income and taxable income of the year).

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain as the case may be to be realised.

Tax credit is recognised in respect of Minimum Alternate Tax (MAT) paid in terms of Section 115JAA of the Income Tax Act, 1961 based on convincing evidence that the Company will pay normal income tax within the statutory time frame and the same is reviewed at each balance sheet date.

**(I) Provisions and Contingent Liabilities**

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- a) the Company has a present obligation as a result of a past event.
- b) a probable outflow of resources is expected to settle the obligation and
- c) the amount of the obligation can be reliably estimated

Where some or all the expenditure required to settle a provision is expected to be reimbursed by another party, such reimbursement is recognised to the extent of provision or contingent liability as the case may be, only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in the case of

- a) a present obligation arising from a past event, when it is not probable that a outflow of resources will be required to settle the obligation.
- b) a possible obligation, unless the probability of outflow of resources is remote.

**2. Contingent Liabilities not provided for in respect of:**

Particulars	(Rs. crores)	
	Current Year	Previous Year
Bank Guarantees Outstanding	104.38	154.12
Income Tax matters (excluding interest, if any)	6.23	4.70

- 3. (i) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) Rs.93.16 crores (Previous Year Rs.95.14 crores)
- (ii) The Company has given unconditional undertakings to the lenders of the power projects being setup by its subsidiary companies JSW Energy (Ratnagiri) Ltd. and RajWestPower Ltd. for meeting any shortfall in completing the project, due to cost overrun, if any.
- 4. The Company was supplying power to Karnataka Power Transmission Corporation Limited (KPTCL) on the basis of the rate approved by Govt of Karnataka, which was incorporated in the Power Purchase Agreement (PPA), dated 27th November, 2000. On the application by KPTCL to Karnataka Electricity Regulatory Commission (KERC) for approval of PPA, KERC had passed Order in July 2002 reducing the tariff retrospectively from 1st August 2000. The Company's appeal against the said Order was decided by the Karnataka High Court vide its Order dated 8th April, 2004 in favour of the Company. KPTCL and KERC filed Special Leave Petition before the Honourable Supreme Court challenging the Order of Karnataka High Court. As against the outstanding amount of Rs. 105.35 crores, in terms of the interim order dated 23rd January 2007 of Supreme Court, KPTCL paid Rs.100.00 crores against bank guarantee provided by the Company. The balance amount of Rs. 5.35 crores due from KPTCL is included in Sundry Debtors and considered as good and recoverable.



## 5. Scheme of amalgamation:

Amalgamation of JSW Energy (Vijayanagar) Ltd. (JSWEVL) and JSW Power Transco Ltd (JSWPTL) (Transferor Companies) with the Company :

A Scheme of Amalgamation (Scheme) of the Transferor Companies with the Company was sanctioned by the Hon'ble High Court of Judicature of Bombay vide its order dated 10th October 2008. The transferor companies JSWEVL and JSWPTL are in the business of generation and transmission of power respectively. The Amalgamation is in the nature of a merger as defined by Accounting Standard (AS) 14 "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India. Entries have been passed in the books of account to give effect to the Scheme, as follows:

With effect from the Appointed date i.e 1st April 2008, all the assets and liabilities recorded in the books of the Transferor Companies are transferred to and vested in the Company pursuant to the Scheme and are recorded by the Company at their book values.

3,18,16,044 Equity shares of Rs. 10 each at par are allotted to the equity shareholders of JSWEVL in the ratio of 258 shares of the Company for every 1000 equity shares of JSWEVL.

The Company's 100% equity shareholding in JSWPTL has been cancelled.

The Amalgamation has been accounted for under the " Pooling of Interests Method" as prescribed by Accounting Standard (AS) 14 "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India.

Difference of Rs 91.50 crores between the amount of shares allotted to the shareholders of erstwhile JSWEVL & JSWPTL and the value of net assets acquired has been credited to General Reserve. As per Accounting Standard (AS) 14 "Accounting for Amalgamations" Rs. 91.48 crores (net of loss of Rs. 0.02 crores of in respect of JSW Power Transco Ltd.) was to be credited to Capital Reserve but since the scheme provided for its credit to General Reserve, the same has been so credited which is in line with aforesaid Accounting standard.

6. The Company has sold power to JSW Power Trading Company Ltd (JSWPTCL) during the month of December 2008 at Rs 8.46 per unit. JSWPTCL has sold the power to Power Corporation of Karnataka Limited (PCKL) during the month of December 2008, at an invoiced rate of 8.50 per unit and payment has been received from PCKL at Rs. 6.50 per unit. PCKL has disputed the balance amount of Rs. 24.65 Crores. As a matter of prudence and in accordance with the accounting policy followed by the Company, the said balance amount will be recognised as revenue only on settlement of dispute.
7. The Company has adjusted the foreign currency exchange loss of Rs. 13.06 Crores on amounts borrowed for acquisition of fixed assets to the carrying cost of fixed assets in the current year. The exchange gain booked in the previous year amounting to Rs. 8.00 Crores has been debited to General Reserve with a corresponding deduction to the cost of the fixed assets. This is in line with the amendment to Accounting Standard (AS) 11 on "Effects of changes in Foreign Exchange Rates" vide GSR Notification 225(E) dated 31st March 2009. As a result of change in accounting policy, the profit before tax for the current year is higher by Rs. 12.52 Crores.
8. Profit brought forward from earlier year of Rs. 649.94 Crores is after adjustments on account of demerger of investment division of the Company and capitalisation of reserves & surplus for issue of bonus shares in the previous year aggregating to Rs. 449.86 Crores.

**9. Employees Benefits:**

- (i) Defined benefit plans – as per actuarial valuations as on 31/03/2009:

Details of Gratuity plan are as follows:

(Rs. in Crores)

Description	Current Year	Previous Year
<b>1. Reconciliation of opening and closing balances of obligation</b>		
a. Opening Balance	0.87	0.73
b. Current Service Cost	0.43	0.28
c. Interest Cost	0.06	0.06
d. Actuarial (gain)/loss	(0.01)	(0.03)
e. Benefits paid	(0.03)	(0.17)
f. Closing Balance	1.32	0.87
<b>2. Change in Plan Assets (Reconciliation of opening &amp; closing balances)</b>		
a. Opening Fair Value of plan assets	0.65	0.69
b. Actual Company Contributions	0.22	0.08
c. Expected return on plan assets	0.06	0.06
d. Actuarial Gain/(loss)	0.15	-
e. Benefits paid	(0.03)	(0.17)
f. Closing Fair Value of plan assets	1.05	0.65
<b>3. Reconciliation of fair value of assets and obligations</b>		
a. Present value of obligation	1.32	0.87
b. Fair value of plan assets	1.05	0.65
c. Balance amount recognised as liability in the Balance Sheet	0.27	0.22
<b>4. Expense recognized in the period</b>		
a. Current service cost	0.43	0.28
b. Interest cost	0.06	0.06
c. Expected return on plan assets	(0.06)	(0.06)
d. Actuarial (gain)/loss	(0.01)	(0.03)
e. Expense recognised	0.42	0.25
<b>5. Assumptions</b>	31/03/2009	31/03/2008
a. Discount rate (per annum)	7%	8%
b. Estimated rate of return on plan assets (per annum)	8%	8%
c. Rate of escalation in salary (per annum)	5%	5%
<b>6. Investment Details</b>		
Amount invested in cash accumulation scheme of Life Insurance Corporation of India		

- (ii) Employee Share based Payment Plans:

- a. During the year ended 31st March, 2009, the Company has three share-based payments arrangements, which are described below:

Particulars	Scheme 1 (General Manager & Above)	Scheme 2 (Junior Manager to General Manager)	Scheme 3 (Assistant Vice President & Above)
Date of grant	December 19, 2007	December 19, 2007	December 19, 2007
Number granted	7349	19199	35231
Vesting Period	3 years service	3 years service	3 years service
Method of settlement	Cash	Cash	Cash
Exercise Price	600	800	900

- b. Expenses arising from employee's share-based payment plans debited to P&L Account Rs.0.73 crores (Previous Year Rs. 0.21 Crores).

10. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

11. Capital Advance include Rs. 75 crores (Previous Year Rs.75 Crores) paid towards acquisition of a office / residential property to be constructed, from a private limited company in which Director of the Company was a Director up to October 23, 2008 (Maximum amount outstanding during the year Rs. 75 Crores).

Loans and Advance include (a) Rs. 22.50 Crores (Previous Year Rs. 22.50 Crores) paid to JSWPTC as security deposit for lease of office property (b) Rs. 5.91 Crores (Previous Year Rs. 5.91 Crores) paid as interest free loan to JSW Energy Employees Welfare Trust.

## 12. Managerial Remuneration

A. Managerial Remuneration to Directors:

Managerial Remuneration under Section 198 of the Companies Act, 1956 paid or payable to Directors is as under

	(Rs. in Crores)	
	Current Year	Previous Year
Salaries	1.82	1.27
Monetary value of Perquisites	0.15	0.34
Contribution to Provident Fund	0.14	0.08
Sitting fees to Directors	0.12	0.13
Commission to Non-Executive Directors	0.42	-
<b>Total:</b>	<b>2.65</b>	<b>1.82</b>

Note:

The above figures exclude provision for leave entitlement and contribution to the approved Group Gratuity Fund, which are actuarially determined for the Company as a whole.

B. Computation of Net Profit in accordance with Section 349 read with section 309(5) of the Companies Act, 1956:

	(Rs. in Crores)	
	Current Year	Previous Year
Profit Before Tax	670.16	991.29
Add: Managerial Remuneration (including commission)	2.65	1.82
Loss on sale of Fixed Assets	0.21	0.10
	<b>673.02</b>	<b>993.21</b>
Less: Profit on sale of Fixed Assets	-	-
Net Profit as per Section 349 read with Section 309(5)	<b>673.02</b>	<b>993.21</b>
Commission to Directors	0.42	-

## 13. Remuneration to Auditors :

(Rs. in Crores)

	Current Year	Previous Year
Audit fees	0.14	0.10
Tax audit	0.02	0.02
Other services	0.02	0.23
Out of pocket expenses (including service tax)	0.02	0.04
<b>Total:</b>	<b>0.20</b>	<b>0.39</b>

14. Deferred Tax Liability consists of timing differences due to depreciation: Rs. 81.51 Crores (Previous Year Rs. 68.49 Crores).
15. In the opinion of the Management, the Current Assets, Loans and Advances have a value on realisation in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet. Provision for depreciation and all known liabilities is adequate and not in excess of what is required.
16. As the Company is primarily engaged in only one segment viz. "Generation and sale of power", there are no reportable segments as per Accounting Standard 17 issued by the Institute of Chartered Accountants of India.

#### 17. Earnings Per Share (Basic & Diluted)

Particulars	(Rs. in Crores)	
	Current Year	Previous Year
Net Profit as attributable to equity shareholders (A)	578.08	855.97
Weighted Average number of equity shares outstanding during the year	54,65,71,277	34,68,00,000
Add: Bonus share	-	16,79,55,233
Total Weighted Average number of equity shares outstanding during the year (B)	54,65,71,277	51,47,55,233
Earnings Per Share (Basic & Diluted) (A/B) *	10.58	16.63

#### 18. The foreign currency exposures that:

- (i) have not been hedged by a derivative instrument or otherwise as at Balance Sheet date are given below:

Particulars	Foreign currency equivalent (EURO)	Foreign currency equivalent (USD)	In Rupees equivalent Rs. Crores
a. Capital Advances (Previous Year)	288,200 (-)	576.62 (-)	1.95 (-)
b. Pending Capital Commitments (Previous Year)	288,200 (-)	2,300 (-)	1.96 (-)
c. Secured Loan (Previous Year)	-	9,420,163 (14,800,000)	47.99 (59.17)
d. Project related Creditors (Previous Year)	-	23,258,153 (-)	118.50 (-)

- (ii) have been hedged by a derivative instrument or otherwise as at Balance Sheet date are Nil.

#### 19. The company has taken certain premises on cancellable Operating lease arrangement with JSW Steel Ltd. Major terms of the agreement are as under:

- Annual lease rent : Rs. 15,000 (Previous Year Rs. 15,000)
- Tenure of lease: lease agreement valid till 31st March 2033
- Lease Deposit : Rs. 6.49 Crores (Previous Year Rs. 6.49 Crores)

#### 20. Related Party Transactions

##### A. List of Related Parties

##### I. Subsidiaries (Control exists)

- JSW Power Trading Company Limited
- RajWestPower Limited
- JSW Energy (Ratnagiri) Limited
- PT. Param Utama Jaya, Indonesia
- JSW Energy (Vijayanagar) Limited
- JSW Power Transco Limited
- Jaigad Power Transco Limited

Upto March 31, 2008

Upto March 31, 2008

From July 29, 2008

**II. Associates/Parties with whom the Company has entered into transactions during the year:**

1. JSW Steel Limited
2. JSW Energy Overseas Limited, Dubai
3. JSoft Solutions Limited
4. Windsor Residency Private Limited
5. Tarini Properties Private Limited
6. Toshiba JSW Turbine & Generator Private Limited (from September 2, 2008)
7. MJSJ Coal Limited (from October 13, 2008)
8. JSW Energy Investment Pvt. Ltd.

**III. Key Managerial Personnel**

1. Mr. Sajjan Jindal – Chairman & Managing Director – From January 1, 2009
2. Mr. S.S.Rao - Jt. Managing Director & CEO

(Rs. in Crores)

Nature of transactions	Current Year	Previous Year
<b>A. Transactions during the year</b>		
<b>1 Sale of power to</b>		
JSW Steel Limited	92.39	14.63
JSW Power Trading Co. Limited	884.30	748.29
<b>2 Rebate on Sale of Power</b>		
JSW Power Trading Co. Limited	18.13	15.11
<b>3 Service Received from</b>		
JSoft Solutions Limited	1.78	2.87
<b>4 Service Rendered:</b>		
Operator fees from JSW Steel Limited	17.87	17.05
Project management fees (excluding service tax) from:		
JSW Energy (Vijayanagar) Limited	-	92.99
JSW Energy (Ratnagiri) Limited	172.95	67.05
Raj WestPower Limited	166.55	143.65
<b>5 Trade Advance Received and repaid</b>		
JSW Steel Limited	30.00	100.00
<b>6 Purchase of Fuel/Goods</b>		
JSW Steel Limited	611.21	303.50
<b>7 Rent Paid</b>		
JSW Steel Limited	0.65	0.42
JSW Energy (Vijayanagar) Limited	-	0.01
<b>8 Security Deposit paid for lease of office property</b>		
JSW Power Trading Co Limited	-	22.50
<b>9 Advance paid against Equity Share Capital</b>		
JSW Energy (Vijayanagar) Limited	-	10.00
Jaigad Power Transco Limited	14.39	-
Toshiba JSW Turbine & Generator Pvt. Ltd.	22.00	-
MJSJ Coal Limited	0.55	-
<b>10 Acquisition of Office/Residential Properties from</b>		
Tarini Properties Private Limited	-	3.51
<b>11 Advance paid for Acquisition of Office/Residential Properties</b>		
Windsor Residency Private Limited	-	75.00
<b>12 Investment in Equity Share Capital</b>		
JSW Energy (Ratnagiri) Limited	133.50	405.00
Raj WestPower Limited	388.64	516.01
JSW Power Transco Limited	-	0.05
JSW Energy (Vijayanagar) Limited	-	78.00
JSW Power Trading Co. Limited	-	0.04
Jaigad Power Transco Limited	43.31	-
Toshiba JSW Turbine & Generator Pvt. Ltd.	22.00	-
MJSJ Coal Limited	0.01	-

<b>Nature of transactions</b>	<b>Current Year</b>	<b>Previous Year</b>
<b>13 Investment in Preference Share Capital</b>		
JSW Power Trading Co. Limited	<b>125.00</b>	-
<b>14 Security &amp; Collateral Provided to</b>		
JSW Energy (Vijayanagar) Limited	-	136.69
JSW Energy (Ratnagiri) Limited	<b>70.63</b>	229.50
Raj WestPower Limited	<b>320.85</b>	-
<b>B. Balance at the year end</b>		
<b>1 Trade Payables / (Receivable)</b>		
JSW Steel Limited (Net)	<b>0.90</b>	13.77
JSW Power Trading Co. Limited	<b>(12.37)</b>	(29.75)
JSW Energy (Vijayanagar) Limited	-	(42.82)
Rajwest Power Limited	<b>(4.10)</b>	(5.22)
JSW Energy (Ratnagiri) Limited	-	67.95
JSW Energy Investment Pvt. Ltd.	<b>(1.03)</b>	-
Jaigad Power Transco Limited	<b>0.03</b>	-
<b>2 Lease Deposit with/(from)</b>		
JSW Steel Limited	<b>6.49</b>	6.49
JSW Power Trading Co. Ltd.,	<b>22.50</b>	22.50
JSW Energy (Vijayanagar) Limited	-	(0.54)
<b>3 Advance paid against Equity Share Capital</b>		
Jaigad Power Transco Limited	<b>14.39</b>	-
JSW Energy (Vijayanagar) Limited	-	10.00
Toshiba JSW Turbine & Generator Pvt. Ltd.	<b>22.00</b>	-
MJSJ Coal Limited	<b>0.55</b>	-
<b>4 Advance paid for Acquisition of Office/Residential Properties</b>		
Windsor Residency Private Limited	-	75.00
<b>5 Payable for acquisition of office/residential properties</b>		
Tarini Properties Private Limited	-	0.51
<b>6 Investment in Equity Share Capital</b>		
JSW Power Trading Co. Limited	<b>70.02</b>	70.02
JSW Energy (Ratnagiri) Limited	<b>588.50</b>	455.00
Raj WestPower Limited	<b>1069.50</b>	680.86
JSW PowerTransco Limited	-	0.05
JSW Energy (Vijayanagar) Limited	-	188.00
PT. Param Utama Jaya	<b>17.84</b>	17.85
JSW Energy Overseas Limited, Dubai (*Rs. 13,922)	*	*
Jaigad Power Transco Limited	<b>43.31</b>	-
JSW Turbine & Generator Pvt. Ltd.	<b>22.00</b>	-
MJSJ Coal Limited	<b>0.01</b>	-
<b>7 Investment in Preference Share Capital</b>		
JSW Power Trading Co. Limited	<b>125.00</b>	-
<b>8 Security &amp; Collateral Provided to</b>		
JSW Energy (Ratnagiri) Limited	<b>300.13</b>	229.50
Raj WestPower Limited	<b>320.85</b>	-
JSW Energy (Vijayanagar) Limited	-	136.69
<b>C Remuneration to Key Management Personnel: Rs. 2.15 Crores (Rs. 1.69 Crores)</b>		

Notes:

- I. No amounts in respect of related parties have been written off/written back during the year, nor any provision has been made for doubtful debts/receivables.
- II. Related party relationships have been identified by the management and relied upon by the Auditors.

**21. Additional information pursuant to Part II of Schedule VI to the Companies Act, 1956:**

	Units	Current Year		Previous Year	
		Quantity	Rs. Crores	Quantity	Rs. Crores
(a) Licensed and Installed Capacity-Power (as certified by the management, being a technical matter)	MW	260		260	
(b) Generation & Sale of Power:					
Generation of Power (Gross)	MU	2229.33		2230.73	
Self Consumption	MU	173.4		163.54	
Sale of Power	MU	2055.93	1233.67	2067.19	925.65
(c) C.I.F Value of Imports:					
Coal			13.36		13.64
Stores & Spares			0.69		1.02
Plant & Machinery			959.89		-
(d) Fuel consumed:					
Coal	MT	703723	540.69	696976	259.14
Corex Gas	GCAL	621830	73.33	861238	49.53
Others			6.22		3.49
Total			620.24		312.16
Imported *		87%	540.69	83%	259.14
Indigenous		13%	79.55	17%	53.02
*includes materials indigenously procured					
(e) Consumption of Stores & Spares:			7.23		5.74
Imported		10%	0.69	17%	0.97
Indigenous		90%	6.54	83%	4.77
(f) Expenditure in Foreign Currency (on payment basis):					
Travelling Expenses			0.24		0.32
Legal & Professional Charges			27.32		22.56
Interest & Finance Charges			-		0.34
(g) Earnings in Foreign Currency					
Sale of Certified Emission Reductions			-		325.03

22. Previous year's figures have been regrouped / rearranged wherever necessary to conform to current year's classification. Current year's figures include the figures of JSW Energy (Vijayanagar) Ltd. and JSW PowerTransco Ltd. (see Note 5 above) and hence not comparable with that of the previous year.

Signatures to Schedules A to O  
For and on behalf of the Board of Directors

**Sajjan Jindal**  
Chairman & Managing Director

Place: Mumbai  
Date: 4th May 2009

**Sampath Madhavan**  
Company Secretary

**Pramod Menon**  
Chief Financial Officer

**S.S. Rao**  
Jt. Managing Director & CEO

## Balance sheet abstract and company's general business profile

<b>I. Registration Details</b>	
Registration No.	11-77041
State Code No.	011
Balance Sheet date	31.03.2009
	<b>Rs. '000</b>
<b>II. Capital raised during the year (Pursuant to scheme of amalgamation)</b>	318100
<b>III. Position of mobilisation and deployment of funds</b>	
Total Liabilities	47,119,480
Total Assets	47,119,480
<b>Sources of Funds</b>	
Paid-up Capital	5,465,700
Reserves & Surplus	14,182,860
Secured Loans	23,311,400
Unsecured Loans	-
Deferred Tax Liability	815,100
<b>Application of Funds</b>	
Net Fixed Assets	24,476,600
Investments	19,399,400
Net Current Assets	(100,940)
Miscellaneous Expenditure	Nil
<b>IV Performance of the Company</b>	
Turnover (including other income)	15,939,750
Total Expenditure	9,267,950
Profit/(Loss) before tax	6,671,800
Profit/(Loss) after tax	5,780,800
Earnings per share in Rs.	10.58
Dividend Rate %	-
<b>V Generic Name of principal product of the Company (as per monetary terms)</b>	
Item Code No.	27.16
Product Description	Electrical Energy

Signatures to Schedules A to O  
For and on behalf of the Board of Directors

**Sajjan Jindal**  
Chairman & Managing Director

Place: Mumbai  
Date: 4th May 2009

**Sampath Madhavan**  
Company Secretary

**Pramod Menon**  
Chief Financial Officer

**S.S. Rao**  
Jt. Managing Director & CEO



## Statement pursuant to Section 212 of the Companies Act, 1956, Relating to Subsidiary Companies:

	<b>JSW Power Trading Company Limited (In INR)</b>	<b>Raj WestPower Limited (In INR)</b>	<b>JSW Energy (Ratnagiri) Limited (In INR)</b>	<b>Jaigad Power Transco Limited (In INR)</b>	<b>PT Param Utama Jaya (In Rupiah)</b>
The Financial Year Ending of the Subsidiary Companies	31st March 2009	31st March 2009	31st March 2009	31st March 2009	31st March 2009
Shares of the Subsidiary Company held by JSW Energy Limited:					
(a) Number & Face Value	7,00,00,000* Equity shares of Rs. 10 each fully paid up	106,94,99,268* Equity shares of Rs. 10 each fully paid up	58,85,00,000* Equity shares of Rs. 10 each fully paid up	43311830* Equity shares of Rs. 10 each fully paid up	1500** Equity shares of Rp. 10,00,000 each fully paid up
(b) Extent of holding	100%	100%	100%	74%	100%
The net aggregate of Profits / Loss of the Subsidiary Companies so far as it concerns the members of Company:					
a. Not dealt with in the accounts of the Company (in Rs.)					
i. for the subsidiary's financial year ended 31.03.09	3,14,11,235	Nil	Nil	Nil	Nil
ii. for the previous financial years of subsidiary since it became a subsidiary	8,15,39,761	Nil	Nil	Nil	Nil
b. Dealt with in the accounts of the company					
i. for the subsidiary's financial year ended 31.03.09	Nil	Nil	Nil	Nil	Nil
ii. for the previous financial years of subsidiary since it became a subsidiary	Nil	Nil	Nil	Nil	Nil

\* Note: Certain Equity Shares are registered in the name of nominees of JSW Energy Limited, to comply with the statutory requirement of having seven members, in terms of Section 12(1) of the Companies Act, 1956.

\*\* 1 equity share shall be registered in the name of JSW Power Trading Company Limited, as nominee of JSW Energy Limited.

## Summary of Financial Information of Subsidiary Companies

Annual Report 2008-2009

(Rs. In Lakhs)

Particulars	JSW Power Trading Company Limited	Raj West Power Limited	JSW Energy (Ratnagiri) Limited	Jaigad Power Transco Limited	PT Param Utama Jaya
Capital (Including Share Application Money)	19,500.00	1,06,949.93	58,850.06	7,291.77	67.77
Reserve & Surplus (Net of Misc. Exp.)	1,129.51	-	-	-	(18.06)
Total Assets	19,241.92	4,31,601.35	2,13,646.90	21,182.87	54.56
Total Liabilities	13,082.64	3,25,631.56	1,54,796.84	13,891.10	4.85
Investment	14,470.23	980.14	-	-	-
Turnover	1,49,924.80	-	-	-	90.50
Profit before Taxation	519.01	-	-	-	(115.91)
Provision for Taxation	204.90	-	-	-	-
Profit after Taxation	314.11	-	-	-	(115.91)
Proposed Dividend	-	-	-	-	-
Reporting Currency	Indian Rupee (INR)	Indian Rupee (INR)	Indian Rupee (INR)	Indian Rupee (INR)	Indonesian Rupiah (Rp.)

As required under para (iii) of the Approval Letter dated 6th June, 2008 issued by Ministry of Company Affairs.

# Auditors' Report

To,  
The Board of Directors of  
JSW Energy Limited

1. We have audited the attached Consolidated Balance Sheet of JSW Energy Limited (the 'Parent Company') and its subsidiaries collectively referred to as 'the JSW Energy Group' as at 31st March 2009, the Consolidated Profit & Loss Account and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Parent Company's management and have been prepared by them on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In respect of the financial statements of certain subsidiaries, we did not carry out the audit. These financial statements have been audited / reviewed by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiaries is based solely on the reports of the other auditors. The details of assets and revenues in respect of these subsidiaries, to the extent to which they are reflected in the consolidated financial statements are given below:

Audited by the other auditors:

	Rs. Crore	
	Total Assets	Total Revenues
a. Indian Subsidiaries	2679.85	1499.25
b. Foreign Subsidiaries	0.55	0.90

4. We report that the consolidated financial statements have been prepared by the Parent Company's management in accordance with the requirements of the Accounting Standard (AS) 21 - "Consolidated Financial Statements" and Accounting Standard (AS) 27 - "Financial Reporting of Interests in Joint Ventures", issued by the Institute of Chartered Accountants of India (ICAI).
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements, read together with para 3 above and Note No. 3 in Schedule 'O' "Significant Accounting Policies and Notes to Consolidated Accounts" regarding overdues from Karnataka Power Transmission Corporation Limited, the matter in respect of which is pending in Supreme Court and other notes appearing in the said Schedule and elsewhere in the accounts, give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of Consolidated Balance Sheet, of the state of affairs of the JSW Energy Group as at 31st March 2009;
  - (ii) in the case of Consolidated Profit and Loss account, of the profit for the year ended on that date; and
  - (iii) in the case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

**For LODHA & COMPANY**  
Chartered Accountants

**R. P. Baradiya**  
Partner

Place: Mumbai  
Date: 4th May 2009

Membership No. 44101

# Consolidated Balance Sheet as at 31st March 2009

Rupees in Crores

	Schedule	As at 31st March 2009	As at 31st March 2008
<b>SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
Share Capital	A	546.57	514.76
Reserves & Surplus	B	933.08	488.85
<b>2. Advance against Share Capital</b>		-	9.00
<b>3. Minority Interest</b>		15.22	80.01
<b>4. Loan Funds</b>			
Secured Loans	C	5,926.58	2,272.09
Unsecured Loans	D	0.58	0.58
<b>5. Deferred Tax Liability</b>		81.45	68.50
Total		7,503.49	3,433.79
<b>APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
a) Gross Block	E	1,151.89	1,122.39
b) Less: Depreciation		534.92	474.21
c) Net Block		616.97	648.18
d) Capital Work In Progress		7,925.10	2,747.03
		8,542.07	3,395.21
<b>2. Investments</b>	F	170.47	20.73
<b>3. Goodwill on consolidation</b>		17.18	17.21
<b>4. Current Assets, Loans &amp; Advances</b>			
a) Inventories	G	32.27	30.05
b) Sundry Debtors	H	136.89	69.30
c) Cash and Bank Balances	I	175.10	294.94
d) Loans and Advances	J	195.77	109.18
		540.02	503.47
<b>Less: Current Liabilities &amp; Provisions</b>			
a) Liabilities	K	1,763.72	381.14
b) Provisions	L	2.54	121.69
		1,766.27	502.83
Net Current Assets		(1,226.24)	0.63
Total		7,503.49	3,433.79
Significant Accounting Policies and Notes to Accounts	P		
The above schedules form part of the Financial Statements			

As per our attached report of even date

**For LODHA & COMPANY**

Chartered Accountants

**R.P. Baradiya**

Partner

Place: Mumbai

Dated: 4th May 2009

**Sampath Madhavan**

Company Secretary

**Pramod Menon**

Chief Financial Officer

For and on behalf of the Board of Directors

**Sajjan Jindal**

Chairman &amp; Managing Director

**S.S. Rao**

Jt. Managing Director &amp; CEO

# Consolidated Profit and Loss Account for the year ended 31st March 2009

Rupees in Crores

	Schedule	For the year ended 31st March 2009	For the year ended 31st March 2008
<b>INCOME</b>			
Income from operations :			
Sale of Power		1,239.37	931.32
Power Traded		577.78	17.21
Sale of Certified Emission Reductions		-	327.56
Operator Fee		17.87	17.05
Other Income	M	17.14	32.93
<b>Total</b>		<b>1,852.16</b>	<b>1,326.07</b>
<b>EXPENDITURE</b>			
Cost of Fuel		620.24	312.16
Purchase of Power		574.44	16.67
Operation, Maintenance and Other expenses	N	108.49	87.83
Interest and Finance Charges	O	120.94	88.55
Depreciation		60.21	58.60
Miscellaneous Expenditure Written Off		-	0.02
<b>Total</b>		<b>1,484.32</b>	<b>563.83</b>
<b>Profit before Tax</b>		<b>367.84</b>	<b>762.24</b>
Provision for Tax			
- Current Income Tax (Including FBT)		78.12	124.40
- Wealth Tax		0.08	-
- Deferred Tax		12.95	12.57
<b>Profit after Tax</b>		<b>276.69</b>	<b>625.27</b>
Profit brought forward from earlier year		466.13	413.45
<b>Profit available for appropriation</b>		<b>742.82</b>	<b>1,038.72</b>
<b>Appropriations:</b>			
Dividend		-	102.95
Dividend Distribution Tax		-	17.50
Transfer to General Reserve		-	85.60
<b>Balance carried to Balance Sheet</b>		<b>742.82</b>	<b>832.67</b>
Earnings per share (EPS)		5.06	12.15
Significant Accounting Policies and Notes to Accounts	P		
The above schedules form part of the Financial Statements			

As per our attached report of even date  
**For LODHA & COMPANY**  
Chartered Accountants

For and on behalf of the Board of Directors

**Sajjan Jindal**  
Chairman & Managing Director

**R.P. Baradiya**  
Partner

Place: Mumbai  
Dated: 4th May 2009

**Sampath Madhavan**  
Company Secretary

**Pramod Menon**  
Chief Financial Officer

**S.S. Rao**  
Jt. Managing Director & CEO

# Consolidated Cash Flow Statement for the year ended 31st March 2009

Rupees in Crores

	Year ended 31st March 2009		Year ended 31st March 2008	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit before Tax		367.84		762.24
<b>Adjusted for:</b>				
Depreciation	60.21		58.60	
Interest Income	(3.84)		(10.96)	
Dividend Income	(1.19)		(0.07)	
Preliminary expenses / share issue expenses	2.94		0.02	
Amortisation of Employees Share payments	0.73		0.21	
Loss on Sale of Fixed Assets	0.21		0.11	
Foreign Exchange - Gain / (Loss)	(0.08)		(5.49)	
Interest Expenditure	120.94		88.55	
		179.92		130.97
Operating profit before working capital changes		547.76		893.21
<b>Adjustments for:</b>				
Trade and Other Receivables	(67.59)		21.94	
Trade Payables including Advance received from customers	(184.18)		13.62	
Loans & Advances	(43.70)		3.96	
Inventories	(2.22)		(6.93)	
		(297.69)		32.59
<b>Cash generated from operations</b>		250.08		925.80
<b>Direct Taxes Paid (Net)</b>		(75.52)		(124.61)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		174.55		801.19
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>				
Purchase of Fixed Assets including CWIP & Pre-operative Expenses		(3,587.42)		(2,256.13)
Pending Allocation				
Interest Income		3.84		10.96
Dividend Income		1.19		0.07
Preliminary expenses incurred		-		(0.02)
Purchase of investments (net)		-		9.14
Investments in Associates (Incl. Advance Agnst Share Capital)		(170.14)		-
Advance paid against Preference Share Capital		-		(2.09)
Loans & Advances		-		(13.05)
Sale of Fixed Assets		0.30		0.04
<b>NET CASH USED IN INVESTMENT ACTIVITIES</b>		(3,752.23)		(2,251.08)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of share capital		49.53		-
Advance against Equity share capital		-		9.00
Borrowings (Net)		3654.49		1574.93
Interest Paid		(121.73)		(116.62)
Dividend Paid		(120.45)		-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		3461.84		1467.31
<b>NET INCREASE/DECREASE (-) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		(115.84)		17.42
<b>CASH AND CASH EQUIVALENTS - OPENING BALANCE</b>		270.94		253.52
<b>CASH AND CASH EQUIVALENTS - CLOSING BALANCE</b>		155.10		270.94

## Notes :

1. The above cash flow statement has been prepared by using the indirect method as per Accounting Standard 3.
2. Cash and cash equivalents exclude balance in margin money.
3. The above figures are inclusive of amounts transferred on account of merger (Refer Note 9 in Schedule 'P').
4. Previous year's figures have been regrouped / rearranged wherever necessary to conform to current year's classification.

As per our attached report of even date

**For LODHA & COMPANY**

Chartered Accountants

For and on behalf of the Board of Directors

**Sajjan Jindal**

Chairman &amp; Managing Director

**R.P. Baradiya**

Partner

Place: Mumbai

Dated: 4th May 2009

**Sampath Madhavan**

Company Secretary

**Pramod Menon**

Chief Financial Officer

**S.S. Rao**

Jt. Managing Director &amp; CEO

## Schedules forming part of the Consolidated Balance Sheet as at 31st March 2009

Rupees in Crores

	As at 31st March 2009	As at 31st March 2008
<b>SCHEDULE 'A' - SHARE CAPITAL</b>		
<b>1. Authorised</b>		
1,501,000,000 (Previous Year 1,000,000,000) Equity Shares of Rs.10 each	<b>1,501.00</b>	1,000.00
<b>2. Issued, Subscribed &amp; Paid Up</b>		
546,571,277 (Previous Year 514,755,233) Equity Shares of Rs.10 each	<b>546.57</b>	514.76
The above Includes 167,955,233 Equity Shares of Rs. 10 each issued in the financial year 2007-08 as fully paid up Bonus Shares by capitalisation of Reserves and Surplus		
During the year, 3,18,16,044 Equity Shares of Rs. 10 each allotted to the shareholders of erstwhile JSW Energy (Vijayanagar) Ltd., pursuant to the Scheme of Amalgamation without payment being received in cash.		
<b>SCHEDULE 'B' - RESERVES AND SURPLUS</b>		
<b>1. Debenture Redemption Reserve</b>		
As per last Balance Sheet	<b>20.24</b>	20.24
Less: Amount transferred to General Reserve on redemption of Debentures	<b>15.44</b>	-
	<b>4.80</b>	20.24
<b>2. General Reserve</b>		
As per last Balance Sheet	<b>85.60</b>	43.92
Add: As per the Scheme of Amalgamation (Refer Note 9 in Schedule 'P')	<b>91.48</b>	-
Amount transferred from Profit and Loss Account	-	85.60
Amount transferred from Debenture Redemption Reserve Account	<b>15.44</b>	-
Less: Exchange Difference for previous year adjusted to cost of Fixed Assets (Refer Note 11 in Schedule 'P')	<b>8.00</b>	-
Amount capitalised for Bonus Shares issued	-	43.92
	<b>184.52</b>	85.60
<b>3. Foreign Currency Translation Reserve</b>		
	-	0.01
<b>4. Share Options Outstanding</b>		
As per last Balance Sheet	<b>0.21</b>	0.21
Add: Additions during the year	<b>0.73</b>	-
	<b>0.94</b>	0.21
<b>5. Surplus as per Profit and Loss account</b>		
Less: Assets and Liabilities of Investment Division demerged in financial year 2007-08	-	325.83
Amount capitalised for Bonus Shares issued in financial year 2007-08	-	124.03
	<b>742.82</b>	382.81
	<b>933.08</b>	488.85

## Schedules forming part of the Consolidated Balance Sheet as at 31st March 2009

Rupees in Crores

	As at 31st March 2009	As at 31st March 2008
<b>SCHEDULE 'C' - SECURED LOANS</b>		
<b>I. Debentures</b>		
a) 140 (Previous Year 140) 20% Secured Redeemable Non-Convertible Debentures of Rs. 100 lacs each, redeemable at par in 44 quarterly instalments commenced from 15th July 2001	140.00	140.00
Less: Redeemed till date	120.80	114.89
	19.20	25.11
b) 1000 (Previous Year 1000) 11.30% Secured Redeemable Non-Convertible Debentures of Rs. 10 lacs each, redeemable at par in 28 quarterly instalments commenced from 15th July 2005	100.00	100.00
Less: Redeemed till date	100.00	39.29
	-	60.71
	19.20	85.82
<b>2. Rupee Term Loans</b>		
a) Financial Institutions	982.74	217.53
b) Banks	4,847.00	1,884.46
<b>3. Foreign Currency Term Loans from a Financial Institution</b>		
	48.00	59.17
<b>4. Working Capital Loan from a Bank</b>		
	29.64	25.10
	5,926.58	2,272.09
Schedule 'D' - Unsecured Loans		
a) From a Bank - Short-term	-	-
b) From a Body Corporate	0.58	0.58
	0.58	0.58

**Note for Secured Loans:**

Terms of Redemptions:

- 1) The 11.30% Secured Redeemable Non Convertible Debentures of Rs. 10 lacs each, were redeemable at par in 28 quarterly installments commenced from 15th July 2005. These debentures were prepaid during the year.
- 2) 20% Secured Redeemable Non Convertible Debentures of Rs. 100 lacs each, redeemable at par in 44 quarterly installments commenced from 15th July 2001.

Details of Security:

1. Debentures mentioned in 1 {b} were secured by way of (a) second ranking legal mortgage in respect of immovable property of Company's 2x130 MW Power Project assets (SBU-I) situated in the State of Maharashtra (b) a second ranking equitable mortgage in respect of immovable assets of Company's SBU-I unit situated in the State of Karnataka (c) a second ranking charge by way of hypothecation of movable assets of Company's SBU-I unit (d) second ranking charge on receivables and interest in the Retention Accounts, both present and future of Company's SBU-I unit and (e) pledge of 16,13,926 Equity shares of JSW Steel Limited held by the JSW Energy Investment Private Limited.
2. Rupee Term Loan mentioned in 2 {b} aggregating to Rs. 300 crores is secured on a pari passu basis by (a) a first ranking legal mortgage in respect of immovable property of Company's SBU-I unit situated in the State of Maharashtra (b) a first ranking equitable mortgage in respect of immovable assets of Company's SBU-I units situated in the State of Karnataka (c) a first ranking charge by way of hypothecation of movable assets of Company's SBU-I unit and (d) a second ranking charge on receivables and interest in the Retention Accounts, both present and future of Company's SBU-I unit and (e) pledge of 94,00,000 Equity Shares of JSW Steel Limited held by JSW Energy Investment Private Limited.
3. Rupee Term Loan mentioned in 2 {b} aggregating to Rs. 300 crores is secured on a pari passu basis by (a) a second ranking legal mortgage in respect of immovable property of Company's SBU-I situated in the State of Maharashtra (b) a second ranking equitable mortgage in respect of immovable assets of Company's SBU-I units situated in the State of Karnataka (c) a second ranking charge by way of hypothecation of movable assets of Company's SBU-I unit and (d) a second ranking charge on receivables and interest in the Retention Accounts, both present and future of Company's SBU-II units and (e) pledge of 94 lacs Equity Shares of JSW Steel Limited held by JSW Energy Investment Private Limited.
4. Rupee term loan mentioned in 2 (b) aggregating to Rs. 400 crores is secured on a pari passu basis by way of the (a) second charge on the movable assets of Company's SBU-I unit and (b) pledge of 5,14,75,525 Equity Shares of the Company held by promoters.
5. Rupee term loan mentioned in 2 (b) aggregating of Rs. 42.14 crores is secured on a pari passu basis by the way of (a) second charge by way of mortgage on the immovable assets of Company's SBU-I Unit and (b) second charge by way of hypothecation movable assets (excluding book debts) of the Company's SBU-I unit.
6. Rupee term loan mentioned at 2 (b) aggregating Rs. 1146.38 crores is secured on pari passu basis by (a) a first ranking legal mortgage on the immovable property of Company's 2X300 MW Power Project (SBU-II unit) assets situated in the State of Maharashtra including receivables and interest in the Retention Accounts, both present and future, (b) a first charge by way of hypothecation of its moveable assets of Company's SBU-II unit, and (c) a first charge by way of equitable mortgage of immovable assets of Company's SBU-II unit situated in the State of Karnataka.
7. Other debentures aggregating to Rs. 19.20 crore, Term Loans aggregating to Rs. 56.64 crore and Working Capital Loans aggregating to Rs. 18.78 crore are secured on a pari passu basis by (a) a first ranking legal mortgage of immovable property of the Company's SBU-I unit situated in Maharashtra (b) a first ranking charge by way of equitable mortgage of immovable assets of the Company's SBU-I unit in the State of Karnataka (c) a first ranking charge by way of hypothecation of moveable assets of Company's SBU-I unit (d) a first ranking charge on the receivables and interest in the Retention Accounts, both present and future of Company's SBU-I unit.
8. Rupee Term Loan mentioned in 2 (a) & (b) aggregating to Rs. 1,016 crores of JSW Energy (Ratnagiri) Limited is secured on a pari passu basis by (a) a first ranking legal mortgage on all the Company's immovable property both present and future (b) a first charge by way of hypothecation of movable assets both present and future (c) pledge of 300,135,306 (Previous Year 229,500,306) shares of the Company held by JSW Energy Limited
9. Rupee Term Loan mentioned in 2 (a) & (b) aggregating to Rs. 2,509 crores of Raj WestPower Limited is secured on a pari passu basis by (a) a first ranking legal mortgage on all the Company's immovable and movable properties both present and future (b) pledge of 320,849,781 (Previous Year Nil) shares of the Company held by JSW Energy Limited



## Schedules forming part of the Consolidated Balance Sheet as at 31st March 2009

### SCHEDULE E' - FIXED ASSETS

Particulars	Rupees in Crores										
	Gross Block			Depreciation/ Amortisation/ Impairment			Net Block				
	As at 01/04/2008	Additions	Deductions	As at 31/03/2009	Upto 31/03/2008	For the year	Deductions/ Adjustments	Upto 31/03/2009	As at 31/03/2009	As at 31/03/2008	
a. Tangibles											
Leasehold Land	7.36	-	-	7.36	-	-	-	-	7.36	7.36	
Freehold Land	19.85	5.31	-	25.16	-	-	-	-	25.16	19.85	
Buildings	16.21	4.83	-	21.03	3.06	0.70	-	3.76	17.27	13.15	
Plant & Machinery	1,071.69	15.86	0.26	1,087.28	469.52	59.28	0.25	528.55	558.73	602.17	
Furniture & Fittings	3.87	1.82	-	5.69	1.14	0.43	-	1.57	4.12	2.73	
Motor Vehicles	3.02	1.55	0.98	3.59	0.49	0.30	0.27	0.52	3.06	2.53	
Leasehold Impvements	0.16	0.89	-	1.05	0.01	0.33	-	0.34	0.71	0.15	
b. Intangibles											
Specialised Softwares	-	0.41	-	0.41	-	0.08	-	0.08	0.33	-	
Membership - Power Exchanges	0.25	0.09	0.01	0.33	-	0.11	-	0.11	0.22	0.25	
<b>TOTAL</b>	<b>1,122.39</b>	<b>30.75</b>	<b>1.25</b>	<b>1,151.89</b>	<b>474.22</b>	<b>61.22</b>	<b>0.52</b>	<b>534.92</b>	<b>616.97</b>	<b>648.18</b>	
Previous Year	1,086.52	36.15	0.29	1,122.39	415.22	59.06	0.07	474.21	648.18		

1. Includes Gross Block Rs. 28.00 Crores (Previous Year Rs. 28.00 Crores); Net block Rs. 2.80 Crores; (Previous Year Rs. 5.60 Crores) towards Company's share of Water Supply System constructed on land not owned by the Company, being written off over a period of 10 years from 1st April 2000.
2. Additions to/Deductions from Plant & Machinery for the year includes foreign exchange gain / (Loss) of Rs. 5.05 Crores (net of foreign exchange gain of Rs. 8.00 Crores relating to previous year adjusted during the current year consequent to change in accounting policy - Refer Note 11 in Schedule 'P')

**SCHEDULE 'E' - FIXED ASSETS (Contd.)****CAPITAL WORK-IN-PROGRESS**

Rupees in Crores

	<b>As at 31st March 2009</b>	<b>As at 31st March 2008</b>
<b>CAPITAL WORK-IN-PROGRESS AND PRE-OPERATIVE</b>		
<b>EXPENSES DURING CONSTRUCTION PERIOD (PENDING ALLOCATION)</b>		
<b>PLANT AND MACHINERY AND CIVIL WORKS</b>		
Capital Advances	714.14	817.45
Plant and Machinery	5,874.19	1,383.01
Software under implementation	0.91	-
Civil Works	383.67	310.06
Rights under the Implementaion and Joint Venture Agreement	5.00	5.00
<b>Sub Total: (A)</b>	<b>6,977.91</b>	<b>2,515.52</b>
<b>PRE-OPERATIVE EXPENDITURE DURING CONSTRUCTION PERIOD</b>		
Opening Balance *	314.83	33.13
Fuel for Testing	3.44	-
Rates and Taxes	3.97	0.65
Insurance	8.82	5.05
Rent	0.28	0.01
Legal and Professional Expenses	17.52	7.45
Project Management Expenses	145.46	44.28
Terminal Bay Construction Expenses	11.60	-
Repairs and Maintenance	0.36	0.07
Travelling and Conveyance	3.62	2.88
Water and Electricity	4.63	-
General Expenses	16.57	21.87
Interest on Fixed Loans	359.20	40.11
Other Borrowing Costs	30.74	58.62
Exchange Loss	27.76	18.19
Depreciation	1.04	0.47
Income Tax	1.31	0.55
Fringe Benefit Tax	0.21	0.15
	<b>951.35</b>	<b>233.48</b>
Less: Interest Income	2.26	1.82
Other Income	1.90	0.15
<b>Sub Total: (B)</b>	<b>947.19</b>	<b>231.51</b>
<b>Total: (A+B)</b>	<b>7,925.10</b>	<b>2,747.03</b>

\* Opening Balance of Pre-Operative expenses for the current year includes Rs. 83.32 crores on account of merger of JSW Energy (Vijayanagar) Ltd., with the Company.

## Schedules forming part of the Consolidated Balance Sheet as at 31st March 2009

Rupees in Crores

	As at 31st March 2009	As at 31st March 2008
<b>SCHEDULE ' F ' - INVESTMENTS</b>		
<b>A. Long Term:</b>		
<b>i) Government Securities</b>		
6-Year National Savings Certificate (Rs. 10,000; Previous Year Rs. 10,000)	0.00	-
<b>ii) Trade &amp; Quoted</b>		
Fully paid equity shares of JSW Steel Limited*	144.70	19.68
* pledged as security in favour of a bank for working capital facility obtained		
1) All investments are fully paid up.		
2) 8,50,000 Shares of JSW Steel Ltd. are pledged as security in favour of bank for working capital facilities obtained by the Company.		
3) During the year the Company has purchased 59,95,000 Equity Shares of JSW Steel Limited of which 7,94,100 Shares are pending transfer in the name of the Company, have been subsequently transferred on 6th April, 2009.		
4) 49,83,000 Shares of JSW Steel Ltd. are subject to lock in till September, 2009.		
5) During the year dividend equivalent to 2,904 units of HSBC Liquid Fund has been reinvested and subsequently entire investment in the same has been redeemed.		
Fully paid equity shares of other companies		
a) 10 (Previous Year 10) Equity Shares of AED 100 each fully paid up of JSW Energy Overseas Limited, Dubai (Rs. 13,922 ; Previous Year 13,922)	-	-
b) 3,75,500 (Previous Year Nil) 10% Redeemable Non - Cumulative Preference Shares of Rs. 100 each fully paid up of JSW Realty & Infrastructure Pvt Ltd.,	3.76	-
c) 2,20,00,000 (Previous Year Nil) Equity Shares of Rs. 10 each fully paid up of Toshiba JSW Turbine & Generator Pvt Ltd.,	22.00	-
d) 11,000 Equity Shares of Rs. 10 each fully paid up of MJSJ Coal Limited	0.01	-
<b>B. Current Investments</b>	-	1.05
Mutual Funds		
Aggregate of Unquoted Investments - Cost	170.47	20.73
<b>SCHEDULE ' G ' - INVENTORIES</b>		
(As taken, valued and certified by the Management)		
Stock of fuel	7.30	6.49
Stores & Spares	24.97	23.56
(including in transit Rs. 0.60 crores; Previous year Rs. 0.75 crores)	32.27	30.05
<b>SCHEDULE ' H ' - SUNDRY DEBTORS</b>		
Unsecured, considered good		
Outstanding for a period not exceeding six months	131.54	63.85
Outstanding for a period exceeding six months	5.35	5.45
	136.89	69.30
<b>SCHEDULE ' I ' - CASH AND BANK BALANCES</b>		
Cash in hand	0.07	0.03
Balance with Scheduled Banks:		
a) In Current Accounts	69.03	94.31
b) In Deposits	86.00	176.60
c) In Margin Money Accounts (for issue of Bank Guarantees)	20.00	24.00
	175.10	294.94

## Schedules forming part of the Consolidated Balance Sheet as at 31st March 2009

Rupees in Crores

	As at 31st March 2009	As at 31st March 2008
<b>SCHEDULE 'J' - LOANS AND ADVANCES</b>		
Secured, considered good		
Loan to Body Corporate	5.68	10.97
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	97.39	43.26
Advance paid against Preference Share Capital to JSW Realty & Infrastructure Pvt Ltd.,	-	2.15
Advance Against Equity Share Capital in Associates	22.55	-
Loan to Body Corporate	38.65	13.25
Deposits with Government/Semi Government Authorities	3.79	1.44
Income Tax/ TDS (Net of Provision)	3.09	0.58
Sundry Deposits	24.62	37.53
	<b>195.77</b>	<b>109.18</b>
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>SCHEDULE 'K' - CURRENT LIABILITIES</b>		
Sundry Creditors (Refer Note 14 in Schedule 'P')	165.91	347.89
Project related Creditors	1,568.95	-
Advance Received from Customers	-	-
Other Liabilities *	21.78	25.37
Interest accrued but not due on loans / debentures	7.08	7.87
* No amount due to be credited to Investor Education and Protection Fund		
	<b>1,763.72</b>	<b>381.14</b>
<b>SCHEDULE 'L' - PROVISIONS</b>		
For Leave Entitlement	2.47	1.08
For Proposed Dividend	-	102.95
For Dividend Distribution Tax	-	17.50
For Fringe Benefit Tax less Payment	0.07	0.16
	<b>2.54</b>	<b>121.69</b>

## Schedules forming part of the Consolidated Profit and Loss Account as at 31st March 2009

Rupees in Crores

	For the year ended 31st March 2009	For the year ended 31st March 2008
<b>SCHEDULE ' M ' - OTHER INCOME</b>		
Interest Income	3.84	10.96
Dividend Income	1.19	0.07
Exchange Difference (Net)	0.08	5.49
Provision for Phased Overhaul no longer required written back	-	14.73
Rebate on power purchase	11.01	-
Consultancy Fee	0.47	1.60
Miscellaneous Income	0.56	0.08
	<b>17.14</b>	<b>32.93</b>
<b>SCHEDULE ' N ' - OPERATION, MAINTENANCE AND OTHER EXPENSES</b>		
Payment to & Provision for Employees:		
a) Salaries and Wages	22.95	13.30
b) Contribution to Provident and Other Funds	1.46	0.62
c) Staff and Labour Welfare Expenses	2.65	1.57
Water and Electricity	2.25	2.32
Rent	2.50	0.93
Rates and Taxes	7.28	7.44
Insurance	0.99	1.83
Consumption of Stores and Spares	7.23	5.74
Repairs and Maintenance expenses:	-	
Building	0.27	0.56
Plant and Machinery	7.86	9.91
Others	0.45	0.41
Legal and Professional Expenses	5.98	8.42
IPO Expenses	-	6.57
Merger expenses	5.85	-
Postage and Telephone	0.46	0.31
Printing and Stationery	0.38	0.27
Travelling and Conveyance	5.59	3.59
Loss on Sale of Fixed Assets	0.21	0.11
Cash Discount	28.26	15.68
General Expenses	5.86	8.25
	<b>108.49</b>	<b>87.83</b>
<b>SCHEDULE ' O ' - INTEREST AND FINANCE CHARGES</b>		
Interest on:		
Debentures and Fixed Loans	112.72	84.19
Working Capital Loan	1.48	0.21
Others	0.51	2.34
Finance Charges	6.23	1.81
	<b>120.94</b>	<b>88.55</b>

# Schedules forming part of the Consolidated Accounts as at 31st March 2009

## SCHEDULE 'P'

### Significant Accounting Policies and Notes to Consolidated Accounts:

#### 1. Overview of the Group

JSW Energy Limited (the Parent company), its Subsidiaries and Jointly Controlled Entity, collectively is referred to as 'the Group'. The Group is primarily engaged in the business of generation of power, operation & maintenance of power plants and trading in power.

#### 2. Basis of preparation

The consolidated financial statements (CFS) are prepared in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements" and Accounting Standard (AS) 27 - "Financial Reporting of Interests in Joint Ventures", issued by the Institute of Chartered Accountants of India (ICAI).

#### 3. Principles of Consolidation

- i. The financial statements of the Parent Company and its Subsidiaries have been consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating intra-group balances and the unrealised profits/losses on intra-group transactions, and are presented to the extent possible, in the same manner as the Company's independent financial statements.
- ii. The group's interest in Jointly Controlled Entity is consolidated on a line-by-line basis by adding together the book values of assets and liabilities, income and expenses after eliminating the unrealised profits /losses on intra-group transactions.

#### iii. Companies included in Consolidation

	Date of becoming Subsidiary/ Joint Venture	Proportion of ownership interest as at	
		Current Year	Previous Year
<b>Subsidiaries:</b>			
<b>Incorporated in India</b>			
JSW Power Trading Company Ltd.	From July 8, 2005	100.00%	100.00%
JSW Energy (Ratnagiri) Ltd.	From June 30, 2006	100.00%	100.00%
Jaigad Power Transco Limited	From July 29, 2008	74.00%	Nil
RajWest Power Ltd.	From February 10, 2006	100.00%	100.00%
<b>Incorporated in Indonesia</b>			
P.T Param Utama Jaya	From January 18, 2007	100%	100%
<b>Joint Venture:</b>			
<b>Incorporated in India</b>			
Barmer Lignite Mining Company Ltd.	From January 19, 2007	49%	49%

#### 4. Significant Accounting Policies

##### (a) General

The financial statements are prepared under the historical cost convention, on the accounting principles of a going concern and as per applicable accounting standards. The Company follows mercantile system of accounting and recognises income and expenditure on accrual basis except those with significant uncertainties.

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses for that year. Actual result could differ from these estimates. Any revision to accounting estimates is recognised prospectively.

**(b) Revenue Recognition**

Revenue is recognised based on the nature of activity when consideration can be reasonably measured and there exists reasonable certainty of its recovery.

i. Revenue from sale of power is recognised when substantial risks and rewards of ownership is transferred to the buyer under the terms of the contract.

ii. Revenue from construction/project related activity:

Revenue from construction contract are recognised by reference to the overall estimated profitability of the contract under the percentage of completion method. Foreseeable losses in any contract are provided irrespective of the stage of completion of the contract activity. The stage of completion of the contract is determined considering the nature of the contract, technical evaluation of work completed / measurement of physical progress and proportion of the cost incurred to the estimated total cost.

Contracts cost comprise all cost that relate directly to the specified contract, incidental cost attributable to the contract including allocated overheads and warranty cost.

iii. Operator fees and other income is accounted on accrual basis as and when the right to receive arises.

**(c) Use of Estimates**

The Preparation of consolidated financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities and disclosure of contingent liabilities on the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates are recognizes in the periods in which the results are known/materialized.

**(d) Fixed Assets**

Fixed assets are recorded at cost which include all direct and indirect expenses upto the date of acquisition, installation and/or commencement of commercial generation of power.

Expenditure incurred during construction period:

Apart from costs related directly to the construction of an asset, indirect expenses incurred up to the date of commencement of commercial production which are incidental and related to construction are capitalised as part of construction cost. Income, if any, earned during the construction period is deducted from the indirect costs.

**(e) Depreciation**

Depreciation is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

Depreciation on impaired assets related to a cash generating unit is provided by adjusting the depreciation charge in the remaining periods so as to allocate the revised carrying amount of the asset over its remaining useful life.

Lease Improvement Costs is amortised over the period of the lease except in case the lease is convertible in to Freehold Land under the lease agreement at a future date at no additional cost.

The Company capitalises software where it is reasonable estimated that the software has an enduring useful life. Software is depreciated over an estimated useful life of 3 to 5 years.

**(f) Intangibles**

Intangible Assets consisting of Membership fee for Power Trading Exchanges and Exchange Trading Software is amortised over the estimated useful life of 3 years.

The Company capitalises software where it is reasonably estimated that the software has an enduring useful life. Software is depreciated over an estimated useful life of 3 years.

**(g) Impairment of assets**

In accordance with AS-28 on 'Impairment of assets' issued by the Institute of Chartered Accountants of India, where there is an indication of impairment of the Company's assets related to cash generating units, the carrying amounts of such assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of such assets is estimated as the higher of its net selling price and its value in use. An impairment loss is recognized in the profit and loss account whenever the carrying amount of such assets exceed its recoverable amount.

**(h) Borrowing Costs**

Borrowing Costs directly attributable to the acquisition or construction of qualifying assets as defined in Accounting Standard (AS) -16 on "Borrowing Costs" are capitalized as part of cost of such asset upto the date when such asset is ready for its intended use.

Other borrowing costs are charged to revenue.

**(i) Investments**

Long term Investments are stated at cost. In case, there is a decline other than temporary in the value of any investments, a provision for the same is made.

Current investments are stated at lower of cost and fair value. Any reduction in the carrying amount and any reversals of such reductions are charged or credited to the profit & loss account.

**(j) Inventories**

Inventories are valued at lower of cost and net realisable value. Cost is determined on the basis of weighted average. Obsolete, defective and unserviceable stocks are duly provided for wherever applicable.

**(k) Foreign Currency Transactions**

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction.

Foreign currency designated assets, liabilities and capital commitments are stated at the year end rates.

Forward contracts other than those entered into to hedge foreign currency risk on unexecuted firm commitments or of highly probable forecast transactions are treated as foreign currency transactions and accounted accordingly. Exchange differences arising on such contracts are recognized in the period in which they arise and the premium paid is accounted as expense over the period of the contract.

In translating the financial statements of subsidiary companies' non integral foreign operations, for incorporation in the consolidated financial statements, the assets and liabilities, both monetary and non monetary are translated at the closing rate, the income and expense items of the subsidiary company are translated at exchange rates at the dates of the transactions and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

The exchange differences are adjusted to carrying cost of the fixed assets if they relate to such fixed assets and to profit and loss account in other cases.

**(l) Employee benefits**

Retirement benefits in the form of Provident Fund and Family pension Scheme are defined contribution schemes and the contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

Stock Based Compensation - The compensation cost of stock options granted to employees is calculated using the intrinsic value of the stock options. The compensation expense is amortised uniformly over the vesting period of the option.

Gratuity liability under the Payment of Gratuity Act, 1972 is a defined benefit obligation and is provided for on the basis of the actuarial valuation made at the end of each financial year.



Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation.

Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

#### (m) Taxation

Income tax expenses comprise current tax and fringe benefit tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charges or credit (reflecting the tax effects of timing differences between accounting income and taxable income of the year).

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain as the case may be to be realised.

Tax credit is recognised in respect of Minimum Alternate Tax (MAT) paid in terms of Section 115JAA of the Income Tax Act, 1961 based on convincing evidence that the Company will pay normal income tax within the statutory time frame and the same is reviewed at each balance sheet date.

#### (n) Provisions and Contingent Liabilities

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- the Company has a present obligation as a result of a past event.
- a probable outflow of resources is expected to settle the obligation and
- the amount of the obligation can be reliably estimated

Where some or all the expenditure required to settle a provision is expected to be reimbursed by another party, such reimbursement is recognised to the extent of provision or contingent liability as the case may be, only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in the case of

- a present obligation arising from a past event, when it is not probable that a outflow of resources will be required to settle the obligation.
- a possible obligation, unless the probability of outflow of resources is remote.

#### 5. Contingent Liabilities not provided for in respect of:

Particulars	(Rs. in Crores)	
	Current Year	Previous Year
Bank Guarantees Outstanding	266.86	281.63
Income Tax matter	6.23	4.70

#### 6. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances):

Particulars	(Rs. in Crores)	
	Current Year	Previous Year
Estimated amount of contracts (net of advances)	3707.72	6,459.68

- The Parent Company was supplying power to Karnataka Power Transmission Corporation Limited (KPTCL) on the basis of the rate approved by Govt of Karnataka, which was incorporated in the Power Purchase Agreement (PPA), dated 27th November, 2000. On the application by KPTCL to Karnataka Electricity Regulatory Commission (KERC) for approval of PPA, KERC had passed Order in July 2002 reducing the tariff retrospectively from 1st August 2000. The Company's appeal against the said Order was decided by the Karnataka High Court vide its Order dated 8th April, 2004 in favour

of the Company. KPTCL and KERC filed Special Leave Petition before the Honourable Supreme Court challenging the Order of Karnataka High Court. As against the outstanding amount of Rs. 105.35 Crores, in terms of the interim order dated 23rd January 2007 of Supreme Court, KPTCL paid Rs. 100.00 crores against bank guarantee provided by the Company. The balance amount of Rs. 5.35 Crores due from KPTCL is included in Sundry Debtors and considered as good and recoverable.

**8. The proportionate share in the assets, liabilities of Joint Venture Entity included in these consolidated financial statements are given below:**

(Rs. in Crores)

Particulars	Current Year	Previous Year
Assets		
Fixed Assets (net) including CWIP	47.29	22.91
Current Assets	0.04	0.10
Total Assets	47.33	23.01
Liabilities		
Share Capital	9.80	9.80
Advance Against Share Capital	-	-
Unsecured Loan	37.13	12.73
Current Liabilities	0.40	0.48
Total Liabilities	47.33	23.01

**9. Scheme of amalgamation:**

Amalgamation of JSW Energy (Vijayanagar) Ltd. (JSWEVL) and JSW Power Transco Ltd. (JSWPTL) (Transferor Companies) with the Company :

A Scheme of Amalgamation (Scheme) of the Transferor Companies with the Company was sanctioned by the Hon'ble High Court of Judicature of Bombay vide its order dated 10th October 2008. The transferor companies JSWEVL and JSWPTL are in the business of generation and transmission of power respectively. The Amalgamation is in the nature of a merger as defined by Accounting Standard (AS) 14 "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India. Entries have been passed in the books of account to give effect to the Scheme, as follows:

- With effect from the Appointed date i.e 1st April 2008, all the assets and liabilities recorded in the books of the Transferor Companies are transferred to and vested in the Company pursuant to the Scheme and are recorded by the Company at their book values.
  - 3,18,16,044 Equity shares of Rs 10 each at par are allotted to the equity shareholders of JSWEVL in the ratio of 258 shares of the Company for every 1000 equity shares of JSWEVL.
  - The Company's 100% equity shareholding in JSWPTL has been cancelled.
  - The Amalgamation has been accounted for under the " Pooling of Interests Method" as prescribed by Accounting Standard (AS) 14 "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India.
  - Difference of Rs 91.50 crores between the amount of shares allotted to the shareholders of erstwhile JSWEVL & JSWPTL and the Value of net assets acquired has been credited to General Reserve. As Per Accounting Standard (AS) 14 " Accounting for Amalgamations" Rs. 91.48 crores (net of loss of Rs. 0.02 crores of in respect of JSW Power Transco Ltd.) was to be credited to Capital Reserve but since the scheme provided for its credit to General Reserve, the same has been so credited which is also permitted by aforesaid Accounting standard.
- 10.** The sale of power by the Company to Power Company of Karnataka Limited ("PCKL" or "Customer") during the month of December 2008, at an invoiced rate of 8.50 per unit has been paid for by the Customer at Rs. 6.50 per unit and the balance amount computed at the rate of Rs. 2 per unit amounting to a sum of Rs. 24,65 Crores has been disputed for payment by the said Customer.

In view of the uncertainty relating to the recovery of the said disputed amount, the revenue in respect of the same has not been recognized during the year and has been postponed for recognition at the time when its ultimate recovery can be determined with certainty.

11. The Company has adjusted the foreign currency exchange loss of Rs. 13.06 Crores on amounts borrowed for acquisition of fixed assets to the carrying cost of fixed assets in the current year. The exchange gain booked in the previous year amounting to Rs. 8.00 crores has been written back into General Reserve with a corresponding adjustment to the value of Fixed Assets. This is in line with the amendment to Accounting Standard (AS) 11 on “Effects of changes in Foreign Exchange Rates” vide GSR Notification 225(E) dated 31st March 2009. This change in accounting policy has resulted in the profit for the current year being higher by Rs. 12.52 Crores.
12. Profit brought forward from earlier year of Rs. 466.13 Crores is after adjustments aggregating to Rs. 366.54 Crores on account of demerger of investment division of the Company, capitalization of reserves & surplus for issue of bonus shares in the previous year and merger of JSW Energy (Vijayanagar) Ltd., with the Company.

### 13. Employees Benefits

#### (i) Defined benefit plans - as per actuarial valuations as on 31/03/2009:

Details of Gratuity plan are as follows:

(Rs. in Crores)

Description	Current Year	Previous Year
<b>1. Reconciliation of opening and closing balances of obligation</b>		
a. Obligation as at 01.04.08	0.87	0.73
b. Current Service Cost	0.43	0.28
c. Interest Cost	0.06	0.06
d. Actuarial (gain)/loss	(0.01)	(0.03)
e. Benefits paid	(0.03)	(0.17)
f. Obligation as at 31.03.09	1.32	0.87
<b>2. Change in Plan Assets (Reconciliation of opening &amp; closing balances)</b>		
a. Fair Value of plan assets as at 01.04.08	0.65	0.69
b. Actual Company Contributions	0.22	0.08
c. Expected return on plan assets	0.06	0.06
d. Actuarial Gain/(loss)	0.15	-
e. Benefits paid	(0.03)	(0.17)
f. Fair Value of plan assets as at 31.03.09	1.05	0.65
<b>3. Reconciliation of fair value of assets and obligations</b>		
a. Present value of obligation as at 31.03.09	1.32	0.87
b. Fair value of plan assets as on 31.03.09	1.05	0.65
c. Amount recognised in the balance sheet as provision	0.27	0.22
<b>4. Expense recognized in the period</b>		
a. Current service cost	0.43	0.28
b. Interest cost	0.06	0.06
c. Expected return on plan assets	(0.06)	(0.06)
d. Actuarial (gain)/loss	(0.01)	(0.03)
e. Expense recognized till 31.03.09	0.42	0.25
<b>5. Investment Details</b>		
The full amount has been invested in cash accumulation scheme of Life Insurance Corporation of India		
<b>6. Assumptions</b>	<b>31/03/2009</b>	<b>31/03/2008</b>
a. Discount rate (per annum)	7%	8%
b. Estimated rate of return on plan assets (per annum)	8%	8%
c. Rate of escalation in salary (per annum)	5%	5%

**(ii) Employee Share based Payment Plans:**

- a. During the year ended 31st March 2009, the Company has three share-based payments arrangements, which are described below:

Particulars	Scheme 1 (General Manager & Above)	Scheme 2 (Junior Manager to General Manager)	Scheme 3 (Assistant Vice President & Above)
Date of grant	December 19, 2007	December 19, 2007	December 19, 2007
Number granted	7349	19199	35231
Vesting Period	3 years service	3 years service	3 years service
Method of settlement	Cash	Cash	Cash
Exercise Price	600	800	900

- b. Expenses arising from employee's share-based payment plans debited to P&L Account Rs.0.73 crores (Previous Year Rs.0.21 crores).

14. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

15. The Company is yet to receive balance confirmations in respect of certain sundry creditors and advances. The Management does not expect any material difference affecting the current year's financial statements due to the same.

16. The foreign currency exposures that:

- (i) have not been hedged by a derivative instrument or otherwise as at Balance Sheet date are given below:

Particulars	Euro Millions	USD Millions	Rupees Crores
a. Capital Advances (Previous Year)	0.29 (-)	23.62 (104.89)	122.29 (419.32)
b. Pending Capital Commitments (Previous Year)	0.29 (-)	283.62 (742.72)	1446.98 (2967.94)
c. Secured Loan (Previous Year)	-	9.42 (14.80)	48.00 (59.16)
d. Creditors (Previous Year)	-	81.86 (-)	417.07 (-)

- (ii) have been hedged by a derivative instrument or otherwise as at Balance Sheet date are given below:

Particulars	MUSD	Current Year	MUSD	Previous Year
Pending Capital Commitments	-	-	8.00	32.09

(Rs. in Crores)

17. The Group has taken certain premises on cancelable / non cancelable Operating lease arrangement with:

**(a) JSW Steel Limited****Major Terms of the agreement are as under**

- (i) Annual lease rent : Rs. 15,000 (Previous Year Rs. 15,000)  
(ii) Tenure of lease : Lease Agreement valid till 31st March 2033  
(iii) Lease Deposit : Rs. 6.49 Crores (Previous Year Rs. 6.49 Crores)

**(b) Ramakrishna Associate Pvt. Limited along with Seven others****Major Terms of the agreement are as under**

- (i) Annual lease rent : Rs. 1.49 Crores (Previous Year Rs. 0.35 Crores)  
(ii) Tenure of lease : Lease Agreement valid till 31st December 2010  
(iii) Lease Deposit : Rs. 0.33 Crores (Previous Year Rs. 0.33 Crores)

(Rs. in Crores)

The Total of Future Minimum lease payments under non- cancellable operating lease for each of the following period are as under.	Current Year Rs.	Previous Year Rs.
A) Not later than 1 year	1.47	1.49
B) Later than 1 year and not later than 5 years	1.11	2.57
C) Later than 5 years	0.03	0.03

18. Deferred Tax Liability consists of timing differences due to depreciation: Rs.81.45 crore (Previous Year Rs. 68.50 crores)
19. In the opinion of the Management, the Current Assets, Loans and Advances have a value on realisation in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet. Provision for depreciation and all known liabilities is adequate and not in excess of what is required.
20. Earnings Per Share (Basic & Diluted)

(Rs. in Crores)

Particulars	Current Year	Previous Year
Net Profit as attributable to equity shareholders (A)	276.69	625.27
Weighted Average number of equity shares outstanding during the year	546,571,277	34,68,00,000
Add: Bonus shares	Nil	16,79,55,233
Total Weighted Average number of equity shares outstanding during the year	546,571,277	51,47,55,233
Earnings Per Share (Basic & Diluted) (A/B) *	5.06	12.15

\* Under the respective agreements, the lenders have at their option, a right to convert the outstanding amount into fully paid equity shares, in the event of default by the Group in payment of principal and / or interest. As the Group is not in default of any payment obligations to these lenders as on 31st March, 2009 the same are not considered as potential equity shares for the purpose of calculating diluted earnings per share.

21. Capital Advance include Rs. 75 Crores (Previous Year Rs.75 Crores) paid towards acquisition of a office / residential property to be constructed, from a private limited company in which a Director of the Company is a Director (Maximum amount outstanding during the year Rs. 75 Crores).

Loans and Advance include Rs. 5.91 Crores (Previous Year Rs. 5.91 Crores) paid as interest free loan to JSW Energy Employees Welfare Trust.

22. As the Group is primarily engaged in only one segment viz. "Generation and sale of power", there are no reportable segments as per Accounting Standard 17.

### 23. Related Party Transactions

#### A LIST OF RELATED PARTIES

##### i. Associates/Parties with whom the Group has entered into transactions:

1. JSW Steel Limited
2. JSW Energy Overseas Limited, Dubai
3. JSoft Solutions Limited
4. Windsor Residency Private Limited
5. Tarini Properties Private Limited
6. Toshiba JSW Turbine & Generator Private Limited
7. MJSJ Coal Limited
8. JSW Infrastructure & Logistics Ltd (JSWILL)
9. JSW Investment Private Limited (JSWIPL)
10. JSW Jaigarh Port Limited (JPR)
11. JSW Cement Limited (JSWCL)
12. South West Infrastructure Private Limited (SWIPL)
13. Jindal Technologies & Management Services Pvt Limited (JTMS)
14. Sun Investments Private Limited
15. Gagan Trading Company Limited

##### ii. Key Managerial Personnel

1. Mr. Sajjan Jindal – Chairman & Managing Director – From January 1, 2009
2. Mr. S.S.Rao - Jt. Managing Director & CEO

## iii. Joint Venture

1. Barmer Lignite Mining Company Limited

## B. Related Party Transactions

		(Rs. in Crores)	
Nature of Transactions		Current Year	Previous Year
<b>A. Transactions during the year/period</b>			
<b>1</b>	<b>Sale of power to</b>		
	JSW Steel Limited	92.39	14.63
<b>2</b>	<b>Service Received from</b>		
	JSoft Solutions Limited	1.78	2.87
	Jindal Technologies & Management Services Pvt. Ltd.	0.07	-
<b>3</b>	<b>Service Rendered to:</b>		
	JSW Steel Limited	17.87	17.05
<b>4</b>	<b>Trade Advance Received from</b>		
	JSW Steel Limited	30.00	100.00
<b>5</b>	<b>Purchase of Fuel/Goods</b>		
	JSW Steel Limited	694.32	394.19
	JSW Cement Limited	0.20	-
<b>6</b>	<b>Amount paid/payable for Acquisition of Office/Residential Properties</b>		
	Tarini Properties Private Limited	-	3.51
<b>7</b>	<b>Advance paid for Acquisition of Office/Residential Properties</b>		
	Windsor Residency Private Limited (Advance)	-	75.00
<b>8</b>	<b>Lease Deposit Paid/(Received)</b>		
	JSW Steel Limited	-	3.07
	JSW Jaigarh Port Limited	(0.31)	-
<b>9</b>	<b>Purchase of Free Hold Land</b>		
	JSW Steel Limited	0.99	2.28
<b>10</b>	<b>Rent Paid</b>		
	JSW Steel Limited	0.65	0.42
<b>11</b>	<b>Expenses Incurred</b>		
	Southwest Infrastructure Private Limited	0.06	-
<b>12</b>	<b>Divident Received</b>		
	JSW Steel Limited	1.19	-
<b>13</b>	<b>Advance paid against Equity Capital</b>		
	JSW Steel Limited	-	9.00
	Toshiba JSW Turbine & Generator Pvt. Ltd.	22.00	-
	MJSJ Coal Limited	0.55	-
<b>14</b>	<b>Investment in Equity Shares of</b>		
	JSW Investments Private Limited (Purchase of JSW Steel Ltd. Shares)	103.35	-
	Sun Investments Private Limited (Purchase of JSW Steel Ltd. Shares)	20.28	-
	Gagan Trading Company Limited (Purchase of JSW Steel Ltd. Shares)	1.39	-
	Toshiba JSW Turbine & Generator Pvt. Ltd.	22.00	-
	MJSJ Coal Limited	0.01	-
<b>15</b>	<b>Sale of Investment of</b>		
	JSW Investments Private Limited	-	20.00
<b>16</b>	<b>Subordinated Loan to</b>		
	Barmer Lignite Mining Company Limited	49.80	13.25
<b>17</b>	<b>Amalgamation in the nature of merger</b>	Refer Note 9 above	

<b>B. Balance at the year end</b>		
<b>I Trade Payables/(Receivable)</b>		
JSW Steel Limited (Net)	<b>12.7</b>	(4.39)
Jindal Technologies & Management Services Pvt. Ltd.	<b>0.01</b>	-
JSW Cements Limited	<b>0.06</b>	-
JSW Jaigarh Port Limited	<b>0.31</b>	-
South West Infrastructure Private Limited	<b>(0.06)</b>	-
<b>2 Lease Deposit with</b>		
JSW Steel Limited	<b>6.49</b>	10.12
<b>3 Trade Advance Payable/(Receivable)</b>		
JSW Steel Limited	<b>(20.00)</b>	(20.00)
<b>4 Advance Received against Equity Share Capital</b>		
JSW Steel Limited	-	9.00
Toshiba JSW Turbine & Generator Pvt. Ltd.	<b>22.00</b>	-
MJSJ Coal Limited	<b>0.55</b>	-
<b>5 Payable for acquisition of Free Hold Land from</b>		
JSW Steel Limited	<b>2.28</b>	2.28
<b>6 Advance paid for Acquisition of Office/Residential Properties</b>		
Windsor Residency Private Limited	<b>75.00</b>	75.00
<b>7 Payable for acquisition of Office/Residential Properties from</b>		
Tarini Properties Private Limited	-	0.51
<b>8 Investment in Equity Shares</b>		
JSW Steel Limited	<b>144.70</b>	19.68
JSW Energy Overseas Limited Rs. 13,922 (Previous Year 13,922)	<b>0.00</b>	0.00
JSW Turbine & Generator Pvt. Ltd.	<b>22.00</b>	-
MJSJ Coal Limited	<b>0.01</b>	-
Barmer Lignite Mining Company Limited	<b>9.80</b>	-
<b>9 Subordinated Loan to</b>		
Barmer Lignite Mining Company Limited	<b>75.78</b>	13.25
<b>C Remuneration to Key Management Personnel: Rs. 2.15 Crores (Rs. 1.69 Crores)</b>		

**Notes:**

- i) No amounts in respect of related parties have been written off/written back during the year/period, nor has any provision has been made for doubtful debts/receivables.
- ii) Related party relationships have been identified by the management and relied upon by the Auditors.

24. Refer Note 9 above regarding merger of JSW Energy (Vijayanagar) Ltd., and JSW PowerTransco Ltd. with the Company. Previous year's figures have been recast /regrouped wherever necessary to conform to current year's classification

Signatures to Schedules A to O  
For and on behalf of the Board of Directors

**Sajjan Jindal**  
Chairman & Managing Director

Place: Mumbai  
Date: 4th May 2009

**Sampath Madhavan**  
Company Secretary

**Pramod Menon**  
Chief Financial Officer

**S.S. Rao**  
Jt. Managing Director & CEO

