



**Resilient
& Ready**

Chairman's Speech

19th Annual General Meeting
July 25, 2013

CHAIRMAN'S SPEECH

Dear Shareholders,

I am extremely pleased to extend you all, a warm welcome to this 19th Annual General Meeting of JSW Energy Limited. It gives me great pleasure to place before you the highlights of your Company's performance during the financial year 2012-13.

A copy of the Annual Report for the fiscal 2012-13, containing the notice, the audited annual accounts as on March 31, 2013 together with the reports of the Board of Directors is already with you and with your permission, I take it as read.

ECONOMIC OVERVIEW

The year 2012-13 has been a rather challenging year for the world and the Indian economy as a whole. The year started with concerns about the global economic slowdown on account of fiscal imbalances, and reduced trade and investments in advanced economies. These concerns sustained throughout FY2013 and prevented the world from achieving any sort of meaningful recovery.

The domestic economy too suffered a decade-low GDP growth of 5% not only on account of global headwinds but also due to RBI's liquidity tightening measures aimed at taming inflation. Additionally, a constrained investment pipeline and a widening current account deficit posed concerns to economic growth.

It is expected that the government will take quick measures to catalyse investments and growth, and infuse a sense of confidence among the global and domestic investors.

POWER SECTOR OVERVIEW

India's power sector, a critical component of the economy, was similarly affected given the adverse economic conditions and sector-specific challenges. Various issues, such as the poor financial health of state distribution companies, domestic fuel shortages, issues related to Power Purchase Agreements (PPAs) and project clearance issues impacted the sector's profitability and consequently investor sentiment.

India added generation capacity of 20.6 GW in FY2012-13 (versus 26 GW in FY2011-12), which translated to a 115% target achievement for the year. With the active involvement of private sector in generation, the cumulative capacity addition leaped to 68 GW in the 11th five-year plan period, as compared to 27 GW in the previous plan period. The total installed capacity for the country at the end of FY2013 stood at 223.4 GW.

Despite the significant capacity additions, at the end of March 2013, India's power deficit stood at 8.5%. Given the long-term structural growth outlook of industrialisation and urbanisation, India's power demand is expected to grow significantly. The Working Group on Power for the 12th five-year plan has estimated a capacity requirement of an additional 88.5 GW.

To address this demand, all efforts must, therefore, be made to carve out a policy regime, which encourages a sustainable development of the power sector. Your Company is geared up to contribute its bit in the growth of the power sector in the country.

As India emerges as a major driver of global economic growth, the country's power requirements are expected to increase. JSW Energy intends to be a key participant in the Indian power sector and contribute to help in the country's economic progress.

BUSINESS PERFORMANCE OF YOUR COMPANY

Your Company's performance during FY2012-13 demonstrates the strength of our business model – which makes it resilient through the challenges prevailing in the power sector. The location of our plants, a blend of short term and long term PPAs, and diverse fuel sourcing has helped insulate us during these times of policy uncertainty. This is especially beneficial since merchant realizations continue to remain firm due to cost pressures and grid congestion, while imported coal prices are easing.

Your Company's achievements during the year included:

- Commissioning of the entire power plant at Barmer, taking the total installed and operating capacity to 3,140 MW.
- The highest net power generation since inception at 18,780 Million Units, a growth of 38% since last year.
- Achieved a consolidated PLF of 88.97 % across the three units.
- Achieved transmission facility availability of 98.43%.
- Consolidated revenue grew 46% y-o-y to ₹ 9,148 crore.
- Consolidated EBIDTA (before exceptional items) surged 89% y-o-y to ₹ 3,007 crore.
- Consolidated Profit After Tax recorded a 431% increase y-o-y to ₹ 904 crore.

I am happy to announce that the Board of Directors of your Company has proposed a dividend of ₹ 2.0 (20%) per equity share on 164 crores equity shares of ₹ 10 each for the year ended March 31, 2013.

PROJECT PROGRESS

EXISTING PROJECTS

The year marked the end of your Company's current phase of capex cycle. With the commissioning of the last four units at our Barmer plant, our total installed and operational capacity aggregates to 3,140 MW. As the newly commissioned units ramp up operations, they will start contributing additional volumes and boost cash flows.

During the year, pending clarity on policy and regulatory issues, your Company decided to consolidate our operations and has put most of its expansion projects, with the exception of the Kutehr hydro project, on hold.

Your Company's focus remains on strengthening the balance sheet and keeping ourselves ready for growth opportunities. Further, as the regulatory scenario eases and an opportunity to participate in competitive bids opens up, we plan to grow organically while reducing our exposure to merchant capacities. We believe as the sector matures and consolidates, there will be inorganic growth opportunities for evaluation with a strategic fit to your Company.

NEW PROJECTS AND JOINT VENTURES

The 240 MW Hydro Electric Project at Kutehr, Himachal Pradesh has received the crucial MOEF approvals and land acquisition is under progress. This project has been registered as a carbon credit project by UNFCCC under the CDM mechanism of the Kyoto protocol.

You will be pleased to know that our Joint Venture with Toshiba is progressing well and Toshiba JSW has commenced production activity for the supply of 2 x 660 MW and 3 x 800 MW supercritical Turbine Generator sets for NTPC. Additionally, Toshiba JSW is also expanding its capacity from 3000 MW to 6000 MW.

SECURING FUEL

Your Company continues to explore and evaluate various opportunities to acquire coal mining assets, especially in the overseas market with an aim to achieve fuel security. We are also continuously identifying and developing relationships with coal miners in large coal exporting countries to ensure procurement of quality thermal coal at competitive rates and over term contracts.

HUMAN RESOURCES

Our people form the core of our organization and contribute to our capabilities in project execution and operations. Their commitment and motivation is what drives us to set industry benchmarks in productivity and efficiency. We continuously invest to develop our employees through internal training platforms.

A specialized programme to upgrade people's capabilities through the JSW Energy Centre of Excellence is a step towards building a highly skilled talent pool. It continues to create a pipeline of highly motivated leaders across managerial and operational levels.

CORPORATE SOCIAL RESPONSIBILITY

Your Company's foremost responsibility is to forge bonds with the communities around our facilities.

The JSW Foundation plans and implements a number of socially constructive and community building projects. It is committed to uplift the lives of people through multiple initiatives in the areas of education, health, livelihood creation, environment, local sports, conservation and development of arts and cultural heritage.

We also give a very high emphasis on minimising our carbon footprint. We have implemented superior technologies across our locations which reduce emissions and effluents.

ACKNOWLEDGEMENTS

At JSW Energy, we have leveraged our internal resilience to weather the power sector's challenges and believe that we are ready to capitalise on future opportunities.

I express my sincerest thanks to all our valued shareholders, investors, debenture holders, bankers, financial institutions, lenders, contractors, vendors, suppliers, regulatory authorities, central and state governments for their support.

I would also acknowledge the guidance and support received from all the distinguished members of the Board and would like to place on record the deep appreciation of the valuable contribution of the employees of our organisation without which these achievements would have been difficult.

We are committed to make JSW Energy realize the vision and for this we look forward to your valuable support and contribution in the coming years.

Best wishes,



Sajjan Jindal