



JSW Builds
Annual Report 2011-12



Contents

- 2 JSW Energy builds...
...India's energy needs
- 4 JSW Energy builds...
...an integrated enterprise
- 6 JSW Energy builds...
...a foundation for a vibrant and sustainable future
- 8 JSW Energy builds...
...an environment conscious organization
- 10 JSW Energy builds...
...a community of smiles
- 12 CMD's Perspective
- 14 Vice Chairman's Message
- 15 Board of Directors
- 16 Corporate Information
- 17 Notice
- 27 Directors' Report
- 36 Management Discussion & Analysis
- 42 Report on Corporate Governance
- 55 Auditors' Report
- 58 Standalone Accounts
- 80 Consolidated Accounts
- 107 E-Communication Registration Form
- 109 Attendance Slip & Proxy Form
- 111 Financial Highlights (Standalone)
- 112 Financial Highlights (Consolidated)

11,770 MW

Total power generation capacity

By operations

2,600 MW

Operational capacities

540 MW

Construction phase

8,630 MW

Implementation and Development phase

400kV D/C, across 165km
Transmission line capacities

3 MTPA
Operating lignite mines in India

0.5 MTPA
Operating coal mines in South Africa



Shri O.P. Jindal

August 7, 1930 - March 31, 2005
O.P. Jindal Group - Founder and Visionary

Some footprints are everlasting !

Shri O.P. Jindal was someone for whom destiny was not written; he penned it down for himself. His unbound initiatives, selfless social services, unassuming generosity and philanthropic contributions to individuals and organizations have lit up thousands of lives.

Our tribute to the visionary of modern India and our abiding source of inspiration whose great thoughts even today, lead us in all our ventures!

A great man of extraordinary integrity and enthusiasm, whose name would never be forgotten; he was a leader who succeeded in every endeavor, a true Indian who not just dreamt of creating a prospering India but also achieved it through his hard work.

JSW Energy builds... ...India's energy needs

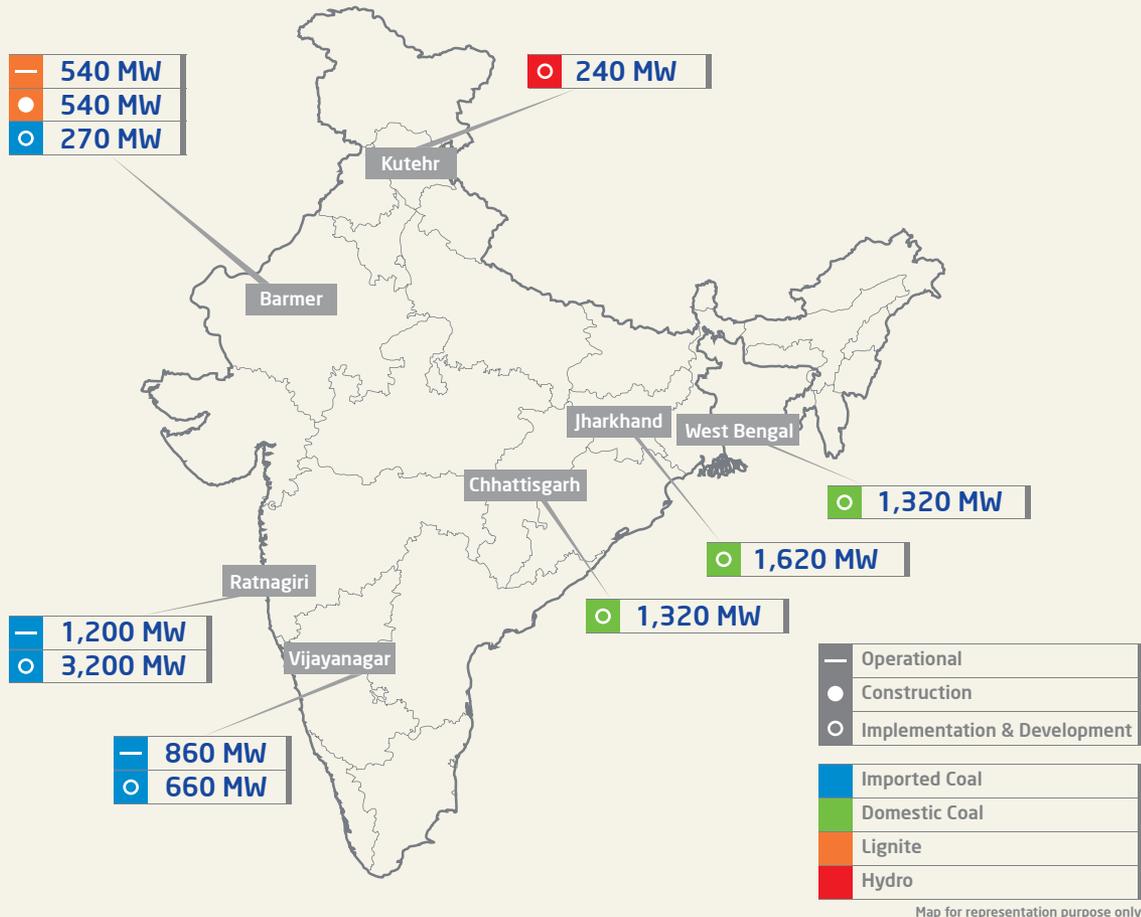


- » Energy security is the need of the hour to meet India's burgeoning population, rising aspirations, expanding economy and a rapidly industrializing and urbanizing society.
- » Though India has the 5th largest electricity generation capacity in the world, it still faces a peak deficit of around 11%.
- » Proactive reforms in Power are essential for sustained high economic growth.

JSW Energy Limited (JSWEL), the energy vertical of the \$9 billion JSW Group, is an active participant towards building an energy-confident nation with 11,770 MW of total power generation capacity.

We commenced operations in 2000 as an Independent Power Producer (IPP) and emerged as one of the fastest-growing companies in energy generation. We gradually widened our presence to transmission, power trading, mining and equipment manufacturing segments.

Our strength continues to be excellent operational efficiencies and a deep industry insight. Our focus has been a balanced mix of short-term and long-term power sales. We have successfully marked our presence in Karnataka, Maharashtra and Rajasthan, while plans are afoot to develop projects at Himachal Pradesh, Chhattisgarh, Jharkhand and West Bengal.



Built on strong pillars

- **Project execution capability:** Successfully commissioned 2,940 MW of power generation capacity during last three years
- **Operational Practices:** Sound operational and maintenance philosophy aimed at improved efficiencies, cost rationalisation and setting sector benchmarks
- **Financial Management:** Robust financial management aimed at adequate liquidity for projects at efficient pricing besides maintaining gearing at sustainable levels
- **Talent Pool:** Strong motivated and committed employees who form the cornerstone in delivering robust growth and operational efficiencies

JSW Energy builds...
...an integrated
enterprise



At JSW Energy, our operations are not restricted solely to energy generation. We explore integration opportunities across the value chain. We have made integration a part of our natural progression to optimise cost, ensure uninterrupted operations and de-risk the business model.



As a part of our strategy to be a full-fledged integrated Power Company, we have integrated backward into mining. At present, we are successfully operating 3 MTPA lignite mines at Barmer, Rajasthan which shall be expanded to 9 MTPA by FY14. We have also been allotted a share of the Utkal coal block at Talcher, Odisha, where we have completed public hearing, and are currently in the process of land acquisition. We have also forayed overseas into South Africa, with an investment in South African Coal Mining Holding Limited (SACMH).

JSW Energy Limited, with a significant quantum of capacity based on merchant sales, has forayed into the power trading business through its wholly owned subsidiary, JSW Power Trading Company Limited.

JSW Energy has also made inroads into the transmission line business through our joint venture with MahaTransco - Jaigad PowerTransco Limited (JPTL). We commissioned the 400 kV Double Circuit Jaigad – New Koyna and Jaigad – Karad transmission lines in Maharashtra. JPTL has been awarded the transmission license by the Maharashtra Electricity Regulatory Commission (MERC) in February 2009, to establish and operate this Intra-State Transmission system for the next 25 years.

We have formed a Joint Venture (JV) with Toshiba for setting up super-critical steam turbines and generator manufacturing facility in Chennai. The joint venture has emerged successful in procuring orders from NTPC for supply of 800 MW and 600 MW super-critical STGs.

JSW Energy builds...

...a foundation for a vibrant and sustainable future

Point at any part of India's map, urban, sub-urban or rural, and you will find a persistent energy deficit. The average peak deficit is around 11%. At JSW Energy, we are responding to this reality with urgency.



We have successfully implemented power generating capacities across 3 different states over the last 3 years. Besides, we have also successfully commissioned 165 km transmission facility in an extremely difficult terrain and hostile environment in time to ensure adequate evacuation facility for the generating capacity besides strengthening the transmission grid.

At Barmer, extraction of lignite from Kapurdi mine has been achieved within a record time which involved a very high degree of complexity. These initiatives on project development has been feasible due to efficient and committed manpower and a robust financial profile.

The established operational and maintenance practices have ensured high plant availability and efficient operational parameters resulting in profitable operations.

We continue to lay emphasis on creating a strong foundation for future growth by building a strong team, setting up sound practices and emphasizing on efficient delivery. We have identified our future areas for capacity enhancements based on diversification of fuel resources and a higher proportion of long-term Power Purchase Agreements (PPAs).

We strive to sustain a growth momentum aligned with the evolving business scenario.



We have progressed well on the following projects:

- Our 1,320 MW Chhattisgarh Power Project received MOEF clearance and obtained water allocation consent. Presently, we are in the process of completing the land acquisition for the power project.
- Our 240 MW Kutehr Hydro Project received forest (stage 1) and MOEF clearances, along with techno-economic clearance from CEA. We further signed an implementation agreement with the Himachal Pradesh government and process of land acquisition is progressing in right earnest.
- At Vijayanagar, our Term of Reference (TOR) was cleared by MOEF, while the Detailed Project Report (DPR) is under preparation. We further finalised the plant layout, completed soil investigation and submitted EIA and EMP report.

JSW Energy builds...

...an environment conscious organization

We are building a sustainable organization on the strength of our technology collaborations, efficiency, cost management and enhanced people potential.



JSW Energy Limited is dedicated to the practice of sound environmental stewardship and promotion of health, safety and well-being of our employees. These values originate at the Company's top management and are emphasized through all levels of responsibility within the organization. As such, the Company agrees to:

- Meet or exceed all applicable federal, state, local and company environmental, safety and health standards.



- Provide a workplace free of recognized hazards and maintain healthy working conditions for all Company employees.
- Achieving maximum fly ash utilisation and installation of Electrostatic Precipitator to minimize emissions, thereby reducing pollution.
- Participating in recycling to the greatest practical extent to reduce impact on landfills and promoting recovery of valuable resources.
- Adopting improved technologies like installing RO plant and rain harvesting system to ensure recycling of plant waste water.
- Continual improvement in use of cleaner technologies as well as adopting ecology-friendly initiatives like induction of Electro-Chlorination system to replace raw chlorine, installing solar powered lights in all strategic locations etc.
- Establishing procedures for periodic review of compliance with all environmental laws and regulations.
- Development of significant area into Green Belt as part of the 'Go Green' initiative across locations.

JSW Energy builds...

...a community of smiles



JSW Foundation is the pivotal force behind our community outreach programs. It plans and implements social development activities to improve education, healthcare, livelihood creation, environment conservation, local sports, arts and culture in the areas of our operations.



We have adopted the 'Millennium Development Goals' framework to encourage pre-primary and primary education, reduce infant mortality and improve maternal health. Some of the major initiatives comprise:

- Operating a well-lit and ventilated PHC (public health care) at Ratnagiri with adequate space for registration, record room, drug dispensing room and waiting area for patients, among others;

Conducting special camps for women, children and the elderly, as well as routine health check-ups for students; these initiatives were conducted as a part of the URJA PHC

- Upgrading infrastructure of government-run health centres at Bhadresh, Barmer and Kutehr; the initiatives include: improvement of water and sewerage systems; renovation of buildings; sanitisation of operation theatre and other rooms; recruitment of doctors, nurses and other staff; provision of new medical equipment; and providing refrigerators for medicines/vaccines and registers for data collection and MIS



- Operating school at Ratnagiri and appointing local youth as teachers for promoting academic pursuits and encouraging extra-curricular talent
- De-centralising mid-day meal programme to enhance the food quality and reduce malnutrition of students
- Conducting sanitation drives and promoting self-help groups for public welfare
- Organizing Earth Care Awards to promote the growing consciousness about climate change, emissions reduction, land-and-water preservation and the general reduction of environmental hazards
- Promoting water conservation through rain-water preservation
- Encouraging sports by developing playing grounds for rural schools
- Restoring the interiors of the Fine Arts Building of Sir J. J. School of Applied Arts in Mumbai

CMD's perspective

Dear Shareholders,

Energy is a key prerequisite to sustain India's long-term economic development. Although the country's economic performance is better than most countries, the growth rate is declining. This is a wake-up call to accelerate efforts towards achieving energy security, because we need energy to support the growing needs of a developing economy. At JSW Energy, our objective is to play a pivotal role in building India's long-term energy potential.

Reviewing 2011-12

JSW Energy achieved aggregate 2,600 MW of energy generation capacities during 2011-12.

The key highlights of the year comprise:

- 870 MW of capacity addition (600 MW at Ratnagiri and 270 MW at Barmer)
- 51% enhanced net energy generation to 13,594 million units
- 42% turnover surge to ₹ 6,265 crore
- Sold 8,778 million units (short-term sales) and 4,906 million units (long-term PPAs)
- Received MOEF approval on the 1,320 MW Chhattisgarh power project and the 240 MW Kutehr Hydro Project
- Received an adhoc interim tariff order from Rajasthan Electricity Regulatory Commission (RERC) for Units 1 to 4 of the Barmer plant
- Lignite mines at Kapurdi in Barmer commenced operations
- Commissioned 400 kV Jaigad – Karad transmission line
- Increased shareholding in the South African Coal Mining Holding Limited (SACMH) to 93.27%

The Vijayanagar unit was acknowledged as the Best Operating Power Plant by the Ministry of



Power for the fifth year in a row, testifying our operational expertise.

Remarkably, these achievements came in the face of multiple challenges: two Barmer units remained non-operational for six months due to regulatory issue; the Ratnagiri plant experienced temporarily low PLF due to low power off-take; and the escalating input costs and exchange rate fluctuations further impacted realisations and overall profitability.

Expanding and consolidating

We are on the verge of completing the first phase of capacity expansion. Following the commencement of the balance 4X135 MW units at Barmer, our generation capacity will increase to 3,140 MW. Further, we are progressing well with the development of the power plants at Chhattisgarh, West Bengal and Himachal Pradesh. At Chhattisgarh, we are focussing on land acquisition and on obtaining various approvals and consents. We are awaiting second stage MOEF land clearance for Kutehr and environmental clearances for Ratnagiri projects.

As an integrated energy player, we are not limiting ourselves to generation space, but backward integrating into mining to secure fuel supplies. Our Kapurdi Lignite mines at Barmer, presently, is licensed to produce 3 million tonnes of lignite annually, and is meeting the entire fuel requirements for the first

The Vijayanagar unit was acknowledged as the Best Operating Power Plant by the Ministry of Power for the fifth year in a row, testifying our operational expertise.

four units. We are awaiting the relevant approvals to meet the requirement for the remaining four units. We shall continue to explore global mining opportunities to strengthen our fuel supplies.

Balancing merchant sale and long-term PPA

Although our merchant capacities provide us pricing freedom, we do not want to be a dedicated merchant player. Our objective is to explore the emerging PPA opportunities. We are awaiting Government's clarity on the new bidding norms, which would insulate us from the high cost of imported coal due to its pass-through clause. Besides, our low capacity investment cost per mega watt would enhance our bidding ability.

Strengthening cash flows

We have refinanced two of our projects to avail better terms and conditions and reduce the interest burden. Further, we also refinanced the entire debt for the transmission project. The refinancing practices enable us to generate surplus cash for funding future expansions.

Revisiting India's energy scenario

India's energy sector does not present an encouraging picture: around 11% peak power deficits; insufficient capacities; slow reforms. We are anticipating numerous policy reforms (bidding norms, fuel supply agreements and tariff determination) to strengthen the country's energy landscape. The government's

increasing focus on inclusive growth for India's billion-plus population inspires optimism.

Developing human capital

At JSW Energy, we continue to identify and create a strong pool of talented and skilled workforce to drive the organization's growth plans. Our specialised programme to upgrade people capabilities through our JSW Energy Centre of Excellence (JSWECE) is yielding positive results. Besides, leadership development programmes across managerial and operational levels represent a significant focus area.

Forging bonds with people and environment

At JSW Energy, we ensure a healthy and safe work environment, with an equal emphasis on green concerns. Our forthcoming thermal power projects will have cutting-edge eco-friendly technologies to reduce carbon footprint. The hydro-energy foray also reflects our eco-sensitivity.

The JSW Foundation is committed to help 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. These activities were conducted in the vicinity of plant locations.

Closing thoughts

The energy business will never lose its global relevance. I believe the wheels of future progression rest on energy. As India emerges as one of the potent drivers of global economic growth, energy security will remain a priority for the nation. JSW Energy is committed to play a key role in India's energy horizon, creating sustainable value for all those, who have a stake in our energized present and exciting future.

Best wishes,



Sajjan Jindal
Chairman & Managing Director

Vice Chairman's message



Dear Shareowners,

India's energy sector is still evolving and we intend to be a significant part of this energy evolution. This is not just a business imperative for us, it is a national commitment. A commitment to help elevate the quality of life of more than a billion people. There are ephemeral challenges, but the determination to make a difference in the 'energyscape' of the nation remains unwavering. This spirit has sustained JSW's onward progress since inception.

During the last 3 years, we have enhanced the power generation capacity ten fold from 260 MW to 2,600 MW besides making our presence felt in transmission and mining space. In this pursuit, we have become one of the largest imported coal based merchant power player in the country. As we plough our way for sustained growth, we intend to rationalise our merchant portfolio.

The power sector has confronted significant headwinds, especially on policy fronts, which we believe the government is inclined to resolve in right earnest. An early and focused initiative will pave the way of renewed investments in the sector leading to sufficient capacity creation and enabling reasonable tariff.

During the last 3 years, we have enhanced the power generation capacity ten fold from 260 MW to 2,600 MW besides making our presence felt in transmission and mining space.

Energy security will ultimately determine the pace of our country's socio-economic progress. JSW Energy is an enthusiastic participant in India's journey towards energy security.

We seek the support of all our stakeholders in this grand enterprise.

Best wishes,

A handwritten signature in black ink, appearing to read 'Nirmal', followed by a horizontal line.

Nirmal Kumar Jain
Vice-Chairman

Board of Directors



Sajjan Jindal
Chairman & Managing Director



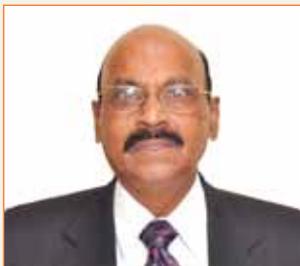
Nirmal Kumar Jain
Vice-Chairman



R. R. Pillai
Whole-time Director



T. R. Bajalia
Nominee Director of IDBI Bank Ltd.



P. Abraham, IAS (Retd.)
Director



D. J. Balaji Rao
Director



Chandan Bhattacharya
Director

Corporate Information

Senior Management Team

Sanjay Sagar
President

Satish Jindal
Chief Operating Officer (Power Trading)

Navraj Singh
Senior Vice President

Ajai Srivastava
Senior Vice President

Kamal Kant
Senior Vice President

Chhavi Nath Singh
Senior Vice President

Pramod Menon
Chief Financial Officer

Vinayak Bhat
Vice President

Vijay Sinha
Associate Vice President

Company Secretary

Sampath Madhavan
Company Secretary

Auditors:

M/s. LODHA & CO.
Chartered Accountants

Bankers:

IDBI Bank Limited
ICICI Bank Limited
Punjab National Bank
State Bank of India
Vijaya Bank
Canara Bank

Registered Office:

Jindal Mansion, 5-A, Dr. G.
Deshmukh Marg,
Mumbai – 400 026
Tel. No. 022 – 2351 3000
Fax No. 022 – 2352 6400
Website: www.jsw.in

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

Vijayanagar Plant:

Post Box No. 9, Toranagallu – 583 123
Bellary Dist, Karnataka
Tel. No. 08395 – 252 124
Fax No. 08395 – 250 757

Ratnagiri Plant:

Village Nandiwade, Post Jaigad,
Taluka and District Ratnagiri - 415 614,
Maharashtra
Tel. No. 02357 – 242 501
Fax No. 02357 – 242 508

Hydro Project:

Kutehr Hydroelectric Project
Village & PO Garola, Tehsil Bharmour
District Chamba -176 309, Himachal
Pradesh

Registrars & Share Transfer Agents:

Karvy Computershare Private Limited
Plot No. 17 to 24, Vittalrao Nagar
Madhapur, Hyderabad - 500 081
Ph Nos: 040 – 44655131 / 133 / 177
Fax No. 040 – 2342 0814
E-mail: einward.ris@karvy.com
Website: www.karvy.com

Notice

NOTICE is hereby given that the **EIGHTEENTH ANNUAL GENERAL MEETING** of the Shareholders of **JSW ENERGY LIMITED** will be held on **Friday, 20th July, 2012** at **3.00 p.m.** at Yashwantrao Chavan Pratishthan Mumbai, Y. B. Chavan Auditorium, General Jagannath Bhosale Marg, Mumbai - 400 021 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012, the Profit and Loss Statement for the year ended on that date together with the reports of the Board of Directors and the Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Mr. P. Abraham, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. D. J. Balaji Rao, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint M/s. LODHA & CO., Chartered Accountants, Firm Registration No.301051E, the retiring auditors, as Statutory Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT Mr. R. R. Pillai, who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956, and who holds office as such upto the date of this Annual General Meeting and in respect of whom notice in writing under Section 257 of the Companies Act, 1956 has been received from a Member signifying his intention proposing Mr. R. R. Pillai as a candidate for the office of Director, be and is hereby appointed as a Director of the Company and that his period of office shall be liable to determination by retirement of Directors by rotation.”

7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII

and other applicable provisions, if any, of the Companies Act, 1956 or any such statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the appointment of Mr. R. R. Pillai as Whole-time Director of the Company, designated as Director (Technical & Projects), for a period of five years with effect from 30th April, 2012, upon such terms and conditions as are set out in the draft agreement to be executed with Mr. R. R. Pillai (a copy of which placed before this meeting) with specific authority to the Board of Directors to alter or vary the terms and conditions of the said appointment and/or agreement including the remuneration as may be agreed to between the Board of Directors and Mr. R. R. Pillai which shall not exceed an overall ceiling of ₹ 35,00,000/- (Rupees Thirty Five Lakhs) per month.

RESOLVED FURTHER THAT the following perquisites shall not be included in the ceiling on remuneration as specified above:

- i. Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls);
 - ii. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
 - iii. Gratuity as per the rules of the Company (which shall not exceed one half month's salary for each completed year of service); and
 - iv. Earned leave with full pay or encashment as per rules of the Company.”
8. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT in accordance with the provisions of Sections 198, 309(4) and all other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the payment to Non-Executive Directors of the Company for a period of five years commencing from the financial year 1st April, 2012 in addition to the sitting fees and reimbursement of expenses for attending the meetings of the Board and / or Committees thereof, commission not exceeding one percent of the net profits of the Company as computed in the manner specified under Section 198(1) of the

Companies Act, 1956 and as may be decided by the Board of Directors for each financial year within the ceiling specified above.”

9. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments, modifications, variation or re-enactment thereof) (the “Companies Act”), the Foreign Exchange Management Act, 1999, as amended (“FEMA”), the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, as amended, rules, regulations, guidelines, notifications and circulars prescribed by the Securities and Exchange Board of India (“SEBI”) including the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the “ICDR Regulations”), the Reserve Bank of India (“RBI”) and Government of India (“GOI”) and/or any other competent authorities as may be required and clarifications, if any issued thereon from time to time, the equity listing agreements entered into by the Company with the stock exchanges where the Company’s equity shares of face value of ₹ 10 each (the “Equity Shares”) are listed (the “Listing Agreement”), and subject to any approval, consent, permission and/or sanction of GOI, SEBI, RBI and the stock exchanges, as may be required, and the enabling provisions of the Memorandum and Articles of Association of the Company, and subject to all other necessary approvals, permissions, consents and/or sanctions of concerned statutory and other relevant authorities and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions and which may be agreed to by the Board of Directors of the Company (herein referred to as the “Board”, which term shall include any Committee thereof constituted/to be constituted by the Board to exercise its powers including powers conferred by this resolution to the extent permitted by law), consent, authority and approval is hereby accorded to create, offer, issue and allot in one or more tranches, in the course of domestic and/or international offering(s) in one or more foreign markets, by way of a public issue or otherwise, including issuance of Equity Shares or offer for sale of Equity Shares through an Institutional Placement Programme under Chapter VIIIA of the ICDR Regulations, rights issue or a combination thereof,

of Equity Shares or through an issuance of fully convertible debentures/partly convertible debentures, preference shares convertible into Equity Shares, and/or any other financial instruments or securities convertible into Equity Shares or with or without detachable warrants with a right exercisable by the warrant holders to convert or subscribe to the Equity Shares or otherwise, in registered or bearer form, whether rupee denominated or denominated in foreign currency (hereinafter collectively referred to as the “Securities”) or any combination of Securities to any person including but not limited to foreign/resident investors (whether institutions, incorporated bodies, mutual funds and/or individuals or otherwise), foreign institutional investors, Indian and/or multilateral financial institutions, mutual funds, non-resident Indians, employees of the Company, existing shareholders as on a record date on rights basis and/or any other categories of investors, whether they be holders of shares of the Company or not (including with provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons including employees of the Company as may be permitted), (collectively called the “Investors”) at such time or times, at such price or prices, at a discount or premium to the market price or prices in such manner and on such terms and conditions including security, rate of interest, etc., including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made to the exclusion of all other categories of Investors at the time of such issue and allotment considering the prevailing market conditions and other relevant factors wherever necessary as may be decided by the Board in its absolute discretion at the time of issue of Securities in one or more offerings/tranches, such that the total number of Equity Shares issued / offered pursuant to such offerings (including upon conversion of the convertible Securities) does not result in an increase in public shareholding by more than 10 per cent (on the date of issuance of such Securities).

RESOLVED FURTHER THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, Chapter VIIIA of the ICDR Regulations, FEMA and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, consent, authority and approval of the Members is hereby accorded to create, offer, issue and allot Equity Shares, such that the total number of Equity Shares shall not result in increase in public shareholding of the issuer Company by more than 10 per cent (on the date of issuance of such Equity Shares), to qualified Institutional buyers (as defined in the ICDR Regulations) pursuant to

an Institutional Placement Programme in accordance with Chapter VIIIA of the ICDR Regulations.

RESOLVED FURTHER THAT:

- (a) the Equity Shares to be so created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company;
- (b) the relevant date for the purposes of determining the floor price of the Securities would be in accordance with the guideline prescribed by SEBI, RBI, GOI through its various departments or any other regulator, as applicable, and the pricing of any Equity Shares issued upon the conversion of the Securities shall be made subject to and in compliance with the applicable adjustments in the applicable rules / guidelines / statutory provisions; and
- (c) the Equity Shares that may be issued by the Company shall rank pari passu with the existing Equity Shares of the Company in all respects.

RESOLVED FURTHER THAT the issue of Equity Shares underlying the Securities, which are convertible into or exchangeable with Equity Shares at a later date shall be, inter alia, subject to the following terms and conditions:

- (a) in the event of the Company making a bonus issue by way of capitalization of its profits or reserves prior to the allotment of the Securities, the number of Equity Shares to be allotted shall stand augmented in the same proportion in which the Equity Share capital increases as a consequence of such bonus issue and the premium, if any, shall stand reduced pro rata;
- (b) in the event of the Company making a rights offer by issue of Equity Shares prior to the allotment of the Securities, the entitlement to the Equity Shares will stand increased in the same proportion as that of the rights offer and such additional Equity Shares shall be offered to the holders of the Securities at the same price at which the same are offered to the existing Shareholders;
- (c) in the event of merger, amalgamation, takeover or any other re-organization or re-structuring or any such corporate action, the number of Equity Shares, the price and the time period as aforesaid shall be suitably adjusted; and
- (d) in the event of consolidation and/or division of outstanding shares into smaller number of shares (including by way of stock split) or re-classification

of the Securities into other Securities and/or involvement in such other event or circumstances which in the opinion of concerned stock exchange requires such adjustments, necessary adjustments will be made.

RESOLVED FURTHER THAT the Board be and is hereby authorised to appoint lead managers, consultants, underwriters, guarantors, depositories, custodians, registrars, escrow banks, trustees, bankers, lawyers, advisors, professionals, intermediaries and all such agencies as may be involved or concerned in such offerings of Securities and to remunerate them by way of commission, brokerage, fees or the like (including reimbursement of their actual expenses) and also to enter into and execute all such arrangements, contracts, agreements, memorandum, documents, etc., with such agencies, as may be required or desirable and to seek the listing of such Securities on one or more recognised (national and international) stock exchange(s).

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion, redemption or cancellation of the Securities or as may be necessary in accordance with the terms of the issue/offering and all such Equity Shares shall rank pari passu with the existing Equity Shares of the Company in all respects and/or as provided under the terms of the issue or as contained in the relevant offering documents.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorised for finalisation and approval of the preliminary and the final offer document, determine the form, terms and timing of the issue(s)/offering(s), including the type of Security(ies) to be issued and allotted, the class of Investors to whom the Securities are to be offered/issued and allotted, number of Securities to be issued and allotted in each tranche, issue price, face value, number of Equity Shares or other Securities upon conversion or redemption or cancellation of Securities, premium or discount amount on issue/conversion of Securities/exercise of warrants/redemption of Securities/rate of interest/period of conversion or redemption, listings on one or more stock exchanges in India and/or abroad and fixing of record date or book closure and related or incidental matters as the Board in its absolute discretion deems fit and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues in India and/or abroad, and to do all acts, deeds, matters and things including creation of mortgage or charge in accordance with Section 293(1)(a) of the

Companies Act, in respect of any security as may be required either on pari passu basis or otherwise as it may in its absolute discretion deem fit and to settle any questions or difficulties that may arise in regard to the issue(s)/offering(s), allotment and conversion of any of the aforesaid Securities, utilisation of issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board may in its absolute discretion deem fit, without being required to seek any further consent or approval of the Shareholders or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate (to the extent permitted by law) all or any of the powers herein conferred to any Committee of Directors or any Executive Director or Directors or any other Officer or Officers of the Company to give effect to the aforesaid resolutions."

By order of the Board
for **JSW Energy Limited**

Mumbai
30th April, 2012

Sampath Madhavan
Company Secretary

NOTES:

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the businesses under Item 6 to 9 set out above and the details under Clause 49 of the Listing Agreement with Stock Exchanges in respect of Directors proposed to be appointed/reappointed at the Annual General Meeting, is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. The proxies to be effective should be deposited at the Registered Office of the Company not less than Forty Eight (48) hours before the commencement of the meeting and in default, the instrument of proxy shall be treated as invalid. Proxies shall not have any right to speak at the meeting.
4. Corporate members are requested to send a duly certified copy of the resolution authorizing their representatives to attend and vote at the meeting.
5. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Members who hold shares in electronic form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio number in the attendance slip for attending the meeting to facilitate identification of membership at the meeting.
7. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 16th June, 2012 to Friday, 29th June, 2012 (both days inclusive).
8. Members holding shares in electronic form may note that the Bank particulars registered against their respective Depository Accounts will be used by the Company for payment of Dividend and they are requested to send their NECS mandate Form in the format available for download on the Company's website (www.jsw.in) duly filled in to their Depository Participants (DPs). Members who wish to change their bank accounts may advise their DPs about such change with complete details of Bank account including MICR Code. The Company or its Registrar and Share Transfer Agent cannot act on any direct request from such Members for change / deletion of such bank details.

Members holding shares in physical form are requested to send their NECS mandate Form in the format available for download on the Company's website (www.jsw.in) duly filled in, to the Registrar and Share Transfer Agents of the Company-Karvy Computershare Private Limited.

In order to provide protection against fraudulent encashment of Dividend Warrants, Shareholders holding shares in physical form are requested to intimate the Company under the signature of the Sole / First joint holder, the following information which will be used by the Company for Dividend payments:
 - i) Name of Sole/First joint holder and Folio No.
 - ii) Particulars of Bank account viz:
 - a) Name of the Bank.
 - b) Name of Branch.
 - c) Complete address of the bank with Pin Code Number.
 - d) Account Type, whether Savings bank (SB) or Current Account (CA).
 - e) Bank Account number allotted by the Bank.
 - f) Nine Digits MICR code of Bank.
9. Members are requested to intimate the Registrar and Share Transfer Agents of the Company-Karvy Computershare Private Limited, Plot.

- No.17 to 24, Vittalrao Nagar, Madhapur, Hyderabad- 500 081, immediately of any change in their address in respect of equity shares held in physical mode and to their DPs in respect of equity shares held in dematerialized form.
10. Members desirous of having any information regarding Accounts are requested to address their queries to the Associate Vice President – Accounts at the Company's Corporate Office at The Enclave, New Prabhadevi Road, Prabhadevi, Mumbai - 400 025 atleast seven days before the date of the meeting, so that requisite information is made available at the meeting.
 11. All the documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Company's Registered Office as also at the Corporate Office at The Enclave, New Prabhadevi Road, Prabhadevi, Mumbai - 400 025 on all working days of the Company between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
 12. Members/Proxies are requested to bring the attendance slip duly filled in for attending the meeting.
 13. As an austerity measure, copies of Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.
 14. The Annual Report for FY 2011-2012 of the Company circulated to the Members of the Company, will be made available on the Company's website at www.jsw.in.
 15. Pursuant to the Initial Public Offering of Equity Shares, the Company had, in respect of certain shares allotted therein, in view of mismatch in particulars of those allottees, parked the same in a demat suspense account. The aggregate number of Shares so lying at the beginning of the financial year were 780 of 7 Investors. Since then, 4 investors for 420 Shares have already approached for transfer during the year which has been done. The aggregate number of the Shareholders as at the year end and as on date whose shares were lying in demat suspense account was 3 for 360 Equity Shares.

Important Communication to Shareholders

Across the world, there is an increasing focus on doing our share to help save our environment from further degradation. Recognizing this trend, the Ministry of Corporate Affairs (vide circular nos.17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed Companies to share documents / notices (including notice calling Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report, etc) with its Shareholders through an electronic mode. The move of the Ministry allows public at large to contribute to the green movement.

To support this Green initiative of the Government in full measure, Shareholders who have not registered their e-mail addresses so far are requested to register their e-mail addresses. Shareholders holding Shares in physical form can avail the said facility by filling in the E-Communication Registration Form available on Company's website (www.jsw.in) or as attached to this Annual Report and forward the same to Company's Registrar i.e Karvy Computershare Private Limited. Shareholders holding Shares in electronic form can also avail the said facility by registering/ changing the E-mail address with the Depository through their concerned Depository Participants (DP) or by filling in the E-Communication Registration Form as attached to this Annual Report and forward the same to Company's Registrar i.e Karvy Computershare Private Limited.

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956

ITEM Nos. 6 & 7

Mr. R. R. Pillai was appointed with effect from 30th April, 2012 by the Board of Directors as an Additional Director pursuant to Section 260 of the Companies Act, 1956 and Article 116 of the Articles of Association of the Company at the Board Meeting held on 30th April, 2012. He holds office as such till this Annual General Meeting. In the same Board Meeting, he was also appointed as a Whole-time Director of the Company, designated as 'Director (Technical & Projects)' for a period of five years, with effect from 30th April, 2012, subject to the approval of the Members.

A notice under Section 257 of the Companies Act, 1956 has been received from a Member signifying his intention to propose the name of Mr. R. R. Pillai for appointment as a Director of the Company.

Members approval is also sought for the appointment of Mr. R. R. Pillai as a Whole-time Director of the Company designated as 'Director (Technical & Projects)' for a period of five years, with effect from 30th April, 2012 and for the payment of salary and other perquisites to be fixed from time to time by the Board of Directors of your Company based on the recommendations of the Remuneration Committee within an overall ceiling approved by the Members.

Mr. Pillai, aged 61 years, holds a Master's Degree in Mechanical Engineering. Mr. Pillai has 41 years of experience in testing, commissioning, installation, operation and maintenance of Power Plants. Mr. Pillai who joined the Company on 24th February, 2000 as GM – Technical Services held positions of increasing responsibility and is presently employed as Director (Technical & Projects) and looking after the Corporate Engineering function, Corporate Operation Services, responsible for execution for upcoming projects of the Company at Raigarh, Salboni, Kutehr and other new projects and overall in-charge for Vijayanagar and Ratnagiri Plants of the Company. The Vijayanagar Plant of the Company, over the years, has won various awards and recognitions under the able leadership of Mr. Pillai. Prior to joining the Company, Mr. Pillai was with Bharat Heavy Electricals Limited for 23 years.

The remuneration of Mr. Pillai will be so fixed by the Board of Directors from time to time, such that the salary and the aggregate value of all perquisites and allowances like furnished accommodation or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs; Bonus; Performance incentive; ESOPs; medical reimbursement; club fees and leave travel concession for himself and his

family; medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Mr. Pillai shall not exceed the overall ceiling on remuneration approved by the Members in General Meeting. Your Directors have recommended a ceiling on remuneration of ₹ 35,00,000/- (Rupees Thirty Five Lakhs) per month.

The following perquisites shall not be included in the computation of the ceiling on remuneration specified above:

- i. Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls);
- ii. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
- iii. Gratuity as per the rules of the Company (which shall not exceed one half month's salary for each completed year of service); and
- iv. Earned leave with full pay or encashment as per rules of the Company.

For the purposes of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost.

In the event of loss or inadequacy of profits in any financial year, Mr. Pillai shall be paid remuneration by way of salary, allowances and perquisites as specified above, subject to the approval of the Central Government, if required.

Mr. Pillai shall be governed by such of the existing service rules of the Company as may be in force from time to time. Mr. Pillai shall not be eligible for any sitting fees for attending the Company's Board or Committee Meetings. The Board of Directors may, in its discretion pay to Mr. Pillai lower remuneration than the maximum remuneration herein above stipulated and revise the same from time to time within the maximum limit stipulated by this resolution.

The proposed remuneration is within the limits prescribed under Part II Section I of Schedule XIII of the Companies Act, 1956.

Copy of the resolutions passed by the Board of Directors on 30th April, 2012 with regard to Mr. Pillai's appointment and copy of the draft agreement to be executed with Mr. Pillai is available for inspection at the Company's Registered Office as also at the Corporate Office at

The Enclave, New Prabhadevi Road, Prabhadevi, Mumbai - 400 025 on all working days of the Company between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.

In view of his rich and vast experience and distinguished career, the appointment of Mr. Pillai as a Director and as a Whole-time Director of the Company designated as Director (Technical & Projects), would be in the best interest of the Company.

None of the Directors of your Company except Mr. Pillai are interested either directly or indirectly in the resolution.

Your Directors recommend the resolution as set out at Item Nos. 6 & 7 of the Notice for your approval.

ITEM No. 8

At the 14th Annual General Meeting of the Company held on 22nd September, 2008, the Members had authorised the Board of Directors to pay the Non-Executive Directors of the Company commission not exceeding one percent of the net profits of the Company as computed in the manner specified under Section 198(1) of the Companies Act, 1956, in addition to the sitting fees and reimbursement of expenses for attending the meetings of the Board and/or Committees thereof for a period of five years retrospectively from the financial year commencing from 1st April, 2007.

In view of the increasing role and responsibilities of the Directors in the current competitive environment and also considering the amount of time devoted and the contribution made by them, it is desirable that the payment of commission to the Non-Executive Directors be continued.

It is therefore proposed that the present practice of payment of commission, not exceeding one percent of the net profits of the Company as computed in the manner specified under Section 198(1) of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, to the Non-Executive Directors of the Company be continued for a period of another five years commencing from the financial year beginning 1st April, 2012, in addition to the sitting fees and reimbursement of expenses for attending the meetings of the Board and/or Committees thereof.

The amount of commission payable to each of the Non-Executive Directors shall be decided by the Board of Directors (or any duly authorised committee thereof) for each financial year within the ceiling specified above.

Since the Company has a Managing Director, under Section 309(4) of the Companies Act, 1956, the Company can make the aforesaid payment to the Non-Executive Directors to an extent not exceeding 1% of the net profits of the Company, if so authorized by a Special Resolution of the Shareholders.

All Directors other than the Chairman and Managing Director and Whole-time Directors may be deemed to be concerned or interested in this Resolution.

Your Directors recommend the resolution as set out at Item No. 8 of the Notice for your approval.

ITEM No. 9

The Securities Contract (Regulation) Rules, 1957 (the "SCRR") and Clause 40A of the Equity Listing Agreement provide for a mandatory public shareholding of at least 25 percent for all listed Companies. Listed Companies that have public shareholding of less than 25 percent are required to increase their public shareholding to 25 percent in the manner prescribed by the Securities and Exchange Board of India ("SEBI").

SEBI has, pursuant to an amendment to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("the ICDR Regulations") on 30th January, 2012, introduced an additional mode through which Companies which are currently not in compliance with the minimum public shareholding requirements may do so by issue of fresh Equity Shares or offer for sale of Equity Shares to Qualified Institutional Buyers ("QIBs") through a public issue which shall not result in increase in public shareholding by more than 10 percent or such lesser percent as is required to achieve the prescribed minimum public shareholding. Such an issue, known as an Institutional Placement Programme ("IPP"), may be undertaken in one or more tranches.

The Company proposes to undertake an IPP, subject to receipt of requisite approvals and market conditions, in order to increase its public shareholding. The funds raised through the IPP if done through fresh equity shares issue will be utilised, inter alia, to meet the financing and expansion objectives of the Company as well as to pursue new opportunities, repayment of borrowings, general corporate purposes, organic and inorganic growth, working capital requirement, capital expenditure and also promotional as well as brand building exercise.

One of the conditions to make an IPP is that the Shareholders of the Company should have specifically approved an IPP by way of Special Resolution. Accordingly, the resolution at Item No. 9 seeks to empower the Board to issue Securities by way of various means such as a public issue, rights issue or a combination thereof, including an IPP in terms of Chapter VIIIA of the ICDR Regulations, in one or more offerings/tranches, such that the total number of Equity Shares issued pursuant to such offerings (including upon conversion of the convertible Securities) does not result in an increase in public shareholding by more than 10 percent (on the date of issuance of such Securities).

The Board may in its discretion adopt any mechanism in order to facilitate and meet its objectives as stated in aforesaid paragraphs.

The resolution at Item no. 9 seeks to give the Board powers to issue Securities in one or more tranche or tranches, at such time or times, at such price or prices and to such person(s) including institutions, incorporated bodies and/or individuals or otherwise as the Board in its absolute discretion deem fit. The detailed terms and conditions for the issue(s)/offering(s) will be determined by the Board in its sole discretion and/or in consultation with the advisors, lead managers, underwriters and such other authority or authorities as may be necessary considering the prevailing market conditions and in accordance with the applicable provisions of law and other relevant factors.

The Equity Shares allotted or arising out of conversion of any Securities would be listed. The offer / issue / allotment / conversion / redemption would be subject to the availability of regulatory approvals, if any. The conversion of Securities held by foreign investors into Equity Shares would be subject to the applicable foreign investment cap. As and when the Board does take a decision on matters on which it has the discretion, necessary disclosures will be made to the stock exchanges as may be required under the provisions of the Listing Agreement.

Section 81(1A) of the Companies Act, 1956 and the relevant clauses of the Listing Agreement entered with the stock exchanges where the Equity Shares of the Company are listed provide, inter alia, that when it is proposed to increase the issued capital of a Company by allotment of further shares, such further shares shall be offered to the existing

Shareholders of such Company in the manner laid down in Section 81(1A) of the Companies Act, 1956 unless the Shareholders in a General Meeting decide otherwise. Since, the resolution at Item No. 9 proposed in the Notice may result in the issue of shares of the Company to persons other than Shareholders of the Company, consent of the Shareholders is being sought pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the Listing Agreement executed by the Company with the stock exchanges where the Equity Shares of the Company are listed.

The resolution at Item No. 9, if passed, will have the effect of allowing the Board to offer, issue and allot Securities to the Investors, who may or may not be the existing Shareholders of the Company.

The Directors of the Company may be deemed to be concerned or interested in the passing of resolution to the extent of Securities being offered for sale by themselves and/or by the Companies in which they are Director or Members. Save as aforesaid, none of the Directors of the Company may be deemed to be concerned or interested in the resolution, except to the extent of their respective shareholdings in the Company, if any.

Your Directors recommend the resolution as set out at Item No. 9 of the Notice for your approval.

By order of the Board
for **JSW Energy Limited**

Mumbai
30th April, 2012

Sampath Madhavan
Company Secretary

Details of Directors seeking appointment/reappointment at the forthcoming Annual General Meeting (Pursuant to Clause 49 of the Listing Agreements entered into with the Stock Exchanges)

Name of the Director	Mr. P. Abraham	Mr. D. J. Balaji Rao	Mr. R. R. Pillai
Date of Birth	1 st July, 1939	15 th December, 1939	21 st January, 1951
Relationship with other Directors Inter-se	None	None	None
Date of Appointment	20 th October, 2003	9 th September, 2005	30 th April, 2012
Expertise in specific functional area	<p>Mr. P. Abraham has worked in various capacities such as the</p> <ol style="list-style-type: none"> Secretary to Municipal Administration, Housing and Urban Development, Government of Andhra Pradesh Chairman of the Maharashtra State Electricity Board Secretary to the Energy Department, Government of Maharashtra Chairman and Managing Director, Maharashtra State Textile Corporation Joint Secretary, Industries Department, Government of Maharashtra Iron & Steel Controller, Government of India Managing Director, Investment Corporation of Andhra Pradesh Commissioner of Industries, Government of Andhra Pradesh Secretary to the Environmental & Energy Department Additional Secretary and Special Secretary to the Ministry of Defence, Government of India and Secretary to the Ministry of Power, Government of India. 	<p>Mr. D. J. Balaji Rao has attended the Advanced Management Program at European Institute of Business Administration at Fontainebleu, France. He has worked with ICICI for 25 years in the field of project evaluations and operations and has served as an Executive Director of ICICI and as the Vice-Chairman and Managing Director of SCICI Limited. He was the first Managing Director of Infrastructure Development Finance Company Limited.</p>	<p>Mr. R. R. Pillai has 41 years of experience in testing, commissioning, installation, operation and maintenance of Power Plants. Mr. Pillai joined the Company on 24th February, 2000 as GM – Technical Services and held positions of increasing responsibility at Vijayanagar, Toranagallu such as Senior Vice President, Chief Operating Officer, Executive Director and is presently employed as Director (Technical & Projects). Mr. Pillai has been responsible for commissioning interalia 7 (seven) 300MW Power Plants for JSW including units at Toranagallu and Ratnagiri, right from conceptualisation stage.</p>
Qualification	M.A., Diploma in System Management, IAS	B.E., Post Graduate Diploma in Industrial Engineering	Master's Degree in Mechanical Engineering
No. of Equity Shares held in the Company	3,000	900	5,000

Details of Directors seeking appointment/reappointment at the forthcoming Annual General Meeting (Pursuant to Clause 49 of the Listing Agreements entered into with the Stock Exchanges) (Contd.)

Name of the Director	Mr. P. Abraham	Mr. D. J. Balaji Rao	Mr. R. R. Pillai
Directorship in other Indian Public Limited Companies as on 31st March 2012	<ul style="list-style-type: none"> • Vijai Electricals Limited • GVK Power & Infrastructure Limited • NCC Limited • Lanco Infratech Limited • Visaka Industries Limited • NCC Infrastructure Holdings Limited • TajGVK Hotels and Resorts Limited • Raj WestPower Limited • Lanco Amarkantak Power Limited • Orient Green Power Company Limited • GVK Energy Limited 	<ul style="list-style-type: none"> • Ashok Leyland Limited • Bajaj Auto Limited • Bajaj FinServ Limited • Bajaj Finance Limited • Bajaj Holdings and Investment Limited • 3M India Limited • Graphite India Limited • Hinduja Foundries Limited • CMI FPE Limited 	<p>None</p>
Chairmanship / Membership of Committees in other Indian Public Limited Companies as on 31st March 2012* (C=Chairman) (M=Member)	Audit Committee <ul style="list-style-type: none"> • GVK Power & Infrastructure Limited (M) • Vijai Electricals Limited (M) • NCC Limited (M) • Raj WestPower Limited (C) 	Audit Committee <ul style="list-style-type: none"> • Ashok Leyland Limited (M) • Bajaj Auto Limited (M) • Bajaj FinServ Limited (M) • 3M India Limited (M) • Hinduja Foundries Limited (C) • CMI FPE Limited (C) Shareholders / Investors Grievance Committee <ul style="list-style-type: none"> • Bajaj Auto Limited (C) • 3M India Limited (C) • Ashok Leyland Limited (M) 	<p>None</p>

*only two committees namely Audit Committee and Shareholders/Investors Grievance Committee have been considered.

Directors' Report

To the Shareholders,

Your Directors are pleased to present the Eighteenth Annual Report and the Audited accounts of the Company for the year ended 31st March, 2012.

1. FINANCIAL RESULTS

The financial performance of the Company for the year ended 31st March, 2012 is summarized below:

(₹ Crore)

Particulars	Standalone		Consolidated	
	2011-12	2010-11	2011-12	2010-11
Sales and Other Income	5,130.44	3,981.15	6,265.44	4,427.54
Profit before Interest, Depreciation, Tax and Exceptional items	1,328.24	1,641.98	1,594.39	1,697.23
Interest and Finance Charges	508.16	341.00	717.24	432.53
Depreciation	377.22	211.61	503.34	266.80
Exceptional items	151.61	-	161.27	-
Profit before Tax	291.25	1,089.37	212.54	997.90
Provision for Tax	56.61	203.76	41.91	156.15
Profit after Tax before Minority interest	234.64	885.61	170.63	841.75
Share of Profit / (Loss) of Minority	-	-	0.58	(0.07)
Profit after Tax	234.64	885.61	170.05	841.82
Add: Profit brought forward from previous year	1,717.85	1,204.43	1,338.12	869.39
Profit available for appropriation	1,952.49	2,090.04	1,508.17	1,711.21
Debenture Redemption Reserve	139.48	181.57	139.48	181.57
Contingency Reserve	-	-	0.96	0.90
Dividend	82.00	164.01	82.00	164.01
Dividend Distribution Tax	13.30	26.61	13.30	26.61
Balance Carried to Balance Sheet	1,717.71	1,717.85	1,272.43	1,338.12

2. FINANCIAL PERFORMANCE

Standalone

- The total revenue of the Company for fiscal 2012 stood at ₹ 5,130.44 Crore as against ₹ 3,981.15 Crore for fiscal 2011 showing an increase of 29%.
- The EBIDTA (before exceptional items) decreased by 19% from ₹ 1,641.98 Crore in fiscal 2011 to ₹ 1,328.24 Crore in fiscal 2012.
- Profit after Tax declined by 74% from ₹ 885.61 Crore in fiscal 2011 to ₹ 234.64 Crore in fiscal 2012.
- The net worth of the Company increased to ₹ 6,158.72 Crore at the end of fiscal 2012 from ₹ 6,025.39 Crore at the end of fiscal 2011.
- The debt gearing of the Company was at 0.87 times as at the end of fiscal 2012 compared to 0.91 times at the end of fiscal 2011.

Consolidated

- The consolidated total revenue of the Company for the fiscal 2012 stood at ₹ 6,265.44 Crore as against ₹ 4,427.54 Crore for fiscal 2011 showing an increase of 42%.
- The consolidated EBIDTA (before exceptional items) declined from ₹ 1,697.23 Crore in fiscal 2011 to ₹ 1,594.39 Crore in fiscal 2012 showing a decrease of 6%.
- The consolidated Profit after tax has also declined from ₹ 841.82 Crore in fiscal 2011 to ₹ 170.05 Crore in fiscal 2012 showing a decrease of 80%.
- The consolidated Net Worth of the Company has increased from ₹ 5,676.48 Crore at the end of fiscal 2011 to ₹ 5,700.07 Crore in fiscal 2012.
- The consolidated debt gearing of the Company is at 1.75 times as at end of fiscal 2012 compared to 1.70 times in fiscal 2011.

3. CONSOLIDATED FINANCIAL STATEMENTS

The audited Standalone and Consolidated Financial Statements of the Company, which form part of the Annual Report, have been prepared pursuant to Clause 41 of the Listing Agreement entered into with the Stock Exchanges, 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 Accounting Standard (AS-27) on Financial Reporting of Interests in Joint Ventures, prescribed by the Companies (Accounting Standards) Rules, 2006.

4. DIVIDEND

Your Directors have recommended Dividend of ₹ 0.50/- per share (5%) on 164,00,54,795 Equity Shares of Face Value of ₹ 10 each for FY 2011-2012 [₹ 1/- per share (10%) in previous year], subject to the approval of the Members at the ensuing Annual General Meeting. Together with the Dividend Distribution Tax, the total outflow on account of Equity dividend will be ₹ 95.30 Crore [₹ 190.62 Crore in previous year].

5. UTILISATION OF IPO PROCEEDS

The Company had come out with an Initial Public Offering (IPO) of Equity Shares aggregating to ₹ 2,700 Crore and the same were listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. On 28th December, 2010, the Shareholders of the Company had inter alia approved by way of Postal Ballot the utilization of IPO proceeds for the purposes other than that stated in the Prospectus dated 17th December, 2009. The IPO proceeds have been fully utilised as on 31st March, 2012 as under:

Sl.	Particulars	Amount ₹ Crore
A	Gross Proceeds Received from IPO	2,700.00
B	Utilisation upto 31st March, 2012	Actual amount spent
i	To part finance the construction, development and commissioning of identified projects aggregating to 2790 MW in capacity, 400 kV Transmission project, Mining Venture, share issue expenses and general corporate purpose and for various purposes including for new projects identified in the States of Karnataka, West Bengal & Chattisgarh, enhanced cost of the identified projects, for exploring & pursuing the opportunities to acquire coal assets, initial development cost for other strategic projects, strategic initiatives, partnerships, joint ventures and acquisitions, equity in foreign company, capital expenditure of existing plant, repayment of existing loans, etc.	2,230.00
ii	Repayment of Corporate Debt	470.00
	Total Utilisation	2,700.00

6. DIVESTMENT

JSW Energy (Bengal) Limited (JSWEBL)

During the year, your Company divested its entire holding of 74% held in JSW Energy (Bengal) Limited (JSWEBL) (which was incorporated on 8th February, 2010 as a SPV between JSW Bengal Steel Limited (JSWBSL) and your Company with 26% of shareholding held by JSWBSL and 74% by your Company) to JSWBSL. Thus, JSWEBL ceased to be the subsidiary of the Company.

7. SUBSIDIARIES

The details of the Subsidiary Companies are as follows:

a) Raj WestPower Limited (RWPL)

RWPL, a wholly owned subsidiary of the Company, is implementing the 8X135 MW Lignite based Thermal Power Plant in Village Bhadresh, Barmer District, Rajasthan at a total estimated cost of ₹ 6,865 Crore.

During the year, RWPL commenced commercial operation of its 3rd Unit of 135 MW on 7th November, 2011 and 4th Unit of 135 MW on 4th December, 2011, thereby increasing its installed capacity to 540 MW. Further, Unit 5 also achieved Synchronization on oil on 30th March, 2012. The project is now expected to be fully commissioned in fiscal 2013 in phases.

RWPL had executed Implementation Agreement (IA) with the Government of Rajasthan on 29th May, 2006 for the implementation, operation and maintenance of Lignite Mining cum Thermal Power Plant, with associated facilities, of 8X135 MW Power Plant based on Lignite mined from the Jalipa and Kapurdi Mines in the Barmer District of Rajasthan.

In accordance with the IA, Barmer Lignite Mining Company Limited (BLMCL) was incorporated on 19th January, 2007 as a Joint Venture Company between Rajasthan State Mines & Minerals Limited (RSMML), a Government of Rajasthan enterprise & RWPL, with equity participation of 51% and 49% respectively to develop lignite mines in two contiguous blocks viz. Kapurdi and Jalipa in the district of Barmer for supplying lignite to the mine-head located 1080 MW (8x135 MW) capacity Thermal Power Plant of RWPL. BLMCL will meet the entire fuel requirement of the Power Plant. Mining lease of Kapurdi mining block was transferred in favor of BLMCL in October 2011, subsequent to which BLMCL commenced supply of lignite to RWPL. BLMCL is in the process of taking possession of the land for the Jalipa Lignite block. BLMCL has also initiated steps for enhancing the capacity of the Kapurdi Mine to enable it to supply the lignite required for operating all eight units of the Power Plant. BLMCL has incurred ₹ 1,223.46 Crore till 31st March, 2012. RWPL has invested equity of ₹ 9.80 Crore in BLMCL besides providing it unsecured subordinate debt of ₹ 361.63 Crore as at 31st March, 2012.

During the year, pending fixation of the power tariff & transfer price of Lignite and due to non availability of tariff based on imported coal, the Units 1 and 2, which had commenced Commercial operation in November 2009 and October 2010 respectively on imported coal, temporarily suspended production w.e.f. 23rd April, 2011 and 21st April, 2011 respectively. Subsequently, after RERC declared the adhoc interim tariff, Units 1 and 2 re-started operations w.e.f 11th October, 2011 using Lignite as fuel.

RWPL achieved Plant Load Factor (PLF) of 77.72% based on operational period of the plant and has generated 1,641 million units (gross) during the year. Out of the gross generation, RWPL has sold 1,430 million units to Rajasthan Distribution Companies (Discoms) and generated revenues of ₹ 534.59 Crore and loss after tax of ₹ 26.78 Crore on standalone basis and revenues of ₹ 487.36 Crore and loss after tax of ₹ 70.38 Crore on consolidated basis during the FY 2011-2012.

RWPL has incurred ₹ 6,394.38 Crore for the project (excluding investment in BLMCL & towards expansion project) as on 31st March, 2012. Your Company has invested ₹ 1,726.05 Crore in RWPL (including equity for BLMCL) till 31st March, 2012. Your Company has advanced ₹ 1,139.28 Crore as loan as at 31st March, 2012.

RWPL has received the in-principle consent for the proposed expansion for setting up another 2X135 MW Power Plant at the same location. The cost of this Project was estimated at ₹ 1,350 Crore and was proposed to be financed with a Debt to Equity ratio of 75:25. RWPL has incurred a cost of ₹ 61.25 Crore towards the expansion project and the entire amount has been funded by your Company.

RWPL and BLMCL had filed a tariff petition with RERC and RERC has issued the order interalia determining the adhoc interim tariff for all the four units and lignite transfer price on ad-hoc basis for FY 2012-13.

b) JSW Power Trading Company Limited (JSWPTC)

JSWPTC, a wholly owned subsidiary of the Company, is engaged in power trading activities with a category "1" license, which is the highest Power Trading license issued by Central Electricity Regulatory Commission (CERC) to trade in power in whole of India.

During FY 2011-2012, JSWPTC has procured power from the Company and its associates as well as other suppliers. The Company has achieved total trading volume of 8,247.30 MUs as against 6,227.10 MUs during the previous financial year thereby generated total sales turnover of ₹ 3,706.41 Crore with Profit after Tax of ₹ 11.60 Crore. JSWPTC is a member in both the Power Exchanges namely, India Energy Exchange (IEX) and Power Exchange of India Limited (PXIL).

JSWPTC has, through its efforts over a period of time, emerged as one of the leading Power Trading Companies in India. It has been one of the active members in various Power Committees for discussing and resolving issues with key regulatory authorities, both at the Central and State level (such as CEA, CERC, Ministry of Power, RLDC's, etc.) on behalf of the industry players. Also JSWPTC represents in the Central Advisory Committee of Honorable CERC.

c) Jaigad PowerTranSCO Limited (JPTL)

Your Company had entered into a Joint Venture Agreement with Maharashtra State Electricity Transmission Company Limited (MSETCL), where your company has shareholding of 74% and MSETCL has balance 26% equity for development of Transmission System as an integral part of Intra-state Transmission System aimed at evacuation of power generated from 1200 MW Ratnagiri Power Plant and also from other proposed projects in the region.

JPTL was granted Transmission License to establish, maintain and operate the Transmission System for 25 years by Maharashtra Electricity Regulatory Commission (MERC).

JPTL is one of the few private players to have entered into development of Transmission System in the State of Maharashtra under the Public Private Partnership (PPP) model and has demonstrated exceptional capabilities in terms of successfully executing and commissioning the Transmission Project passing through difficult terrain.

The 400kV Double Circuit Quad Jaigad - New Koyna Transmission Line of about 55 route km was commissioned on 7th July, 2010 and the 400kV Double Circuit Quad Jaigad - Karad Transmission Line of about 110 route km was commissioned on 2nd December, 2011. With this the entire Transmission Project has become fully operational. The Transmission Project consisting of 400kV Double Circuit Quad Jaigad - New Koyna Transmission Line was completed in a record duration of less than 24 months against the Nation benchmark of 39 months and 400kV Double Circuit Quad Jaigad - Karad Transmission Line undertaken by JPTL was completed in less than 39 months against Nation benchmark of 40 months.

JPTL has incurred ₹ 546.13 Crore on the Project till 31st March, 2012. Your Company has invested ₹ 101.75 Crore as Equity contribution till 31st March, 2012. JPTL has

generated revenues of ₹ 94.28 Crore and Profit after tax of ₹ 30.87 Crore during the FY 2011-2012.

The petition for Annual Revenue Requirement (ARR) for the FY 2010-2011 was approved by Hon'ble MERC on 25th May, 2011. However as MERC had already issued the tariff order for FY 2010-2011 for other transmission companies before approval of ARR of JPTL, the cashflows to JPTL will accrue in the Transmission tariff order for FY 2011-12. The petition for true up of ARR of FY 2010-2011 and petition for approval of ARR for FY 2011-2012 was filed with MERC.

This Transmission System is presently evacuating power from 1200 MW Ratnagiri Power Plant as well as transmitting intra-state power of State Utilities. JPTL has maintained the availability of Transmission System as high as 98.11% for the FY 2011-12.

d) JSW Energy (Raigarh) Limited (JERL)

JERL, a wholly owned subsidiary of the Company, was incorporated on 31st August, 2009 for setting up 1320 MW Power Plant in Raigarh District, Chhattisgarh based on coal. Total land required for the Project is approximately 795 acres and major acquisition process is completed. Environment clearance has been obtained from Ministry of Environment & Forest. The total Project Cost is estimated at ₹ 6,500 Crore and is proposed to be financed with a debt equity ratio of 75:25. Your Company has invested ₹ 93.20 Crore as Equity contribution till 31st March, 2012.

e) JSW Green Energy Limited (JSWGEL)

JSWGEL was incorporated on 12th January, 2011 as a wholly owned subsidiary of your Company for taking up the business pertaining to Renewable Energy.

Your Company has invested ₹ 0.05 Crore as Equity contribution till 31st March, 2012 and has advanced ₹ 4.78 Crore as a loan as at 31st March, 2012.

OVERSEAS SUBSIDIARIES

f) PT Param Utama Jaya (PTPUJ)

Your Company had acquired controlling interest in FY 2007 in PTPUJ, an Indonesian Company. PTPUJ is rendering management and technical consultancy services to Coal Mining Companies in Indonesia.

g) JSW Energy Minerals Mauritius Limited (JEMML)

JEMML was incorporated on 19th April, 2010 in Mauritius as wholly owned subsidiary of the Company for overseas acquisition of coal assets. It has downstream equity investment of ₹ 30.69 Crore in JSW Energy Natural Resources Mauritius Limited (JENRML) and advanced of ₹ 212.73 Crore as loan as on 31st March, 2012 for acquiring and developing Coal mining assets in South Africa.

Your Company has equity investment of ₹ 35.55 Crore in JEMML and advanced ₹ 202.68 Crore as loan as on 31st March, 2012.

h) JSW Energy Natural Resources Mauritius Limited (JENRML)

JENRML was incorporated on 19th April, 2010 in Mauritius as a wholly owned subsidiary of JEMML for overseas

acquisition of coal assets. It has downstream investment of ₹ 30.48 Crore in equity of JSW Energy Natural Resources South Africa (PTY) Limited (JSWNRSA) and advanced ₹ 212.76 Crore as loan as on 31st March, 2012.

i) JSW Energy Natural Resources South Africa (PTY) Limited (JSWNRSA):

JSWNRSA has invested an amount of ₹ 48.12 Crore in Equity of Royal Bafokeng Capital (Proprietary) Limited (RBC) and has also given an advance of ₹ 6.66 Crore to RBC. Further JSWNRSA has invested an amount of ₹ 31.52 Crore in Equity of South African Coal Mining Holdings Limited (SACMH) and advanced ₹ 128.78 Crore as loan to SACMH & its subsidiaries. JSWNRSA has invested ₹ 10.47 Crore in Mainsail Trading 55 Proprietary Limited (Mainsail), an wholly owned subsidiary, as on 31st March, 2012.

j) JSW Energy Natural Resources (BVI) Limited (JENRBL)

JENRBL was incorporated on 3rd December, 2010 in British Virgin Islands as a wholly owned subsidiary of your Company for achieving the objective of overseas acquisition of coal assets in Botswana. Your Company had invested ₹ 3.53 Crore as equity in JENRBL, which has been entirely provided for during the year, as the acquisition of CIC Energy Corp did not materialise.

k) South African Coal Mining Holdings Limited (SACMH)

Your Company through JSWNRSA had acquired 49.80% shareholding of Royal Bafokeng Capital (Proprietary) Limited (RBC), a majority shareholder of SACMH with 54.06% shareholding. JSWNRSA has acquired an additional 34.79% stake in SACMH under the open offer for acquiring the shares of SACMH.

During the year, your Company through JSWNRSA has acquired the balance 50.20% stake in RBC, upon exercise of the put option by Royal Bafokeng Ventures Proprietary Limited. It has also acquired through JSWNRSA the entire share capital of Mainsail Trading 55 Proprietary Limited (Mainsail) upon exercise of the put option by RBH Resources Holdings Proprietary Limited, a subsidiary of Royal Bafokeng Holdings Limited.

Pursuant to the acquisition, the effective shareholding of your Company in SACMH as at 31st March, 2012 stands at 93.27%.

8. EXEMPTION U/S 212 FOR SUBSIDIARIES

The Company has availed the exemption from attaching a copy of the Balance Sheet, Profit and Loss Statement, Directors' Report and Auditors' Report of the subsidiary Companies and other documents required to be attached under Section 212(1) of the Companies Act, 1956, to the Balance Sheet of the Company. The said exemption is available vide circular issued by Ministry of Corporate Affairs dated 8th February, 2011.

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 Shareholder at the Company's Registered Office as also at the Corporate Office and the Company will make available these documents and the related detailed information upon request by any Shareholder of the Company or any Shareholder of its subsidiary Companies who may be interested in obtaining the same.

9. NEW PROJECTS, INITIATIVES AND JOINT VENTURES
240 MW Kutehr Hydro Project

Your Company is implementing the 240 MW (3X80 MW) run of the river Hydro Electric Project (HEP) on the upper reaches of river Ravi in district Chamba of Himachal Pradesh. An Implementation Agreement (IA) is signed with Himachal Pradesh (HP) Government on 4th March, 2011.

Environment clearance to the project has been accorded by the Ministry of Environment and Forest (MoEF) on 5th July, 2011 after Forest Stage-I clearance for diversion of 61.4083 hectares of Forest Land for implementation of the project on 22nd June, 2011.

Under Section 4 of the Land Acquisition Act, 1894, HP Government has issued Notification on 16th June, 2011 for acquisition of private land required for the implementation of the project and the acquisition process is at an advanced stage.

Reputed construction entities, for the construction of the project have been shortlisted, through International Competitive Bidding (ICB).

The Project is progressing well and your Company has invested ₹ 138 Crore into the Project upto 31st March, 2012.

660 MW Power Plant at Vijayanagar

Your Company proposes to expand the capacity at Vijayanagar by setting up one unit of 660 MW based on super critical technology. Term of Reference (ToR) has been cleared by Expert Appraisal Committee of Ministry of Environment and Forest on 4th April, 2011 and soil investigation has been completed. Further steps have been initiated to obtain necessary consents to set up and operate the Power Plant. The project is now estimated to cost ₹ 3,300 Crore and proposed to be financed with a debt equity ratio of 75:25.

3200 MW Power Plant at Ratnagiri

Your Company is also considering the development of the 3200 (4X800) MW super-critical coal-based power plant at Ratnagiri, Maharashtra. The Environment Clearance for this project is pending on account of the review being undertaken by Western Ghat Expert Ecology Panel constituted by Ministry of Environment and Forests.

Your Company has acquired certain portion of the land and also proposes to acquire/lease further land for this project

as may be required / necessary. The estimated project cost is approximately ₹ 15,000 Crore. Your Company has invested approximately ₹ 79 Crore on this project as on 31st March, 2012 primarily towards land acquisition.

1620 MW - Coal based Thermal Power Plant at Jharkhand

Your Company has plans to develop a 1620 MW Power Plant near Baranda, Jharkhand. The Company is still in the process of finalizing the location for the Power Plant and initiating steps to secure the fuel linkage for the proposed power project.

Toshiba JSW Turbine & Generator Private Limited (Toshiba JSW)

Toshiba JSW has been incorporated with a shareholding of 75% by Toshiba Corporation Limited, Japan (Toshiba) and 25% by JSW Group to design, manufacture, marketing and maintenance services of large sized Supercritical Steam Turbines & Generators of size 500 MW to 1000 MW. Technology transfer agreement was signed between Toshiba and Toshiba JSW for transferring supercritical turbine manufacturing technology.

Your Company has invested ₹ 64 Crore equivalent to 21.33% of the paid up equity in Toshiba JSW, the Joint Venture Company (JVC) to carry on the business of design, manufacture, marketing and maintenance services of mid to large sized Supercritical Steam Turbines and Generators with JSW Steel Limited holding 3.67% and Toshiba holding 75%. The JV with Toshiba would provide the Company with an advantage of being a preferred client for sourcing of power project equipment.

The construction activities of Turbine-Generator Manufacturing Facility have been completed and the Factory near Ennore Port, Chennai was inaugurated on 12th February, 2012 by the Hon'ble Chief Minister of Tamilnadu.

Toshiba JSW has already secured orders from National Thermal Power Corporation for Engineering, Manufacturing and Supply of 2x660 MW and 3x800 MW supercritical Turbine Generator sets. Trial production of different Turbine-Generator components and manufacturing of different types of Turbine Blades are under progress.

MJSJ Coal Limited (MJSJ)

In terms of the Joint Venture Agreement to develop Utkal-A and Gopal Prasad (West) Thermal coal block in Odisha, your Company has participated in the 11% equity of MJSJ, Odisha along with four other partners. The Government of India decided to allot 1,522 acres of Gopal Prasad west area to MJSJ. Mahanadi Coalfields Limited, a public sector Company holds 60% of the equity. Land acquisition is under progress. Your Company has invested ₹ 7.71 Crore in MJSJ for 11% stake as on 31st March, 2012.

Power Exchange of India Limited (PXIL)

Your Company has invested ₹ 1.25 Crore in PXIL which provides the platform for trading in electricity. PXIL is

promoted by National Stock Exchange of India Limited and National Commodities & Derivatives Exchange Limited.

10. CREDIT RATING

CARE has reaffirmed 'CARE AA-' (Double AA minus) rating to the long-term bank facilities of your Company aggregating to ₹ 3,466.61 Crore. Non Convertible Debentures of your Company aggregating to ₹ 1,200 Crore and ₹ 2,400 Crore also are rated 'CARE AA-' (Double AA minus). The rating reaffirmed to the short-term bank facilities of your Company aggregating to ₹ 5,188.50 Crore is 'A1+' (A One Plus).

11. FIXED DEPOSITS

Your Company has not accepted any fixed deposits from the public and is therefore not required to furnish information in respect of outstanding deposits under Non-Banking Financial Companies (Reserve Bank) Directions, 1966 and Companies (Acceptance of Deposits) Rules, 1975.

12. AWARDS

During the year, your Company received the following awards:

1. The Ministry of Power, Government of India has conferred Bronze Shield for 2009-2010 and Silver Shield for 2010-2011 to our Toranagallu Thermal Power Stations (860 MW) in the category of "Performance of Thermal Power Stations" for meritorious performance in the Power Sector.
2. At the World HRD Congress - for HR Team of the year 2012, Global HR Excellence Award 2012 for Organization with Innovative HR Practices, for Institution Building, for HR Leadership, for Leader with HR Orientation and for Young HR Professional of the year.
3. 2nd Prize for Safe Power Boiler Award in SHE Confluence 2012 organized by Karnataka State Safety Institute.

13. BOARD OF DIRECTORS

1. Composition

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

2. 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. P. Abraham and Mr. D. J. Balaji Rao, retire by rotation and being eligible, offer themselves for reappointment.

3. Changes in the Composition of Directors

- Mr. Lalit Kumar Gupta resigned as a Director and also ceased to be the Joint Managing Director & Chief Executive Officer of the Company with effect from the close of 30th November, 2011. The Board

placed on record the valuable contributions made by Mr. Lalit Kumar Gupta during his tenure.

- Mr. R. R. Pillai was appointed as an Additional Director and Whole-time Director designated as Director (Technical & Projects) with effect from 30th April, 2012. The Company has received a notice in writing from a Member proposing the candidature of Mr. R. R. Pillai for the office of Director.
- Mr. S. S. Rao has resigned as a Director and ceases to be the Whole-time Director of the Company with effect from the close of 30th April, 2012. The Board places on record the significant contributions made by Mr. S. S. Rao during his tenure.

4. Board Meetings

The Board met four times during the year on 28th April, 2011, 21st July, 2011, 9th November, 2011 and 21st January, 2012.

14. CORPORATE GOVERNANCE

The Company has complied with 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 M/s. LODHA & CO., the Statutory Auditors of the Company regarding compliance with the conditions of Corporate Governance as stipulated in Clause 49 is annexed to this Report as also the Management Discussion and Analysis which is given as Annexure to this report.

15. 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:

1. That in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. That the Directors have selected such accounting policies and applied them consistently and made judgements 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;
3. That the Directors have 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;
4. That the Directors have prepared the annual accounts for the year under review, on a 'going concern' basis.

16. 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 reappointment.

In accordance with the Order dated 2nd May, 2011 issued by Ministry of Corporate Affairs (MCA) pursuant to Section 233B of the Companies Act, 1956, your Company is required to get its cost accounting records in respect of each of its financial year commencing from 1st April, 2011 audited by a Cost Auditor and had appointed M/s. S. R. Bhargave & Co., Cost Accountants to conduct the audit of the cost accounting records for FY 2011-2012. The Cost Audit Report which is required to be filed within 180 days from the end of FY 2011-2012 is under preparation and will be filed within the prescribed time limit.

Subject to the approval of the Central Government, your Company has reappointed M/s. S. R. Bhargave & Co., Cost Accountants to conduct the audit of the cost accounting records for FY 2012-2013.

17. DISCLOSURES AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956

Disclosure as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are as follows:

A. ENERGY CONSERVATION

a) Measures taken for Conservation of Energy:

Vijayanagar

- i) 3 Nos. 100 KVA & 1 No. 75 KVA lighting transformers winding was modified to reduce the secondary voltage from 255Volts to 208Volts.
- ii) 4 Nos. Solar lights installed.
- iii) 2 Nos. partially loaded lighting transformers switched off.
- iv) Optimised ESP ash Compressor operation for energy conservation.

Ratnagiri

- i) Optimised the Instrument air compressor operation for all units.
- ii) Interconnection provided for LDO pumps and one pump kept in service.
- iii) Equipment efficiencies evaluated and optimised
- iv) Optimize the ESP ash conveying cycles to ensure dense phase operation.
- v) Energy saver for lighting installed at different locations.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

Ratnagiri

Installing mechanical seals for ACW water pumps to reduce friction loss & water leakage.

- c) **Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:**

Vijayanagar

The energy conservation measures have reduced energy consumption by 57KW per hour.

Ratnagiri

The energy conservation measures have reduced energy consumption by 515KW.

- d) **Total energy consumption and energy consumption per unit of production as per Form A in Respect of industries specified in the Schedule thereto: Not Applicable.**

- e) Your Company is one of the best in the industry in terms of ash utilisation.

B. TECHNOLOGY ABSORPTION AND INNOVATION

- a) The form for disclosure of particulars with respect to Technology Absorption in Form 'B' is attached as Annexure 'A' to this report.
- b) The Company has carried out 29 numbers of logic/structural modifications in plants located at Toranagallu, which has resulted in enhanced plant performance.
- c) The Company has carried out 43 numbers of logic/structural modifications in plants located at Jaigad, which has resulted in enhanced plant performance.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Sr. No.	Particulars	₹ Crore
(a)	Import of Coal	2,775.68
(b)	Plant, Machinery and Spares	65.46
(c)	Furniture and Fixtures	1.95
(d)	Travelling Expenses	0.34
(e)	Legal and Professional	1.52
(f)	Interest and Finance charges	7.41
(g)	License and Membership Fee	0.59
(h)	Dividend Paid	11.10
	Total	2,864.05

18. PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 ("Act") read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in the Annexure to the Directors' Report.

However, having regard to the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the Members of the Company and others entitled thereto. Any Member interested in obtaining such particulars may write to the Company Secretary at the Registered Office / Corporate Office of the Company.

19. ACKNOWLEDGEMENTS

Your Directors would like to express their appreciation for the co-operation and assistance received from the Government authorities, the financial institutions, banks, vendors, customers, debenture holders and shareholders during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by all the employees of the Company.

For and on behalf of the Board of Directors

Mumbai
30th April, 2012

Sajjan Jindal
Chairman & Managing Director

ANNEXURE "A" TO DIRECTORS' REPORT
FORM B
FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION
Research and Development (R & D)

<p>1. Specific area in which R & D carried out by the Company</p>	<p>As such the Company did not carry out any basic R&D work during the year 2011-12. However, following equipment were installed to improve performance & safety:</p> <p><u>Vijayanagar</u></p> <p>A. Generator rotor ground fault detector. B. UPD system for HP-Bypass motors 15KW.</p> <p><u>Ratnagiri</u></p> <p>A. Installation of additional CW lubrication pump. B. Installation of Ultrafiltration system.</p>
<p>2. Benefits derived as a result of the above R & D</p>	<p><u>Vijayanagar</u></p> <p>A. Protect generator from ground faults. B. Un-interrupted power for bypass valve oil system.</p> <p><u>Ratnagiri</u></p> <p>A. By increasing the redundancy to minimize the outages due to loss of lubrication. B. Improved the quality of water thereby reduction of blow down.</p>
<p>3. Future Plan of Action</p>	<p><u>Vijayanagar</u></p> <p>A. Exciter field ground protection relay installation. B. AVR replacement in one unit of 130 MW & one unit of 300 MW.</p> <p><u>Ratnagiri</u></p> <p>A. Turbine Fast cooling device to be installed. B. Coal storage covered shed to be constructed. C. Alternative source of water by thermal desalination. D. Ammonia injection system. E. Flue gas desulpherisation system.</p>
<p>4. Expenditure on R & D (in ₹ lakhs)</p> <p>(a) Capital (b) Recurring (c) Total (d) Total R& D expenditure as a percentage of turnover</p>	<p>(a) ₹ 158 Lakhs (b) ₹ NIL (c) ₹ 158 Lakhs (d) 0.031%</p>

Technology absorption, adaptation and innovation

<p>1. Efforts, in brief, made towards Technology absorption, adaptation and innovation</p>	<p><u>Vijayanagar</u></p> <ul style="list-style-type: none"> A. RO plant installed to reuse CW blow down. B. Fast Cooling device for turbine installed. C. Installation of Electro-chlorination. D. Blending of coal. E. CTMM relays replaced by VAMP relays in HT Switchgear of 130 MW Units. <p><u>Ratnagiri</u></p> <ul style="list-style-type: none"> A. Cleaner technology for CW treatment against high cost & chemical intensive. B. Magnetic separator installation at coal handling. C. Implementation of PLC dust suppression system in coal handling system.
<p>2. Benefits derived as a result of the above efforts</p>	<p><u>Vijayanagar</u></p> <ul style="list-style-type: none"> A. Reduces fresh water make up to the plant and reduce waste water discharge. B. Reduction in shut down period. C. Eliminate safety risks involved with handling liquid chlorine. D. For optimising power production cost. E. Increased the reliability of protection of HT Switchgear. <p><u>Ratnagiri</u></p> <ul style="list-style-type: none"> A. Technology absorbed due to chemical consumption reduction. B. To prevent the metallic foreign material entry to coal system thereby increasing the milling system availability. C. Avoid fugitive emission in coal handling system and to create better working environment.
<p>3. In case of imported technology (imported during the last five years reckoned from the beginning of the FY), following information may be furnished:</p> <ul style="list-style-type: none"> (a) Technology Imported (b) Year of Import (c) Has technology been fully absorbed (d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action 	<p>Not Applicable</p>

Management Discussion and Analysis

GLOBAL ECONOMIC REVIEW

The global economic activity during year 2011-12 witnessed a slowdown relatively across the world – the socio-economic turbulence in the Middle East and North Africa, tsunami in Japan, the sovereign debt crisis in the Eurozone and fragile growth in US. The downturn in the economic activity during the course of the year had impacted the commodity prices while the uncertainty in middle-east region lead oil prices to remain firm. In mature markets, debt crises and slow recovery remain unresolved whilst emerging markets are grappling with persistent inflation and high energy prices. As technology advances, competition increases and the balance of economic power flows to high-growth markets such as Brazil, Russia, China and India, the global economy is seemingly entering a new phase with continued uncertainty.

INDIAN ECONOMIC REVIEW

Against the backdrop of a turbulent world, the Indian economy is facing its own share of pain: persistent inflation, ballooning fiscal deficit, weakening rupee, mediocre industrial performance, sluggish exports and spiralling fuel prices. The Reserve Bank of India (RBI) was prompted to hike the interest rates 13 times since 2010 to tame inflation.

The combined impact of all the adverse factors is evident in the GDP figures. The country's GDP growth has slumped to 6.5% in 2011-12 from 8.4% in 2010-11, lowest in nine years. The manufacturing, services and agriculture sector growth declined to 2.5%, 8.9% and 2.8% from the levels of 7.6%, 9.3% and 7%, respectively in the previous fiscal.

Annual GDP growth (%)

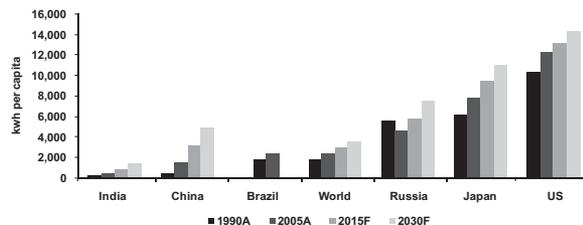
2007-08	2008-09	2009-10	2010-11	2011-12
9.3	6.7	8.4	8.4	6.5

The government is concerned about the slowdown, but is optimistic about managing around 6.5-7% GDP growth in 2012-13, owing to the following reasons:

- Agricultural sector to maintain momentum on expectation of normal monsoon
- Manufacturing sector rebound on the back of expected increase in investments
- Increased focus on reviving key sectors (mining and power) with emphasis on increasing coal production

POWER SECTOR OVERVIEW

Power is an essential and critical element in accelerating India's socio-economic progress with a direct correlation to the country's GDP growth. India has the world's fifth largest power generation capacity, and is the sixth largest consumer, accounting for 3.4% of global consumption. However, India's per capita power consumption is still quite low as compared to that of the high-growth developing economies like China, Brazil and Russia (as seen in the graph below)



Electricity consumption per capita

(Source: IEA, Macquarie Research)

The government has taken initiatives viz. the Rajiv Gandhi Gram Vidyuthikaran Yojana which aims to provide electricity access to 56% of the rural population, thereby paving the way for enhanced per capita consumption. Further, with rapid industrialisation and urbanization, the consumption of power is expected to increase.

Capacity and Demand

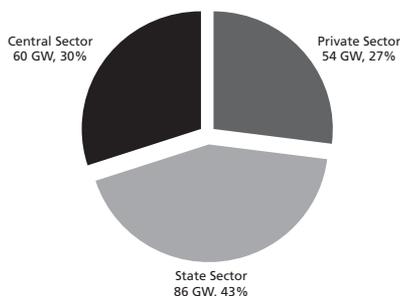
2012 marks the end of the 11th Plan period. By the end of the Plan period, India achieved capacity addition of 68 GW during the plan period, by far the highest addition compared to any other previous years. Moreover, India crossed a landmark figure of 200 GW of installation capacities in April 2012.

The power is generated through thermal, hydro, nuclear and other renewable sources, with thermal comprising the major chunk in the overall generation. Nuclear power and other sources are becoming popular, and have a significant potential to improve the power scenario in India and help reduce green-house gas emissions.

	Thermal	Hydro	Nuclear	Renewable Power (solar, bio mass, wind power)
Proportion of total generation (%)	65.8	19.5	2.4	12.3

(Source: CEA)

The state utilities, central utilities and private players account for India's power generation. The central utilities, have managed to achieve competitive efficiency rates. Besides, increased private sector participation is expected to result in improved efficiencies and higher generation in the coming years. The sector-wise share in India's total installed capacity is given in the chart below:



Sector-wise break-up installed capacity

(Source: CEA)

The private sector participation, which has significantly contributed to the capacity addition in the 11th plan period, has increased to 27% over the past five years, an undeniably encouraging factor.

Challenges

The capacity addition in the 11th plan period has witnessed significant improvement due to the participation of the private sector. However, the country's power sector is facing challenges primarily due to slow reforms in the transmission & distribution segments, dwindling financial health of distribution utilities, issues regarding adequate availability of domestic coal, environmental issues relating to opening of mines, issues related to increase in costs of imported coal and significant depreciation of rupee. These issues are constraining growth of this sector and may adversely impact economic growth.

OPPORTUNITIES AND OUTLOOK

The Indian power sector provides tremendous opportunity for growth considering the strong underlying economic fundamentals. Though, the sector is presently confronted with challenges, the Government has taken cognizance of the key issues facing the power sector and the last quarter has witnessed steps taken to resolve the issues impacting the sector. Some of the key positive developments are:

- The State Electricity Regulatory Commissions (SERC) have been given the authority to raise tariffs on a *suo moto* basis, if state-owned distribution companies (DISCOMS) do not ask for tariff revision. Several states have opted for tariff revisions and an encouraging aspect has been tariff revisions by DISCOMS with critically high losses.
- Shunglu committee has recommended key reforms to improve the financial health of DISCOMS
- Steps initiated towards execution of Fuel Supply agreements between developers and Coal India Limited as also to ensure adequate availability of fuel for the power plants
- Fast tracking of clearances for opening of coal mines

These proactive measures, once instituted, are expected to provide opportunities for growth within the power sector across generation, transmission and distribution.

COMPANY REVIEW

Incorporated in 1994, JSW Energy is the power vertical of the JSW Group. It ventured into the power generation business in 2000 and gradually forayed into the trading and transmission business. It has 2,600 MW operational capacities and 540 MW of capacities in the construction phase and targets to have a combined installed capacity of 11,770 MW. It sells a significant portion of the power generated on a merchant basis. It also has lignite mining rights of 3 million tonnes per annum (MTPA) at Barmer and mineral rights (coal) of 0.50 MTPA in South Africa.

OPERATIONAL REVIEW

During the year, the Company achieved a historically high generation capacity of 2,600 MW translating into an increase in net power generation by 51% to 13,594 million units as against 9,016 million units in the previous year. Some of the major developments during the year comprise:

- Achieved COD for the 3rd and 4th unit of 300 MW each at Ratnagiri
- Achieved COD for 3rd and 4th unit of 135 MW each at Barmer
- Commencement of commercial operations of the lignite mines at Kapurdi in Barmer
- 400 kV double circuit Jaigad – Karad transmission line commissioned

During FY 2012, the Barmer project received consent from Rajasthan Electricity Regulatory Commission (RERC) for an adhoc interim tariff which facilitated the resumption of operations of Unit 1 and Unit 2 at Barmer, after a shutdown of around 6 months, from 12th October, 2011. RERC is still in the process of considering the petition to provide the final tariff, which once granted, will become effective retrospectively. Presently, the Company has recognized the income based on adhoc interim tariff. In case of the transmission project, the Company has filed the Annual Revenue Requirement (ARR) for FY 2012 based on the approval provided by Maharashtra Electricity Regulatory Commission (MERC) for FY 2011 and revenue for FY 2012 has been recognized based on the ARR filed, though MERC approval had not been received.

The operations of the Company had been impacted during the year due to impact on plant performance due to early and unprecedented rainfall, deferment of power procurement by distribution licensees, frequent back down of power sold on merchant basis, delay in receipt of approval from regulatory commission and tariff being granted on adhoc interim basis. During the year, the Company had entered into banking of power during certain lean periods and has successfully been able to schedule the power during the peak season. The Company had entered into a power conversion agreement with a group Company, to provide power on conversion basis against the fuel provided by them at the Vijayanagar location.

Plant-wise PLF and Net generation

Plant	2011-12		2010-11	
	PLF (%)	Net Generation (MU's)	PLF (%)	Net Generation (MU's)
Vijayanagar	84.70	5,905 #	95.93	6,687
Barmer	77.72*	1,430	53.28	795
Ratnagiri	78.09	6,259	77.34	1,534
Total		13,594		9,016

including power conversion of 895 MU's
 * based on operational period of the plant

FINANCIAL PERFORMANCE

Fiscal 2012 witnessed a squeeze in margins resulting from drop in realizations on merchant sales combined with significant increase in fuel costs. The significant increase in fuel cost primarily has been on the back of increase in cost of imported coal, levy of counter-vailing duty on imported coal and depreciation in the rupee against US dollar. The enhancement of generation capacity and transmission projects has led to an increase in interest and depreciation costs. These factors had a bearing on the financial performance of the Company.

STANDALONE RESULTS

A detailed financial discussion and analysis is furnished below on the audited financial statements.

Revenue from Sale of Power (₹ crore):

Parameters	2011-12	2010-11	% change
Revenue from Sale of Power	4,731.22	3,661.84	29.20

The significant growth in revenues from sale of power during the year was mainly due to an increase in generation capacity by 600 MW at Ratnagiri plant.

Revenue from Operation and Maintenance Services (₹ crore):

Parameters	2011-12	2010-11	% change
Operation and maintenance services	82.46	49.24	67.47

The growth in revenues from operations and maintenance (O&M) services during the year was owing to an increase in realizations from services to existing power plants and extension of O&M services to additional power plants during the year.

Revenue from Project Management Contracts (PMC) (₹ crore):

Parameters	2011-12	2010-11	% change
Project management contracts	78.75	151.52	(48.03)

The PMC revenue has declined because of projects nearing completion or having completed and moved into Operations and Maintenance phase.

Other Income (₹ crore):

Parameters	2011-12	2010-11	% change
Other income	114.02	112.10	1.71

Other income primarily comprises of interest income and income from mutual fund Investments.

Cost of Fuel (₹ crore):

Parameters	2011-12	2010-11	% change
Fuel Cost	3,460.28	2,078.05	66.52

Company's expenditure on fuel has increased by ₹ 1,382.23 crore during the year mainly due to higher coal consumption owing to overall increase in generating volumes and increase in landed cost of fuel.

Employee benefit expenses and Operating Expenses (₹ crore):

Parameters	2011-12	2010-11	% change
Employee benefit expenses	80.90	66.94	20.85
Operating expenses	261.02	194.18	34.42

Employee benefit expenses have increased owing to increase in the number of employees in line with increased capacities and a general increase in salaries. Operating expenses have increased in line with the increase in generating volumes.

Earnings Before Interest, Depreciation, Exceptional items and Taxes (EBIDTA) (₹ crore):

Parameters	2011-12	2010-11	% change
EBIDTA	1,328.24	1,641.98	(19.11)

EBIDTA has declined during the year inspite of overall growth in revenues owing to reduction in average tariff and an increase in fuel cost.

Finance Costs and Depreciation (₹ crore):

Parameters	2011-12	2010-11	% change
Finance costs	508.16	341.00	49.02
Depreciation	377.22	211.61	78.26

Finance costs and Depreciation have increased primarily on account of declaration of commercial operations of 2 additional units of 300 MW each at Ratnagiri during the year.

Profit after Tax (₹ crore):

Parameters	2011-12	2010-11	% change
Profit after Tax (PAT)	234.64	885.61	(73.51)

The lower EBIDTA coupled with higher depreciation and interest costs and the exceptional foreign exchange loss has resulted in a decline in PAT.

The Net Worth increased from ₹ 6,025.39 crore in 2010-11 to ₹ 6,158.72 crore in 2011-12 whereas the debt equity ratio declined from 0.91 to 0.87.

CONSOLIDATED RESULTS - HIGHLIGHTS

- Power generation increased 50.78% from 9,016 MU's in 2010-11 to 13,594 MU's in 2011-12.
- Revenues also increased 41.51% from ₹ 4,427.54 crore in 2010-11 to ₹ 6,265.44 crore in 2011-12.
- EBIDTA declined 6.06% from ₹ 1,697.23 crore in

- 2010-11 to ₹ 1,594.39 crore in 2011-12.
- PAT declined 79.80% from ₹ 841.82 crore in 2010-11 to ₹ 170.05 crore in 2011-12.
- Net Worth increased from ₹ 5,676.48 crore in 2010-11 to ₹ 5,700.07 crore in 2011-12.
- Debt equity increased from 1.70 in 2010-11 to 1.75 in 2011-12.

RISK MANAGEMENT

The Company has been following the globally recognised Committee of Sponsoring Organizations (COSO) framework of risk management to proactively manage risks and opportunities that impact organizational objectives.

The relevant risks are identified, assessed and the responded to, in the context of the Company's risk appetite. The framework provides for:

- Ø Timely identification, communication and assessment of risks and opportunities.
- Ø Risk ownership aimed at comprehensive coverage, impact assessment, proactive action and regular tracking.
- Ø Training of all risk owners with a view to imbedding risk intelligence in:
 - a. Decision-making - to ensure prudence.
 - b. Performance - to ensure competence and accountability.
- Ø Timely escalation to the Directors' Committee for risk oversight to ensure prioritisation of initiatives and allocation of resources in consonance with enterprise objectives.

The Group Chief Risk Officer facilitates the framework. The Company's key risks and its mitigation strategies include:

1) Fuel

Availability, price volatility and logistical constraints can impact the movement of coal, the principal fuel, affecting normal plant operations.

Mitigation measures:

- Broad-basing the sourcing countries and increasing the coal vendor base.
- Sourcing coal directly from miners after due diligence.
- Developing multiple port options for landing coal consignments to avoid delays due to port congestion.
- Ensuring sufficient availability of rakes for rail transport.
- Adequate infrastructure for loading/unloading and storage at the plant locations.
- Maintaining adequate coal stock levels.

2) Power Evacuation

Demand-supply fluctuations, transmission network availability, government policy on open access as well as interstate sales impact power evacuation.

Mitigation measures:

- Company regularly reviews the market scenario

with a view to optimise the mix of Long Term PPA's and merchant sales.

- Within merchant units, the Company strives to ensure an optimum mix of medium, short and spot arrangements.
- Petition the Government through industry associations, for sector friendly policy measures.

3) Projects, operations and maintenance

Efficiency in project review as well as operations and maintenance review have a significant impact on productivity as well as revenue and profitability.

Mitigation measures:

- Effective integration of vendor, contractor, schedule and cost management.
- Reverse engineering to develop alternative vendors locally for spares supply.
- Need-based knowledge and resource sharing across plants.
- Ensuring adequate availability of critical inputs like water.
- Preventive maintenance as per predetermined schedule.
- Highest standards of human resource management
- ERP systems and effective processes.

4) Environment, Health and Safety (EHS)

Adverse EHS factors can have a negative impact on human life, property and operations emphasising the need for continued organisation wide awareness and maintenance of EHS standards.

Mitigation measures:

- Possession of equipment which meet the highest quality standards, coupled with processes to control hazardous waste, leakages, structure instability, natural calamities and health hazards.
- Regular training programmes on latest updations in basic EHS norms.

HUMAN RESOURCES

The Company firmly believes that employees constitute the most vital force in moving the organisation forward. With an addition of 207 people during the year 2011-12, the employees' strength at JSW Energy stood to 1123 as on 31st March, 2012. In tune with the business requirements, a number of HR initiatives were taken by the Company to maintain its position as one of the leading Employer Brands in the country. Some of the key HR initiatives undertaken during 2011-12 are as follows:

- i. Initiated a new process of background verification check to make hiring process robust and screen candidates through a professional agency.
- ii. Implemented a strong On Boarding process 'Aagaman', 'Buddy System' and monthly Connect Sessions with new joinees which created a feeling of warmth and facilitated new employees to align with the organisation.
- iii. Participated in the World HRD Congress where the

Company won six HR awards which enhanced employer branding of JSW Energy.

- iv. Implemented an exit analysis procedure to ascertain the reasons of employee turnover and implement necessary corrective action. Significantly reduced attrition from 20.24% in the previous year to 11.44% in the year 2011-12.
- v. Introduced a Leadership Development Programme LEAP (Lead Engage Associate Perform) for Operations & Maintenance in-charge's of different plants.
- vi. Increased focus on training as reflected in the enhanced training man-hours (18,348 hours in FY 2011-12 vis-a-vis 4,949 hours in FY 2010-11).

CORPORATE SOCIAL RESPONSIBILITY

JSW Foundation plans and implements social development activities of the JSW Group of companies. It is an independent institution and is governed by a Board of Trustees, comprising the senior management of the JSW group of companies. The Foundation is headed by Mrs. Sangita Jindal, Chairperson JSW Foundation.

Approach

- Holistic development of the communities through initiatives in the areas of education, health, livelihood creation, environment, local sports development and conservation of our arts and cultural heritage.
- Adapted the 'Millennium Development Goals' framework to encourage pre-primary and primary education, infant mortality and maternal health.
- Activities were conducted in selected locations adjacent to plant operations.

Community development

1) Jindal Vidya Mandir (JVM)

JVM, a CBSE Board affiliated school (operating till standard V) at Ratnagiri, has good teachers and infrastructure. With the addition of JVM, the JSW Group now operates five schools. Each of these schools adheres to rigorous academic pursuits and encourages extra-curricular talent.

2) Appointment of local youth as teachers

The Foundation appointed 24 local youth as teachers across 15 schools at Kutehr, HP, to match the student-teacher ratio. A 30% increase in attendance is observed in these schools.

3) De-centralized Mid-day Meal programme

The Foundation has partnered with Gram Panchayat, Ratnagiri to enhance the quality of the available food, both hygienically and nutritionally. After consultation with a dietician, thrice a week, nutritious supplements (sprouted legume, eggs and dates) are given to the students. This initiative reduced the instances of malnutrition among the students, enhancing attendance.

4) URJA PHC

The Foundation operates a well-lit and ventilated PHC (public health care) at Ratnagiri with adequate space

for registration, record room, drug dispensing room and waiting area for patients, among others. It also conducts special camps for women, children and the elderly as well as routine health check-ups for students.

5) Up-gradation of government-run health centres

The government-run health centres at Bhadresh, Barmer and Kutehr have been upgraded to strengthen the existing infrastructure. The initiatives include:

- a) Improving water and sewerage systems
- b) Renovation of buildings
- c) Sanitisation of operation theatre and other rooms
- d) Recruitment of doctors, nurses and other staff; also providing new medical equipment
- e) Providing refrigerators for medicines/vaccines and registers for data collection and MIS

The Foundation collaborates with state health departments and aims to ensure advanced health outreach to a large rural population through PHCs. The initiatives have resulted in increased institutional delivery and adoption of family-planning methods.

6) Sanitation drive

A major sanitation drive was undertaken at Ratnagiri in collaboration with the government's Total Sanitation Campaign. Two hundred individual units have been constructed and the community is providing financial assistance to this initiative.

7) Self-help groups

Active self-help groups have been organised for local women, which have started individual and group enterprises. One such enterprise is supplying chapattis to the Ratnagiri mess. In addition, tailoring classes were conducted at Kutehr and Barmer.

8) Environment

Earth Care Awards: This is a national initiative to support the growing consciousness about climate change, emissions reduction, land-and-water preservation, and the general reduction of environmental hazards. The awards jury is headed by Dr M S Swaminathan and the Director Generals of ICFRE and ICRISAT are members.

Water conservation: A community-based water conservation project was started to enable communities to understand how even small quantities of rainfall could be conserved. At Barmer, water conservation has been completed across 90 hectares of land.

9) Sports promotion

The development of playing grounds for rural schools helps encourage sports.

10) Promotion of Arts

Following a major exterior restoration initiative at Mumbai's Sir J. J. School of Arts, the Foundation is now completing the restoration of the Interiors of Fine Arts Building.

JSW ENERGY CENTRE OF EXCELLENCE (JSWECE)

The Company through the JSWECE conducts a one-year Post Graduate Diploma course in Power Plant Engineering to

develop a trained talent pool for the power sector and JSW Energy in particular. The course is offered under academic collaboration with M.S. Ramaiah Institute of Technology, Bangalore, an autonomous Institute under Visvesvaraya Technological University, Karnataka and is recognised by the Central Electricity Authority (CEA). JSWECE launched its first batch of Post Graduate Diploma in Power Plant Engineering (PGDPPE) in August, 2009.

The Company runs JSWECE at OPJ Centre, Vijayanagar, which imparts training on PC-based dynamic high-fidelity 300 MW Thermal Power Plant Simulators. It also provides enhanced exposure to students through on-the-job training in its power plants at Vijayanagar, Ratnagiri and Barmer. It is successfully running its fifth batch with 60-70 students and has earned recognition from several power plants across the country. While some of the students are absorbed by the Company, the rest are employed in other power-generating companies.

In addition to conducting the one-year PGDPPE, JSWECE is also building capabilities of employees of JSW Energy through continuous learning and development programmes at its centre. A programme developed for Diploma Engineers of Ratnagiri has helped improve their skill and employability at the shop floor. JSWECE is developing a continuous stream of professionals, groomed with specialized skills, to strengthen India's power sector and enhance employability for eligible engineering professionals.

INTERNAL CONTROL AND AUDIT

A) Internal control

The Company has a proper and adequate system of internal control, commensurate with the size and nature of its business. The internal control system is integral to the Company's corporate governance.

Some key features of the internal control system comprise:

- Adequate documentation of policies, guidelines, authorities and approval procedures, encompassing important functions of the Company.
- Deployment of an organization-wide ERP system covering its operations and supported by a defined on-line authorization protocol.
- Ensuring complete compliance with laws, regulations, standards and internal procedures and systems.
- De-risking the Company's assets/resources from any loss, attrition and deterioration.
- Ensuring the integrity of the accounting system; the proper and authorized recording and reporting of all transactions.
- Preparation and monitoring of annual budgets for all operating and service functions.
- Ensuring reliability of all financial and operational information.
- The Audit Committee, comprising Independent Directors, regularly reviews audit plans, significant audit findings, adequacy of internal controls, compliance with Accounting Standards, among others.

- A comprehensive Information Security Policy and continuous updation of IT systems

B) Internal audit

The Company has an internal audit function that inculcates global best standards and practices of international majors into the Indian operations. The Company has a strong internal audit department reporting to an Audit Committee comprising Independent / Nominee Directors who are experts in their respective fields.

The Company successfully integrated the COSO (Committee of Sponsoring Organizations 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.

The Company extensively practices delegation of authority across its team, which creates effective checks and balances within the system to arrest non-conformance. The internal audit team has access to all organizational information, facilitated by the ERP mechanism.

C) Audit plan and execution

The Internal Audit department prepares a comprehensive Risk-based Audit Plan which is executed by the internal audit team across locations. The frequency of audit is decided on the basis of risk ratings assigned to areas / functions.

The Audit Plan is subject to periodic review to include areas, which have assumed significant importance in line with the emerging industry trends and the aggressive growth of the Company. In addition, the audit department also relies on internal customer feedback and other external events to incorporate additional areas into the audit plan.

FORWARD LOOKING AND CAUTIONARY STATEMENTS

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, our actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Report on Corporate Governance for the Year 2011 – 12

1. COMPANY'S GOVERNANCE PHILOSOPHY:

The Company believes that profitability must go hand in hand with a sense of responsibility towards all stakeholders. The Company seeks to focus on enhancement of long-term value creation for all stakeholders without compromising on integrity, social obligations and regulatory compliances. The Company will focus its energies and resources in creating and safeguarding of shareholders' wealth and, at the same time, protect the interests of all its stakeholders.

The Company's philosophy on Corporate Governance finds its roots in the rich legacy of ethical governance practices, many of which were in place even before they were mandated. The Company has laid a strong foundation for making Corporate Governance a way of life by constituting a Board with a balanced mix of experts of eminence and integrity, forming a core group of top level executives, including competent professionals across the organization and putting in place best systems, process and technology.

The Company confirms the compliance of Corporate Governance as contained in Clause 49 of the Listing Agreement, the details of which are given below.

2. BOARD OF DIRECTORS:

2.1 Appointment and Tenure:

The Directors of the Company are appointed by the Shareholders at General Meetings. All Directors except Managing Director and Nominee Directors are, subject to Company's Articles of Association, liable to retirement by rotation and at every Annual General Meeting 1/3rd of such Directors as are liable to retire by rotation, if eligible, generally offer themselves for re-election, in accordance with the provisions of Sections 256 and 257 of the Companies Act, 1956 and that of the Articles of Association of the Company.

The Executive Directors on the Board serve in accordance with the terms of their contracts of service with the Company.

2.2 Composition, Meetings and attendance record of each Director:

The Company has a balanced mix of Executive and Non-Executive Independent Directors. As on date, the Board of Directors comprises of 8 Directors, of which 4 are Non-Executive. The Chairman is Executive and a Promoter of the Company. The number of Independent Directors is 4. The composition of the Board is in conformity with Clause 49 of the Listing Agreement. All Independent Directors are persons of eminence and bring a wide range of expertise and experience to the Board thereby ensuring the best interest of stakeholders and the Company.

None of the Directors are related to any other Director on the Board in terms of the definition of "relative" given under the Companies Act, 1956.

None of the Directors on the Board is a member of more than 10 committees and Chairman of more than 5 committees (as specified in Clause 49 of the Listing Agreement) across all the Companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

The information as required under Annexure 1A to Clause 49 of the Listing Agreement is being made available to the Board.

The details of composition of the Board as on date, the attendance record of the Directors at the Board Meetings held during the financial year ended on 31st March, 2012 and the last Annual General Meeting (AGM), and the details of their other Directorships, and Committee Chairmanships and Memberships are given below:

Category	Name of Director	Position	Attendance at		No. of other Directorships and other Committee Membership(s) / Chairmanship(s)		
			Board Meetings	AGM held on 21 st July, 2011	Other Directorships #	Other Committee Memberships ##	Other Committee Chairmanships ##
Executive	Mr. Sajjan Jindal	Chairman & Managing Director	4	Yes	7	--	--
	Mr. Nirmal Kumar Jain	Vice Chairman	2	Yes	10	2	4
	Mr. R. R. Pillai*	Director (Technical & Projects)	N.A	N.A	N.A	N.A	N.A
	Mr. S. S. Rao**	Whole-time Director	4	Yes	2	1	--
Non-Executive Independent	Mr. P. Abraham	Director	--	No	11	3	1
	Mr. Chandan Bhattacharya	Director	4	Yes	4	2	2
	Mr. D. J. Balaji Rao	Director	4	Yes	9	5	4
	Mr. T. R. Bajalia	Nominee of IDBI Bank Limited	3	No	1	1	--
Part of the year							
Executive	Mr. Lalit Kumar Gupta***	Joint Managing Director & CEO	3	Yes	N.A	N.A	N.A

Notes:

1. During the FY 2011-12, four Board Meetings were held and the gap between two meetings did not exceed four months. Board Meetings were held on 28th April, 2011; 21st July, 2011; 9th November, 2011 and 21st January, 2012.
2. *Appointed as Director from 30th April, 2012.
3. **Director till 30th April, 2012,
4. *** Director till 30th November, 2011.
5. #Alternate Directorships and Directorships in Private Companies, Foreign Companies and Section 25 Companies are excluded.
6. ##Represents Memberships / Chairmanships of Audit Committee and Shareholders / Investors Grievance Committee.

2.3 Board Meetings, Board Committee Meetings and Procedures:

A. Institutionalised decision making process:

The Board of Directors oversee the overall functioning of the Company. The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness and ensures that the long-term interests of the stakeholders are being served. The Chairman and Managing Director is assisted by the Executive Directors in overseeing the functional matters of the Company. The Board has constituted several Standing Committees such as Audit Committee, Shareholders / Investors Grievance Committee, Remuneration Committee, Finance Committee, Risk Management Committee and ESOP Committee. The Board constitutes additional functional Committees from time to time depending on the business needs.

B. Scheduling and selection of Agenda Items for Board Meetings:

- (i) A minimum of four Board Meetings are held every year. Dates for the Board Meetings in the ensuing quarter are decided well in advance and communicated to the Directors. The Agenda along with the explanatory notes are sent in advance to the Directors. Additional meetings of the Board are held when deemed necessary to address the specific needs of the Company. In case of business exigencies or urgency of matters, and where possible, resolutions are passed by circulation.
- (ii) The meetings are usually held at the Company's Registered Office at Jindal Mansion, 5-A, Dr. G. Deshmukh Marg, Mumbai – 400 026.
- (iii) All divisions/departments of the Company are advised to schedule their work plans well in advance, particularly with regard to matters requiring discussion/ approval/ decision at the Board/Committee meetings. All such matters

are communicated to the Company Secretary in advance so that the same could be included in the Agenda for the Board / Committee meetings.

In addition to items which are mandated to be placed before the Board for its noting and/ or approval, information is provided on various significant items.

- (iv) The Board is given presentations covering Outlook/ Economy, Company's Financials, Company's Performance, Business Strategy, Subsidiary Companies performance, the Risk Management practices, etc. before taking on record the Quarterly/Half yearly/Annual financial results of the Company.

C. Distribution of Board Agenda Material:

Agenda and Notes on Agenda are circulated to the Directors, in advance, in the defined Agenda format. All material information is incorporated in the Agenda papers for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the Agenda, the same is tabled before the meeting with specific reference to this effect in the Agenda. In special and exceptional circumstances, additional or supplementary item(s) on the Agenda are considered.

D. Recording Minutes of proceedings at Board and Committee Meetings:

The Company Secretary records the minutes of the proceedings of each Board and Committee meetings. Draft minutes are circulated to all the members of the Board/Committee for their comments. The final minutes are entered in the Minutes Book within 30 days from conclusion of the meeting and are signed by the Chairman of the meeting/Chairman of the next meeting.

E. Post Meeting Follow-up Mechanism:

The Company has an effective post meeting follow-up, review and reporting process mechanism for the decisions taken by the Board/Committees. Important decisions taken at the Board/Committee meetings are communicated to the concerned Functional Heads promptly.

Action Taken Report on decisions of the previous meeting(s) is placed at the immediately succeeding meeting of the Board/Committee for noting by the Board/Committee members.

F. Compliance:

While preparing the Agenda, Notes on Agenda, Minutes etc. of the meeting(s), adequate care is taken to ensure adherence to all applicable laws and regulations including the Companies Act, 1956 read with the Rules made there under.

2.4 Changes in Board Composition:

Name of the Director	Details of Change	Date of Change
Mr. Lalit Kumar Gupta	Ceased to be Joint Managing Director & CEO also Whole-time Director	1 st December, 2011
Mr. S. S. Rao	Ceases to be Whole-time Director	1 st May, 2012
Mr. R. R. Pillai	Appointed as Additional Director and Whole-time Director designated as Director (Technical & Projects)	30 th April, 2012

3. AUDIT COMMITTEE:

The Audit Committee comprises of four Non-Executive Directors, all of whom are Independent Directors.

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

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 entered with the Stock Exchanges and Section 292A of the Companies Act, 1956.

The Audit Committee met 9 times during the year under review on following dates: 27th April, 2011; 28th April, 2011; 20th July, 2011; 21st July, 2011; 8th November, 2011; 9th November, 2011, 20th January, 2012; 21st January, 2012 and 21st March, 2012. The composition of the Committee and detail of the meetings attended by the Directors are as given below:

Name of Director	Category	No. of Meetings Attended
Mr. Chandan Bhattacharya	Non-Executive, Independent	9
Mr. D. J. Balaji Rao	Non-Executive, Independent	7
Mr. P. Abraham	Non-Executive, Independent	1
Mr. T. R. Bajalia	Non-Executive, Independent, Nominee Director	6

The Audit Committee invites such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at its meetings. The CEO, CFO and head of Internal Audit often attend the meetings. The Statutory Auditors are also invited to the meetings.

Mr. Sampath Madhavan, the Company Secretary, acts as the Secretary of the Committee.

4. REMUNERATION COMMITTEE:

The Remuneration Committee met thrice during the year on 27th April, 2011; 21st July, 2011 and 8th November, 2011. Mr. P. Abraham is the Chairman of Remuneration Committee. The Composition of Committee and details of the meeting attended by the Directors are as given below:

Name of Director	Category	No. of Meetings Attended
Mr. P. Abraham	Non-Executive, Independent	--
Mr. D. J. Balaji Rao	Non-Executive, Independent	3
Mr. Chandan Bhattacharya	Non-Executive, Independent	3

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

- 1) 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.
- 2) 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:

A. Non-Executive Directors:

The Non-Executive Directors (NEDs) are paid remuneration by way of commission and sitting fees. In terms of the Shareholders' approval obtained at the Annual General Meeting (AGM) held on 22nd September, 2008, the commission is paid at a rate not exceeding 1% per annum of the net profits of the Company (computed in accordance with Section 309(5) of the Companies Act, 1956). The distribution of commission amongst the NEDs is placed before the Board for approval.

The Commission payment for the year ended 31st March, 2012 amongst the aforesaid NEDs is proposed to be distributed broadly on the following basis:

1. Lumpsum Payment;
2. Number of meetings of the Board and Audit Committee attended;
3. Role and responsibility as Chairman/Member of the Board/Audit Committee.

During the year, the Company paid sitting fees of ₹ 20,000/- per meeting to the NEDs for attending meetings of the Board and Committee.

B. Executive Directors:

The Remuneration Committee recommends the remuneration package for the Executive Directors (EDs) 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. EDs are paid, subject to the approval of the Board and of the Company in General Meeting and such other approvals, as may be required/necessary, compensation as per the appointment terms/agreements entered into between them and the Company.

The present remuneration structure of EDs comprises of salary, perquisites, allowances, performance linked incentive/special pay and contributions to Provident Fund & Gratuity.

C. Management Staff:

Remuneration of employees largely consists of basic remuneration, perquisites, allowances and performance incentives. The components of the total remuneration vary for different grades and are governed by industry patterns, qualifications and experience of the employees, responsibilities handled by them, their annual performance, etc. For the last few years, efforts have also been made to link the annual variable pay of employees with the performance of the Company. The variable pay policy links the performance pay of the officers with their individual and overall organizational performance on parameters aligned to Company's objectives whereas Variable Production Incentive Bonus is linked to the respective Plant's parameters.

4.2 Details of Remuneration paid to Directors:

A. Payment to Non-Executive Directors:

The sitting fees paid to Non-Executive Directors (NEDs) for attending the Board/Committee Meetings held during the year and Commission payable for F.Y 2011-12 is as under:

(Amount in ₹)

Name of the Non-Executive Director	Sitting Fees Paid	**Commission Payable
Mr. Chandan Bhattacharya	4,60,000	6,05,000
Mr. D. J. Balaji Rao	3,00,000	4,50,000
Mr. P. Abraham	20,000	3,10,000
Mr. T. R. Bajalia*	2,00,000	4,20,000
Total	9,80,000	17,85,000

* Sitting fees and Commission of Mr. T.R. Bajalia, Nominee Director of IDBI Bank, were paid/ payable to IDBI Bank.

**Commission of ₹ 17,85,000 has been provided as payable to the eligible NEDs in the accounts for the year ended 31st March, 2012.

B. Details of remuneration and perquisites paid and/ or value as per the Income Tax Act, 1961 to the Managing Director and Executive Directors for FY 2011-12:

Name of Director	Category	Salary (₹ Crore)	Term	Notice Period	Stock Options
Mr. Sajjan Jindal	Chairman & Managing Director	7.15	5 years (till 31.12.2013)	--	Nil
Mr. Nirmal Kumar Jain	Whole-time Director	3.53	5 years (till 20.01.2015)	3 months from either side or salary in lieu thereof.	14,31,629
Mr. R.R. Pillai *	Whole-time Director	N.A	5 years (till 29.04.2017)	3 months from either side or salary in lieu thereof.	5,31,621
Mr. Lalit Kumar Gupta **	Whole-time Director	1.81	5 years (till 31.05.2015)	3 months from either side or salary in lieu thereof.	N.A
Mr. S. S. Rao ***	Whole-time Director	0.78	5 years (till 30.06.2015)	1 month from either side or salary in lieu thereof.	3,40,794

*Appointed as Additional Director and Whole-time Director w.e.f 30th April, 2012 subject to Shareholders' approval;

** Director till 30th November, 2011;

*** Director till 30th April, 2012.

Note: Salary includes Basic Salary, House Rent Allowance, Bonus, 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 thereunder but does not include Company's Contribution to Gratuity Fund.

Mr. Nirmal Kumar Jain, Mr. R. R. Pillai and Mr. S. S. Rao were granted 9,46,162; 3,49,642 and 2,27,091 stock options respectively at an exercise price of ₹ 75 per share which vests 1/3rd on 1st October, 2011, 1/3rd on 1st October, 2012 and 1/3rd on 1st October, 2013. Further 4,85,467; 1,81,979 and 1,13,703 stock options were granted to Mr. Nirmal Kumar Jain, Mr. R. R. Pillai and Mr. S. S. Rao respectively on 8th November, 2011 at an exercise price of ₹ 52.35 per share which vests on 1st October, 2014. Options are granted considering the ruling market price of the share of the Company on the date of grant. Exercise period for the above options will be after vesting and till 30th September, 2017. Options were also granted to Mr. Lalit Kumar Gupta which was not exercised by him and pursuant to ESOP plan, such options lapsed.

4.3 Details of shares held by the Directors:

The equity shares held by the Directors of the Company as on 31st March, 2012 is given below:

Name of Director	No. of Shares held
Mr. Sajjan Jindal	74144262
Mr. Nirmal Kumar Jain	5000
Mr. R. R. Pillai*	5000
Mr. S. S. Rao**	1800
Mr. D. J. Balaji Rao	900
Mr. P. Abraham	3000

*Appointed as Director w.e.f 30th April, 2012

** Director till 30th April, 2012

5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE:

The Shareholders/Investors Grievance Committee comprises of 1 Executive Director and 2 Non-Executive Independent Directors.

Mr. Chandan Bhattacharya is the Chairman of the Committee.

The terms of reference of the Committee are interalia as follows:

- (a) Review the reports submitted by the Registrars and Share Transfer Agents of the Company at quarterly intervals.
- (b) Periodically interact with the Registrars and Share Transfer Agents to ascertain and look into the quality of the Company's Shareholders/Investors grievance redressal system and to review the report on the functioning of the Investor grievances redressal system.
- (c) Follow-up on the implementation of suggestions for improvement, if any.
- (d) Periodically report to the Board about serious concerns, if any.

The Shareholders/Investors Grievance Committee met 4 times during the FY 2011-12 on 27th April, 2011; 20th July, 2011; 8th November, 2011 and 21st January, 2012. The composition of Committee and detail of the meeting attended by the Directors are given below:

Name of Director	Category	No. of Meetings Attended
Mr. Chandan Bhattacharya	Non-Executive, Independent	4
Mr. T.R. Bajalia*	Non-Executive, Independent	1
Mr. Lalit Kumar Gupta**	Executive	3
Mr. S. S. Rao***	Executive	4

*Appointed as Member of the Committee w.e.f. 6th December, 2011.

**Ceased to be Member of the Committee w.e.f. 1st December, 2011.

*** Ceases to be Member of the Committee w.e.f. 1st May, 2012.

Mr. Sampath Madhavan, Company Secretary is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreements entered with the Stock Exchanges in India. His address and contact details are as given below:

Address : The Enclave, Behind Marathe Udyog Bhavan, New Prabhadevi Road, Prabhadevi, Mumbai 400 025.

Phone : 022-67838000

Fax : 022-24320740

E-mail : jswel.investor@jsw.in

Number of complaints received and resolved to the satisfaction of Shareholders/Investors during the year under review and their break-up is as under:

Sr. No.	Description	Total	
		Received	Replied
1.	Letter received from Statutory bodies (SEBI/ Stock Exchange(s))	12	12
2.	Letter received from Shareholders	224	224
Total		236	236

6. OTHER COMMITTEES OF THE BOARD OF DIRECTORS:

In addition to the above referred Committees which are constituted pursuant to the Corporate Governance Code, the Board has constituted Finance Committee, Risk Management Committee, ESOP Committee of Directors, etc. to consider various business matters and delegated thereto powers and responsibilities with respect to specific purposes.

7. GENERAL MEETINGS:

Annual General Meetings:

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

AGM	Date	Time	Venue
17 th	21 st July, 2011	3.00 P.M.	Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai – 400 020
16 th	15 th July, 2010	11.00 A.M.	Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai – 400 020
15 th	2 nd June, 2009	11.00 A.M.	Jindal Mansion, 5A, Dr. G. Deshmukh Marg, Mumbai-400 026

Details of Special Resolutions passed in the previous three AGMs:

AGM	Particulars of Special Resolutions passed thereat
17 th	No Special Resolutions were passed at this AGM
16 th	No Special Resolutions were passed at this AGM
15 th	No Special Resolutions were passed at this AGM

No Resolution was passed through postal ballot during the FY 2011-12.

None of the business required to be transacted at the 18th AGM require passing of special resolution through postal ballot.

8. DISCLOSURES:

- 8.1 There were 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 conflict with the interests of the Company.
- 8.2 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 last three years.
- 8.3 The Company had during the FY 2009-10 made Initial Public Offering (IPO) of Shares of ₹ 10 each at a premium aggregating ₹ 2,700 Crore. The Company obtained the approval of the Shareholders of the Company through Postal Ballot for variation/revision in the utilization of IPO Proceeds for the purposes other than those stated in the offer document.
- 8.4 All mandatory requirements as per Clause 49 of the Listing Agreement have been complied with by the Company.
- 8.5 The Company follows Accounting Standards issued by The Institute of Chartered Accountants of India and there are no statutory audit qualifications in this regard.
- 8.6 In terms of Clause 49(V) of the Listing Agreement, the Managing Director, Vice Chairman and the Chief Financial Officer made a certification to the Board of Directors in the prescribed format for the year under review which has been reviewed by the Audit Committee and taken on record by the Board.

9. WHISTLE BLOWER POLICY:

The Whistle Blower Policy (WBP) adopted by the Company in line with Clause 7 of Annexure 1D to Clause 49 of the Listing Agreement, which is a non mandatory requirement, encourages all employees to report any suspected violations promptly and intends to investigate any good faith reports of violations. The WBP specifies the procedure and reporting authority for reporting unethical behaviour, actual or suspected fraud or violation of the Code or any other unethical or improper activity including misuse or improper use of accounting policies and procedures resulting in misrepresentation of accounts and financial statements. The Company affirms that no employee has been denied access to the Ethics Counsellor / Audit Committee.

10. SUBSIDIARY COMPANIES MONITORING FRAMEWORK:

All the subsidiary Companies of the Company are Board managed with their Boards having the right and obligations to manage such Companies in the best interest of their stakeholders. As a majority Shareholder, the Company at times nominates its representatives

on the Boards of subsidiary Companies. The Company monitors the performance of subsidiary Companies, interalia, by the following means:

- a) A copy of the Minutes of the Meetings of the Board of Directors of the subsidiary Companies / Resolutions passed is tabled before the Company's Board on quarterly basis.
- b) A statement containing all significant transactions and arrangements entered into by the unlisted subsidiary Companies is placed before the Company's Board.
- c) Quarterly compliance reports issued by Director-in-charge/Finance and Accounts head/Company Secretary/HR head are tabled before the Company's Board on quarterly basis.
- d) Subsidiary Company's Financial Results are also tabled before the Company's Board on quarterly basis.

11. MEANS OF COMMUNICATION:

- (i) **Quarterly/Annual Results:** The Quarterly and Annual Results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board.
- (ii) **News Releases:** The Quarterly and Annual Results of the Company are published in the prescribed proforma within 48 hours of the conclusion of the meeting of the Board in which they are considered, atleast in one English newspaper circulating in the whole or substantially the whole of India and in one Vernacular newspaper of the State where the Registered Office of the Company is situated.

The Annual Financial Results for Year ended 31st March, 2011 were published as detailed below:

FY 2010-11	Date of Board Meeting	Date of Publication	Name of Newspaper	Language
Annual Financial Results	28 th April, 2011	29 th April, 2011	Financial Express	English
			Navshakti	Marathi

The quarterly financial results during the FY 2011-12 were published as detailed below:

FY 2011-12	Date of Board Meeting	Date of Publication	Name of Newspaper	Language
First Quarter	21 st July, 2011	22 nd July, 2011	Financial Express	English
			Navshakti	Marathi
Second Quarter	9 th November, 2011	10 th November, 2011	Financial Express	English
			Navshakti	Marathi
Third Quarter	21 st January, 2012	22 nd January, 2012	Financial Express	English
			Navshakti	Marathi

- (iii) **Website:** The Company's website www.jsw.in contains a separate dedicated section "Investor Relations" where latest Shareholders information is available. The Quarterly and Annual Results are posted on the website. Comprehensive information about the Company, its business and operations, Press Releases and Investor information can be viewed at the Company's website www.jsw.in.
- (iv) **Presentations to Analysts:** The Company's shares are listed on both Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Presentations are available on Company's website www.jsw.in The presentations broadly covered operations, financials and industry outlook.
- (v) **Annual Report:** Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is sent to Members and others entitled thereto. The Management Discussion and Analysis (MD & A) Report forms part of the Annual Report. The Annual Report is also available on the Company's website.
- (vi) **Chairman's Communique:** Printed copy of the Chairman's Speech is distributed to all the Shareholders at the Annual General Meeting.
- (vii) **Factory Visit:** To familiarise our Members with the Company's operations, based on requests made by them, the Company had arranged for visit to its Power Plant located at Ratnagiri, Maharashtra during the fiscal 2012.

12. GENERAL SHAREHOLDERS INFORMATION:

12.1 Annual General Meeting:

Date and Time : Friday, 20th July, 2012 at 03.00 p.m.

Venue : Yashwantrao Chavan Pratisthan Mumbai, Y. B. Chavan Auditorium, General Jagannath Bhosale Marg, Mumbai - 400 021

Dates of Book Closure : Saturday, 16th June, 2012 to Friday, 29th June, 2012 (both days inclusive).

Dividend Announcement : The Board of Directors of the Company has recommended a dividend of 5% (₹ 0.50 per share) on the Equity Share of the face value of ₹ 10 each for the year ended 31st March, 2012, subject to approval by the Shareholders of the Company at the forthcoming Annual General Meeting.

Date of Dividend Payment : 25th July, 2012.

Dividend Eligibility : The dividend on Equity Shares of the Company as recommended by the Board of Directors of the Company, upon declaration by the Shareholders at the forthcoming Annual General Meeting, will be paid as under:

- a. To all those beneficial owners in respect of the shares held in electronic form as per the data as may be made available by the National Securities Depository Limited and Central Depository Services (India) Limited as of the close of business hours on Friday, 15th June, 2012; and
- b. To all those shareholders as at the close of business hours on Friday, 15th June, 2012 in respect of the shares held in physical form (after giving effect to the valid transfers in respect of the shares lodged with the Company on or before the close of business hours on Friday, 15th June, 2012).

12.2 Listing on Stock Exchanges and Stock Codes:

The Company's Equity Shares are listed on the following Stock Exchanges in India:

Name	Address	Stock Code
Bombay Stock Exchange Limited (BSE)	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	533148
National Stock Exchange of India Limited (NSE)	Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051	JSWENERGY-EQ

The Company has paid Annual Listing Fees as applicable, to the BSE and the NSE for the FY 2012-13.

ISIN for Equity Shares & Privately Placed Non Convertible Debentures

Equity	INE121E01018
Privately placed Debentures (listed)	INE121E07080 - 9.75 % NCDs of ₹ 10 Lakhs each
	INE121E07114 - 9.75 % NCDs of ₹ 10 Lakhs each
	INE121E07098 - 9.75 % NCDs of ₹ 10 Lakhs each
	INE121E07106 - 9.75 % NCDs of ₹ 10 Lakhs each
	INE121E07122 - 9.00 % NCDs of ₹ 10 Lakhs each
	INE121E07130 - 9.05 % NCDs of ₹ 10 Lakhs each
	INE121E07148 - 9.10 % NCDs of ₹ 10 Lakhs each
	INE121E07155 - 9.20 % NCDs of ₹ 10 Lakhs each
	INE121E07163 - 9.30 % NCDs of ₹ 10 Lakhs each
	INE121E07171 - 9.40 % NCDs of ₹ 10 Lakhs each
	INE121E07189 - 9.50 % NCDs of ₹ 10 Lakhs each
	INE121E07197 - 9.60 % NCDs of ₹ 10 Lakhs each
	INE121E07205 - 9.70 % NCDs of ₹ 10 Lakhs each
	INE121E07213 - 9.75 % NCDs of ₹ 10 Lakhs each
	INE121E07221 - 9.60 % NCDs of ₹ 10 Lakhs each
	INE121E07239 - 9.60 % NCDs of ₹ 10 Lakhs each
	INE121E07247 - 9.60 % NCDs of ₹ 10 Lakhs each
	INE121E07254 - 9.60 % NCDs of ₹ 10 Lakhs each
	INE121E07262 - 9.60 % NCDs of ₹ 10 Lakhs each
	INE121E07270 - 9.75 % NCDs of ₹ 10 Lakhs each
INE121E07288 - 9.75 % NCDs of ₹ 10 Lakhs each	
INE121E07296 - 9.75 % NCDs of ₹ 10 Lakhs each	
INE121E07304 - 9.75 % NCDs of ₹ 10 Lakhs each	
INE121E07312 - 9.75 % NCDs of ₹ 10 Lakhs each	

Debenture Trustee:

IDBI Trusteeship Services Limited
Asian Building, Ground Floor,
17th R. Kamani Marg, Ballard Estate,
Mumbai-400 001.

12.3 Market Price Data:

The monthly high/low market price of the Company's shares during the year 2011-12 at the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) are as under:

(in ₹ per share)

Month	BSE		NSE	
	High	Low	High	Low
Apr 2011	87.40	71.95	87.90	71.85
May 2011	75.30	68.20	75.15	67.70
Jun 2011	74.25	64.35	74.25	64.50
Jul 2011	79.85	66.70	79.80	66.60
Aug 2011	69.00	51.25	68.85	50.00
Sep 2011	64.25	53.10	64.60	53.00
Oct 2011	54.50	48.60	54.35	48.50
Nov 2011	53.40	39.15	53.40	39.10
Dec 2011	48.90	35.75	48.90	37.10
Jan 2012	56.50	37.50	56.50	37.45
Feb 2012	76.80	53.00	76.90	45.90
Mar 2012	71.25	56.60	71.25	56.50

12.4 Registrar & Share Transfer Agents:

Karvy Computershare Private Limited (KARVY)
Unit: JSW Energy Limited
Plot No. 17 to 24, Vittalrao Nagar,
Madhapur, Hyderabad - 500 081
Ph. Nos: 040 – 44655000 Ext. 131, 133 & 177,
Fax No. 040 - 23420814
E-mail: einward.ris@karvy.com
Website: www.karvy.com

12.5 Share Transfer System:

Share Transfers in physical form can be lodged with Karvy Computershare Private Limited at the above mentioned address. The transfer requests are normally processed within 15 days of receipt of the documents, if documents are found in order. Shares under objection are returned within two weeks.

The Board has delegated the authority for approving transfers, transmissions, etc. of the Company's securities to the Shareholders/Investor Grievance Committee. The decisions of Shareholders'/Investor Grievance Committee are placed at every Board Meeting. The Company obtains from a Company Secretary in Practice half yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchanges and files a copy of the certificate with the Stock Exchanges.

12.6 Distribution of Shareholding:

The distribution of shareholding as on 31st March, 2012 is given below:

No. of Equity Shares	No. of Shareholders	% of Holders	No. of Shares held	% of Total shares
1 - 5000	158487	98.97	51652232	3.15
5001 - 10000	809	0.51	5961124	0.36
10001 - 20000	395	0.25	5714144	0.35
20001 - 30000	140	0.09	3568251	0.22
30001 - 40000	53	0.03	1863775	0.11
40001 - 50000	40	0.02	1845914	0.11
50001 - 100000	79	0.05	6161275	0.38
100001 & Above	135	0.08	1563288080	95.32
TOTAL	160138	100.00	1640054795	100.00

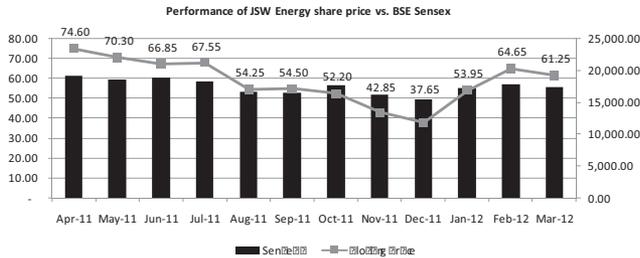
12.7 Geographical Distribution of Shareholders as on 31st March, 2012:

Name of City	Electronic			Physical			Total		
	No. of Shareholders	No. of Shares	% of total Shareholding	No. of Shareholders	No. of Shares	% of total Shareholding	No. of Shareholders	No. of Shares	% of total Shareholding
Mumbai	24339	1469905981	89.63	1	3	0.00	24340	1469905984	89.63
New Delhi	10431	9418321	0.57	0	0	0.00	10431	9418321	0.57
Ahmedabad	6888	3047603	0.19	0	0	0.00	6888	3047603	0.19
Kolkatta	7434	6317193	0.39	3	301	0.00	7437	6317494	0.39
Bengaluru	5837	3415174	0.21	0	0	0.00	5837	3415174	0.21
Chennai	4994	2329988	0.14	0	0	0.00	4994	2329988	0.14
Pune	3640	1649516	0.10	0	0	0.00	3640	1649516	0.10
Hyderabad	3867	2678404	0.16	1	700	0.00	3868	2679104	0.16
Vadodara	3125	1027539	0.06	2	2450	0.00	3127	1029989	0.06
Others	89567	140256527	8.54	9	5095	0.01	89576	140261622	8.55
TOTAL :	160122	1640046246	99.99	16	8549	0.01	160138	1640054795	100.00

12.8 Shareholding pattern:

Category	As on 31 st March, 2012			As on 31 st March, 2011		
	No. of Holders	No. of Shares	% of Holding	No. of Holders	No. of Shares	% of Holding
Promoters/Promoters Group	29	1258270644	76.72	26	1258271544	76.72
Non-Resident Indian	1775	2871129	0.18	1821	2713023	0.17
Foreign Institutional Investors	65	58522050	3.57	49	64580356	3.94
Foreign Bodies Corporates	2	108198047	6.60	2	108198047	6.60
Indian Financial Institutions	13	91914503	5.60	13	91951523	5.61
Indian Mutual Funds	0	0	0.00	6	2587774	0.16
Banks	6	2234502	0.14	6	2878643	0.18
Bodies Corporate	1782	22773617	1.39	1848	27730658	1.69
HUF	3841	5494637	0.34	3623	5213362	0.32
Trust	8	12700	0.00	6	17200	0.00
Public	152617	89762966	5.47	144570	75912665	4.63
Total	160138	1640054795	100.00	151970	1640054795	100.00

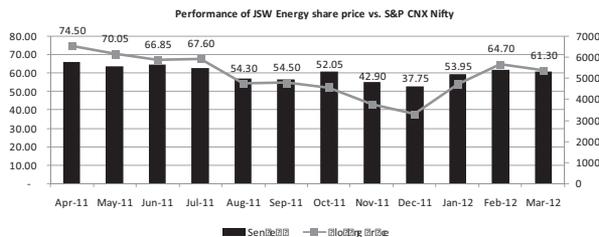
12.9 Performance of Closing Share Price in comparison to BSE Sensex:



12.11 Top 10 Shareholders as on 31st March, 2012:

Name of the Shareholder(s)	No. of Shares	% of Total Shareholding
JSW Investments Private Limited	536201147	32.69
Sun Investments Private Limited	270892170	16.52
Vrindavan Services Private Limited	110146190	6.72
Life Insurance Corporation of India	80475310	4.91
JSW Steel Limited	77980500	4.75
Sajjan Jindal	74144262	4.52
Steel Traders Limited	59372000	3.62
Indus Capital Group Limited	48826047	2.98
Gagan Trading Company Limited	46959910	2.86
Sangita Jindal	41313125	2.52

12.10 Performance of Closing Share Price in comparison to S & P CNX Nifty:



12.12 Corporate benefits to Shareholders (since IPO Listing):
Dividend declared:

Financial Year	Dividend Declaration Date	Dividend Rate (%)
2009-10	15 th July, 2010	7.5%
2010-11	21 st July, 2011	10.00%

Note: Dividend of ₹ 0.50 per share (5%) as recommended by the Board of Directors on 30th April, 2012 for FY 2011-12 is subject to declaration by the Shareholders at the ensuing Annual General Meeting.

Unclaimed Dividends:

Under the Companies Act, 1956, Dividends that are unclaimed for a period of seven years are to be transferred statutorily to the Investor Education and Protection Fund (IEPF) administered by the Central Government and thereafter cannot be claimed by the Investors. To ensure maximum disbursement of

unclaimed dividend, the Company has sent reminders to the concerned investors at appropriate intervals.

Pursuant to Section 205(A) of the Companies Act, 1956, the unpaid dividends that are due for transfer to the IEPF are as follows:

Financial Year	Date of Declaration of Dividend	Unclaimed Dividend Amount as on 31 st March, 2012 (Amt in ₹)	Due date for transfer to IEPF
2009-10	15 th July, 2010	5,33,591	29 th August, 2017
2010-11	21 st July, 2011	14,00,860	8 th September, 2018

Members who have not encashed their dividend warrants pertaining to the aforesaid years may approach the Company's Registrar, for obtaining payments thereof immediately.

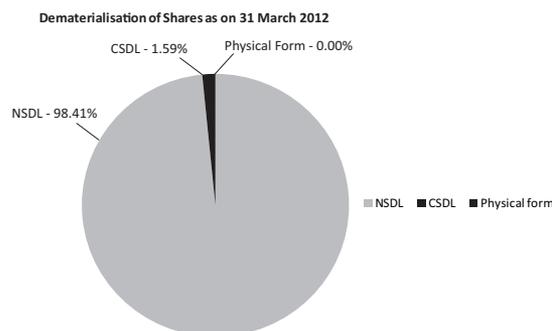
12.13 Financial Calendar 2012-13 (tentative):

First quarterly results	July, 2012
Second quarterly results	October, 2012
Third quarterly results	January, 2013
Annual results for the year 2012-13	April/May 2013

12.14 Dematerialisation of Shares and Liquidity:

The Company's shares are compulsorily traded in dematerialised form. The Company has arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for demat facility.

Particulars of Shares	Equity Shares of ₹ 10/- each		Members	
	Number	% of Total	Number	% of Total
Dematerialised form				
NSDL	1614044111	98.41	104318	65.14
CSDL	26002135	1.59	55804	34.85
Sub Total	1640046246	100.00	160122	99.99
Physical form	8549	*0.00	16	0.01
Total	1640054795	100.00	160138	100.00



*Shares in physical form constitute miniscule percentage of total shares.

12.15 Register NECS Mandate and furnish correct Bank Account particulars with Company / Depository Participant (DP)

Investors holding the shares in physical form should provide the National Electronic Clearing Service (NECS) mandate to the Company and investors holding the shares in electronic form should ensure that correct and updated particulars of their Bank Account are available with the Depository Participant (DP). This would facilitate in receiving Dividend payment through electronic mode from Company and avoid postal delays and loss in transit. Investor must update the new Bank Account number allotted after implementation of Core Banking Solution (CBS) to the Company's Registrar i.e. Karvy Computershare Private Limited, in case of shares held in physical form and to the DP in case of shares held in electronic form.

12.16 Green Initiative for Paperless Communications:

The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies through electronic mode. In accordance with the Circulars issued by the MCA, Companies can now send various Notice(s)/ Balance Sheet (Annual Report) / documents, etc. to their Shareholders through electronic mode to the registered e-mail addresses of the Shareholders after providing advance opportunity to register their e-mail address with the Company or Depository Participant (DP) and changes therein from time to time.

To support the "Green Initiative" taken by the MCA, to contribute towards greener environment and to receive all documents, Notice(s), including Balance Sheet (Annual Reports) and other communications of the Company, Shareholders should register their e-mail addresses.

Equity Shareholders holding shares in physical form can avail the said facility by downloading the Form from the Company's website (www.jsw.in) or as attached to this Annual Report and forwarding the same to Company's Registrar i.e. Karvy Computershare Private Limited, Unit: JSW Energy Limited, Plot No. 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad - 500 081, Fax No. 040 - 23420814. Shareholders holding shares in demat mode can register their e-mail address/change their e-mail address with their DP or fill in the E-Communication Registration Form as attached to this Annual Report and forward the same to Company's Registrar i.e. Karvy Computershare Private Limited in the event they have not done so earlier for receiving notices/documents through Electronic mode.

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

NIL

12.18 Registered Office:

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

12.19 Plant Locations:

Vijayanagar Plant : Post Box No. 9, Toranagallu, District Bellary – 583 123, Karnataka.

Ratanagiri Plant : Village Nandiwade, Post Jaigad, Taluka & District Ratnagiri - 415 614, Maharashtra.

Kutehr Hydro project (under development implementation): Village & PO Garola, Tehsil Bharmour, District Chamba-176 309, Himachal Pradesh.

12.20 Address for Investor Correspondence:

A. For Retail Investors:

(i) Securities held in Physical Form

Registrar & Share Transfer Agents

Karvy Computershare Private Limited

Unit: JSW Energy Limited

Plot No.17 to 24, Vittalrao Nagar,

Madhapur, Hyderabad - 500 081

Ph. Nos: 040 – 44655000, Ext 131, 133 & 177

Fax No. 040 - 23420814

E-mail: einward.ris@karvy.com

Website: www.karvy.com

(ii) Securities held in Demat form

The Investors' Depository Participant(s) and/or Karvy Computershare Private Limited

(iii) JSW Energy Limited-Investor Relation Centre

The Enclave, Behind Marathe Udyog Bhavan, New Prabhadevi Road, Prabhadevi,

Mumbai-400 025

Tel. No. 022-67838000

Fax. No. 022-24320740

E-mail: jswel.investor@jsw.in

Website: www.jsw.in

B. For Institutional Investors:

Mr. Pramod Menon

Chief Financial Officer

The Enclave, Behind Marathe Udyog Bhavan,

New Prabhadevi Road, Prabhadevi,

Mumbai-400 025

Tel. No. 022-67838000

Fax. No. 022-24320740

C. Designated exclusive e-mail id for Investor servicing:

jswel.investor@jsw.in

D. Toll Free Number of R & T Agent's (KARVY) exclusive call centre: 1-800-3454001

E. Web-based Query Redressal System:

Facility has been extended by the Registrar and Share Transfer Agents for redressal of Shareholders' queries. The Shareholder can visit <http://karisma.karvy.com> and click on "investors" option for query registration after free identity registration.

After logging in, Shareholders can submit their query in the "QUERIES" option provided on the website, which would give the grievance registration number. For accessing the status/response to their query, the same number can be used at the option "VIEW REPLY" after 24 hours. The Shareholders can continue to put additional queries relating to the case till they are satisfied.

13. 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 and a Code of Conduct for Prevention of Insider Trading as detailed below has been adopted pursuant to clause 49 (D) of the Listing Agreement & the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (as amended), respectively.

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 09th 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.

Declaration affirming compliance of Code of Conduct:

The Company has received confirmations from the Directors as well as Senior Management Executives regarding compliance of the Code of Conduct during the year under review.

A declaration by the Vice Chairman affirming compliance of Board Members and Senior Management Personnel to the Code is also annexed herewith.

B. Reconciliation of Share Capital Audit Report:

Share Capital Audit Report in terms of SEBI directive vide its circular CIR/MRD/DP/30/2010 dated 6th September, 2010, confirming that the total issued capital of the Company is in agreement with the total number of shares in physical form and the total number

of dematerialised shares held with National Securities Depository Limited and Central Depository Services (India) Limited, is submitted to the Stock Exchanges where the shares of the Company are listed.

C. Code of Conduct for Prevention of Insider Trading:

The Company has adopted the Code of Conduct for Prevention of Insider Trading for its Management, Staff and Directors. The Code lays down guidelines and procedures to be followed and disclosures to be made by Directors, top level executives and certain staff whilst dealing in shares. The Company Secretary has been appointed as the Compliance Officer and is responsible for adherence to the Code.

D. Internal Checks and Balances:

Wide use of technology in the Company's financial reporting processes ensures robustness and integrity. The Company deploys a robust system of internal controls to allow optimal use and protection of assets, facilitate accurate and timely compilation of financial statements and management reports and ensure compliance with statutory laws, regulations and Company policies. The Board and the Management periodically review the findings and recommendations of the auditors and take necessary corrective actions wherever necessary.

E. Legal Compliance of the Company's Subsidiaries:

Periodical Audit ensures that the Company's Subsidiaries conducts its business with high standards of legal, statutory and regulatory compliances. As per the Compliance reports of the Management, there has been no material non-compliance with the applicable statutory requirements by the Company and its Subsidiaries.

14. OTHER SHAREHOLDER INFORMATION:

A. Corporate Identity Number (CIN):

The CIN allotted to the Company by the Ministry of Corporate Affairs, Government of India is L74999MH1994PLC077041.

B. Shares held in electronic form:

Members holding shares in electronic form may please note that:

- (i) Instructions regarding bank details which they wish to have incorporated in Dividend warrants must be submitted to their Depository Participants (DPs). As per the regulations of National Securities Depository Limited and Central Depository Services (India) Limited, the Company is obliged to print Bank details on the Dividend warrants, as furnished by these Depositories to the Company.

- (ii) Instructions already given by them for shares held in physical form will not be automatically applicable to the Dividend paid on shares held in electronic form.

- (iii) Instructions regarding change of address, nomination and power of attorney should be given directly to the DPs.

- (iv) The Company provides NECS facilities for shares held in electronic form and Members are urged to avail of this facility.

14.1 Depository Services:

Members may write to the respective Depository or to Karvy for guidance on depository services.

National Securities Depository Limited	Central Depository Services (India) Limited
Trade World, "A" Wing, 4 th Floor, Kamala Mills Compound, Lower Parel, Mumbai 400 013. Tel : 022-2499 4200 Fax : 022-2497 6351 E-mail : info@nsdl.co.in Website : www.nsdl.co.in	Phiroze Jeejeebhoy Towers, 17 th Floor, Dalal Street, Mumbai 400 001. Tel : 022-2272 3333 Fax : 022-2272 3199 E-mail : investors@cdslindia.com Website : www.cdslindia.com

14.2 Nomination Facility:

Pursuant to the provisions of Section 109A of the Companies Act, 1956, Members are entitled to make nominations in respect of shares held by them. Members holding shares in physical form and intending to make/change the nomination in respect of their shares in the Company, may submit their requests in Form No. 2B to Company's Registrar, Karvy Computershare Private Limited. Members holding shares in electronic form are requested to give the nomination request to their respective DPs directly.

Form No. 2B can be obtained from Company's Registrar Karvy Computershare Private Limited or downloaded from the Company's website www.jsw.in under the section 'Shareholder Information'.

Compliance Certificate by Auditors:

The Company has obtained a certificate from the Statutory Auditors regarding compliance of conditions of corporate governance as stipulated in Clause 49, which is annexed herewith.

DECLARATION AFFIRMING COMPLIANCE OF CODE OF CONDUCT

As provided under Clause 49 of the Listing Agreement, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for year ended 31.03.2012.

For JSW Energy Limited

Mumbai
30th April, 2012

Nirmal Kumar Jain
Vice Chairman

CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

We have examined the compliance of the conditions of Corporate Governance by JSW Energy Limited for the year ended 31st March, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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 and based on the representations given by the management of the

Company, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned 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.

For **LODHA & CO.**
Chartered Accountants

Mumbai
30th April, 2012

A.M. Hariharan
Partner
Membership No. 38323
Firm Registration No. 301051E

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, 2012, the Profit and Loss Statement 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 Statement 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 Statement and Cash Flow Statement dealt with by this report comply with the Accounting Standards prescribed by Companies (Accounting Standards) Rules, 2006, to the extent applicable;
 - e) On the basis of the written representation received from directors as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012, 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 financial statements read together with paragraph below the Note 16 regarding overdue trade receivable of ₹ 5.35 crore from Karnataka Power Transmission Corporation Limited, the matter in respect of which is pending in Supreme Court, significant accounting policies and other accompanying notes, 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, 2012;
 - ii) In the case of the Profit and Loss Statement, 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 & CO.**
Chartered Accountants

A.M. Hariharan
Partner

Membership No.38323
Firm Registration No. 301051E

Mumbai
30th April, 2012

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012 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 program 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 program, 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 sources 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 ₹ 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 there under 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 generally 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 disputed Electricity tax demand of ₹ 4.47 crore for financial year 2011-12 against which the company's application is pending before Department of Electrical Inspectorate, Karnataka.
10. The Company has no accumulated losses as at 31st March, 2012 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 management has disclosed on the end use of money raised by public issues and the same has been verified by us.
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 & CO.
Chartered Accountants

A.M. Hariharan
Partner

Membership No.38323
Firm Registration No. 301051E

Mumbai
30th April, 2012

Balance Sheet as at 31st March, 2012

₹ crore

Note	Particulars	As at 31st March, 2012	As at 31st March, 2011
	I EQUITY AND LIABILITIES		
	(1) Shareholders' funds:		
2	(a) Share capital	1,640.05	1,640.05
3	(b) Reserves and surplus	4,518.67	4,385.34
		<u>6,158.72</u>	<u>6,025.39</u>
	(2) Non-current liabilities:		
4	(a) Long term borrowings	4,960.99	5,158.02
	(b) Deferred tax liabilities (net)	138.17	140.54
5	(c) Other long term liabilities	0.50	0.50
6	(d) Long term provisions	3.03	1.87
		<u>5,102.69</u>	<u>5,300.93</u>
	(3) Current Liabilities:		
7	(a) Short term borrowings	-	100.20
8	(b) Trade payables	2,384.52	802.56
9	(c) Other current liabilities	699.59	613.45
10	(d) Short term provisions	97.19	193.86
		<u>3,181.30</u>	<u>1,710.07</u>
	TOTAL	<u>14,442.71</u>	<u>13,036.39</u>
	II ASSETS		
	(1) Non-current assets:		
	(a) Fixed Assets		
11	(i) Tangible assets	6,912.57	4,722.39
11	(ii) Intangible assets	2.70	2.20
11	(iii) Capital work-in progress	801.05	2,740.44
11	(iv) Intangible assets under development	-	2.72
12	(b) Non-current investments	2,278.20	2,041.73
13	(c) Long term loans and advances	891.73	553.90
		<u>10,886.25</u>	<u>10,063.38</u>
	(2) Current assets:		
14	(a) Current investments	210.02	245.27
15	(b) Inventories	705.14	480.80
16	(c) Trade receivables	614.22	531.35
17	(d) Cash and Bank balances	636.95	821.30
18	(e) Short term loans and advances	1,186.71	733.55
19	(f) Other current assets	203.42	160.74
		<u>3,556.46</u>	<u>2,973.01</u>
	TOTAL	<u>14,442.71</u>	<u>13,036.39</u>
1	Significant Accounting Policies		
2 - 25	Notes Forming Integral Part of the Financial Statements		

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

For and on behalf of the Board of Directors

A.M. Hariharan
Partner

Pramod Menon
Chief Financial Officer

Sajjan Jindal
Chairman and Managing Director

Place: Mumbai
Date: 30th April, 2012

Sampath Madhavan
Company Secretary

Nirmal Kumar Jain
Vice Chairman

Profit and Loss Statement for the year ended 31st March, 2012

		₹ crore	
Note	Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
20	I Revenue from operations	5,016.42	3,869.05
21	II Other income	<u>114.02</u>	<u>112.10</u>
	III Total Revenue (I+II)	5,130.44	3,981.15
	IV Expenses:		
	Cost of Fuel	3,460.28	2,078.05
22	Employee benefits expense	80.90	66.94
23	Finance costs	508.16	341.00
	Depreciation and amortisation expense	377.22	211.61
24	Other expenses	<u>261.02</u>	<u>194.18</u>
	Total Expenses	<u>4,687.58</u>	<u>2,891.78</u>
	V Profit before exceptional and extraordinary item and tax (III-IV)	<u>442.86</u>	<u>1,089.37</u>
	VI Exceptional Item - Net Foreign Exchange Loss (refer note 25 (viii) (i))	<u>151.61</u>	-
	VII Profit before tax (V-VI)	<u>291.25</u>	<u>1,089.37</u>
	VIII Tax Expenses:		
	Current tax	58.98	181.41
	Deferred tax	<u>(2.37)</u>	<u>22.35</u>
		<u>56.61</u>	<u>203.76</u>
	IX Profit for the year (VII-VIII)	<u>234.64</u>	<u>885.61</u>
	X Earnings per share of face value of ₹ 10 each (Basic & Diluted)	<u>1.43</u>	<u>5.40</u>
1	Significant Accounting Policies		
2 - 25	Notes Forming Integral Part of the Financial Statements		

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

For and on behalf of the Board of Directors

A.M. Hariharan
Partner

Pramod Menon
Chief Financial Officer

Sajjan Jindal
Chairman and Managing Director

Place: Mumbai
Date: 30th April, 2012

Sampath Madhavan
Company Secretary

Nirmal Kumar Jain
Vice Chairman

Cash Flow Statement for the year ended 31st March, 2012

₹ crore

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	291.25	1,089.37
Adjusted for:		
Depreciation	377.22	211.61
Interest Income	(61.76)	(42.54)
Expense on Employee Stock Option Scheme (ESOS)	0.61	0.53
Loss on Sale of Fixed Assets	0.16	0.47
Unrealised foreign exchange (gain) / loss	122.21	(14.63)
Finance costs	508.16	341.00
	<u>946.60</u>	<u>496.44</u>
Operating profit before working capital changes	1,237.85	1,585.81
Adjustments for:		
Trade and Other Receivables	(82.88)	(264.75)
Unbilled Revenue	(35.05)	(24.09)
Trade Payables including Advance received from customers	1,668.94	368.87
Loans and advances	(805.73)	(237.52)
Inventories	(224.34)	(158.07)
	<u>520.94</u>	<u>(315.56)</u>
Cash generated from operations	1,758.79	1,270.25
Direct Taxes Paid (Net)	(71.14)	(218.02)
	<u>1,687.65</u>	<u>1,052.23</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets including CWIP & Pre-Operative Expenses	(733.90)	(1,644.82)
Interest Received	53.17	42.54
Investments (including advance against share capital) in : Subsidiaries	(188.92)	(629.28)
Associates /Joint Venture	(23.30)	-
Others	(24.25)	(0.78)
Sale of Fixed Assets	8.13	23.18
NET CASH USED IN INVESTING ACTIVITIES	<u>(909.07)</u>	<u>(2,209.16)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Debenture issue expenses	(6.62)	(36.75)
Borrowings (Net)	(297.23)	967.89
Finance costs paid	(503.84)	(312.47)
Dividend Paid (includes tax on dividend)	(190.62)	(143.43)
NET CASH (USED IN) / FROM FINANCING ACTIVITIES	<u>(998.31)</u>	<u>475.24</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	<u>(219.73)</u>	<u>(681.69)</u>
CASH AND CASH EQUIVALENTS - OPENING BALANCE	1,063.66	1,745.35
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	843.93	1,063.66

Notes :

- The above cash flow statement has been prepared by using the indirect method as per Accounting Standard 3.
- Cash and cash equivalents includes ₹ 210.02 crore (Previous Year ₹ 245.27 crore) being current investments in Mutual Funds.
- 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 & CO.

Chartered Accountants

For and on behalf of the Board of Directors

A.M. Hariharan
PartnerPramod Menon
Chief Financial OfficerSajjan Jindal
Chairman and Managing DirectorPlace: Mumbai
Date: 30th April, 2012Sampath Madhavan
Company SecretaryNirmal Kumar Jain
Vice Chairman

Notes to Financial Statements for the year ended 31st March, 2012

NOTE: 1

Significant Accounting Policies:

(a) General

- (i) The financial statements are prepared under the historical cost convention, on the accounting principles of a going concern.
- (ii) Accounting Policies not specifically referred to otherwise are consistent and in consonance with the applicable accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006 to the extent applicable.
- (iii) All expenses and income to the extent ascertainable with reasonable certainty are accounted for on accrual basis.
- (iv) 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.
- (v) All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the revised Schedule VI to the Companies Act, 1956.

(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. Power supplied under banking arrangements is accounted as per terms of agreements. Quantity of power banked is recorded as a loan transaction valued at cost or net realizable value whichever is lower and recognised as revenue when the same is returned and sold to an ultimate customer.
- ii. Revenue from construction / project related activity:
Revenue from construction contract is 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.

Contract cost comprises of all costs that relate directly

to the specified contract, incidental costs attributable to the contract including allocated overheads and warranty costs.

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

(c) Fixed Assets

(i) Tangible Assets:

Fixed assets are stated at cost which includes all direct and indirect expenses up to 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.

(ii) Intangible Assets:

The Company capitalizes 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.

(d) Capital Work-in-Progress (CWIP):

Capital Work-in-Progress comprises of the cost of assets that are not yet ready for their intended use at the reporting date. Cost of material consumed, erection charges thereon along with other related expenses incurred for the projects are shown as CWIP for capitalization.

Expenditure attributable to construction of fixed assets are identified and allocated on a systematic basis to the cost of the related asset.

Interest during construction and expenditure (net) allocated to construction are apportioned to CWIP on the basis of the closing balance of Specific asset or part of asset being capitalized. The balance, if any, left after such capitalization is kept as a separate item under the CWIP Schedule.

Claims for price variation/exchange rate variation in case of contracts are accounted for on acceptance/receipt of claims.

Any other expenditure which is not directly or indirectly attributable to the construction of the Project / construction of the Fixed Asset, is charged off to profit and loss statement in the period in which they are incurred.

(e) Depreciation /Amortisation

Depreciation is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 or as notified by Central Electricity Regulatory Commission (CERC), whichever is higher.

In the following categories of Assets, the higher depreciation rates are adopted:

Notes to Financial Statements for the year ended 31st March, 2012 (Continued...)

Sr No.	Asset Type	Schedule XIV rate	CERC rate
(a)	Buildings	1.63%	3.34%
(b)	Plant and Equipments		
	- Air Conditioners	4.75%	9.50%
	- Computers	16.21%	15.00%
	- Factory Equipment	5.28%	7.07%
(c)	Office Equipments	4.75%	6.33%

Leasehold Land acquired by the Company, with an option in the lease deed, entitling the Company to purchase on outright basis after a certain period at no additional cost is not amortized.

(f) Impairment of assets

In accordance with AS-28 'Impairment of assets' prescribed by the Companies (Accounting Standards) Rules, 2006, 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 statement whenever the carrying amounts of such assets exceed its recoverable amount.

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.

(g) Borrowing Costs

- (i) Borrowing Costs (including exchange differences) directly attributable to the acquisition or construction of qualifying assets, are capitalized as part of the cost of such assets up to the date when the asset is ready for its intended use. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. The borrowing cost eligible for capitalization is netted off against any income arising on temporary investment of those borrowings. The capitalization of the borrowing costs shall cease when substantially all activities necessary to prepare the qualifying asset for its intended use are complete.
- (ii) Expenses incurred in connection with the arrangement of borrowings are written off over the period of the borrowing.
- (iii) Other borrowing costs are charged to revenue.

(h) 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 valued at lower of cost or fair value.

(i) Inventories

Inventories are valued at lower of cost and net realisable value. Cost is determined on the weighted average basis for valuation. Net realisable value is the estimated selling price

in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Obsolete, defective and unserviceable stocks are duly provided for.

(j) Foreign Exchange Transactions

Foreign Currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Foreign Currency assets and liabilities (monetary items) are reported at the exchange rate prevailing on the balance sheet date.

Pursuant to the notification of the Companies (Accounting Standards) Amendment Rules, 2006 on 31st March, 2009, which amended Accounting Standard 11 on "The Effects of Changes in Foreign Exchange Rates", exchange differences relating to long term monetary items are dealt with in the following manner:

- i. Exchange differences relating to long-term monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital asset are added to / deducted from the cost of the asset and depreciated over the balance life of the asset.
- ii. In other cases such differences are accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortized to the profit and loss statement over the balance life of the long-term monetary item, but not beyond 31st March 2020.

Non-monetary items such as investments are carried at historical cost using the exchange rates on the date of the transaction.

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.

All other exchange differences are dealt with in the profit & loss statement.

(k) 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 statement 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 method 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.

Notes to Financial Statements for the year ended 31st March, 2012 (Continued...)

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

(l) Taxation

Income tax expenses comprise current 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 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.

(m) Provisions and Contingent Liabilities

Provisions are recognised based on the best estimate of the expenditure required to settle the present obligation at the balance sheet date when,

- 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 or a reliable estimate of the amount of obligation cannot be made.
- a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the enterprise.

₹ crore

NOTE: 2 - SHARE CAPITAL

Authorised:

5,000,000,000 (Previous Year 5,000,000,000) Equity Shares of ₹ 10 each

Issued, Subscribed and paid-up:

1,640,054,795 (Previous Year 1,640,054,795) Equity Shares of ₹ 10 each

Details of shareholding

a) Details of shareholding more than 5%

- JSW Investments Private Limited
- Sun Investments Private Limited
- Vrindavan Services Private Limited

b) Terms & Rights attached to equity shares

- The Company has only one class of equity shares having a par value of ₹ 10 each. Each holder of equity shares is entitled to one vote per share. The Company declares and pay dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the Shareholders in the ensuing Annual General Meeting.
- In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to the shareholding. However, no such preferential amount exists currently.

c) The reconciliation of the number of shares outstanding is set out below:

Particulars	₹ crore	
	As at 31st March, 2012	As at 31st March, 2011
Balance as at the beginning of the year	1,640,054,795	1,640,054,795
Issued during the year	-	-
Balance as at the end of the year	1,640,054,795	1,640,054,795

	As at 31st March, 2012	As at 31st March, 2011
Authorised:		
5,000,000,000 (Previous Year 5,000,000,000) Equity Shares of ₹ 10 each	5,000.00	5,000.00
Issued, Subscribed and paid-up:		
1,640,054,795 (Previous Year 1,640,054,795) Equity Shares of ₹ 10 each	1,640.05	1,640.05
	1,640.05	1,640.05
Details of shareholding	As at 31st March, 2012	As at 31st March, 2011
a) Details of shareholding more than 5%	No. of Shares	No. of Shares
1 JSW Investments Private Limited	536,201,147 32.69%	536,201,147 32.69%
2 Sun Investments Private Limited	270,892,170 16.52%	270,892,170 16.52%
3 Vrindavan Services Private Limited	110,146,190 6.72%	110,146,190 6.72%

Notes to Financial Statements for the year ended 31st March, 2012 (Continued...)

d) Aggregate number of Bonus shares issued and shares issued for consideration other than cash during the last five years:

Particulars	₹ crore	
	As at 31st March, 2012	As at 31st March, 2011
i) Equity Shares issued as fully paid bonus shares by capitalisation of General Reserve and Surplus in Profit and Loss Statement	987,812,147	987,812,147
ii) Equity Shares allotted pursuant to the scheme of Amalgamation without consideration being received in cash	31,816,044	31,816,044

NOTE: 3 - RESERVES AND SURPLUS

Debenture Redemption Reserve:

	₹ crore	
	As at 31st March, 2012	As at 31st March, 2011
Balance as at the beginning of the year	186.37	4.80
Add: Additions during the year	139.48	181.57
Balance as at the end of the year	<u>325.85</u>	<u>186.37</u>

NOTE: 3 - RESERVES AND SURPLUS (Continued...)

General Reserve:

	As at 31st March, 2012	As at 31st March, 2011
Balance as at the beginning and at the end of the year	91.49	91.49
Securities Premium Account:		
Balance as at the beginning of the year	2,387.43	2,424.18
Less: Debenture issue expenses	6.62	36.75
Balance as at the end of the year	<u>2,380.81</u>	<u>2,387.43</u>
Share Options Outstanding Account: (refer note 25 (iii) (ii))		
Balance as at the beginning of the year	2.20	1.67
Add: Additions during the year	0.61	0.53
Balance as at the end of the year	<u>2.81</u>	<u>2.20</u>
Surplus:		
Balance as at the beginning of the year	1,717.85	1,204.43
Add: Profit during the year	234.64	885.61
Less: Transfer to debenture redemption reserve	139.48	181.57
Less: Proposed dividend [Dividend per share ₹ 0.50 (Previous Year ₹ 1.00)]	82.00	164.01
Less: Dividend Distribution Tax	13.30	26.61
Balance as at the end of the year	<u>1,717.71</u>	<u>1,717.85</u>
	<u>4,518.67</u>	<u>4,385.34</u>

NOTE: 4 - LONG TERM BORROWINGS

Secured Loans

1. Debentures:

- a) 12,000 (Previous Year 12,000) 9.75% Secured Redeemable Non Convertible Debentures of ₹ 10 lakhs each
- b) 24,000 (Previous Year 24,000) Ranging from 9% to 9.75% Secured Redeemable Non Convertible Debentures of ₹ 10 lakhs each
- c) 140 (Previous Year 140) 20% Secured Redeemable Non Convertible Debentures of ₹ 100 lakhs each

2. Rupee Term Loans :

- a) Banks
- b) Financial Institutions

	₹ crore			
	As at 31st March, 2012 Non-Current	As at 31st March, 2012 Current	As at 31st March, 2011 Non-Current	As at 31st March, 2011 Current
a) 12,000 (Previous Year 12,000) 9.75% Secured Redeemable Non Convertible Debentures of ₹ 10 lakhs each	1,200.00	-	1,200.00	-
b) 24,000 (Previous Year 24,000) Ranging from 9% to 9.75% Secured Redeemable Non Convertible Debentures of ₹ 10 lakhs each	2,280.00	120.00	2,400.00	-
c) 140 (Previous Year 140) 20% Secured Redeemable Non Convertible Debentures of ₹ 100 lakhs each	-	1.48	1.48	5.91
2. Rupee Term Loans :				
a) Banks	1,226.24	232.88	1,239.82	167.48
b) Financial Institutions	254.75	52.41	316.72	37.45
	<u>4,960.99</u>	<u>406.77</u>	<u>5,158.02</u>	<u>210.84</u>

Notes to Financial Statements for the year ended 31st March, 2012 (Continued...)

i) Terms of Redemption of Debentures:

- a) 12,000 nos @ 9.75% Secured Redeemable Non-Convertible Debentures of ₹ 10 lakhs each redeemable at par in 10 half yearly equal installments commencing from 20th January / 30th January / 16th February 2016 till 20th July / 30th July / 16th August, 2020.
- b) Coupons Rates ranging from 9% to 9.75% Secured Redeemable Non-Convertible Debentures of 24,000 nos of ₹ 10 lakhs each having tranches of ₹ 120 Crores each aggregating to ₹ 2,400 Crores. Each tranches are redeemable at par at different intervals commencing from 31st March 2013 and ending at 1st November 2022.
- c) 20 % Secured Redeemable Non-Convertible Debentures of ₹ 100 lakhs each, redeemable at par in 44 quarterly installments commenced from 15th July, 2001.

ii) Terms of Repayment of Rupee Terms Loans:

Particular	As at 31st March, 2012	As at 31st March, 2011
₹ crore		
From Banks -		
1 - 3 Years	595.67	493.62
4 - 5 Years	421.09	341.08
6 - 10 Years	209.48	405.12
Total borrowing from Banks	1,226.24	1,239.82
From Financial Institutions-		
1 - 3 Years	96.42	148.96
4 - 5 Years	97.18	96.04
6 - 10 Years	61.15	68.58
10 Years and above	-	3.14
Total borrowing from Financial Institutions	254.75	316.72

iii) Details of Security:

- a) Debentures aggregating to ₹ 1,200 crores, mentioned in 1 (a) are secured on a pari passu basis by (a) a first ranking charge by way of legal mortgage on the freehold land situated at Mouje Maharajpura, Taluka Kadi, District Mehsana, in the state of Gujarat, (b) a first ranking charge by way of legal mortgage of immovable assets of the Company's SBU I & SBU II situated in the State of Karnataka, (c) a first ranking charge by way of hypothecation of movable fixed assets of the Company's SBU I & SBU II.
- b) Debentures aggregating to ₹ 2,400 crores, mentioned in 1 (b) are secured on a pari passu basis by (a) a first ranking charge by way of legal mortgage on the freehold land situated at Mouje Maharajpura, Taluka Kadi, District Mehsana, in the state of Gujarat, (b) secured on a pari passu basis by a first ranking charge by way of mortgage on fixed assets of SBU III (4 x 300 MW Power Plant situated at Dist. Ratnagiri, Maharashtra).
- c) Debentures amounting to ₹ 1.48 crores mentioned in 1 (c), Rupee Term Loan aggregating to ₹ 1.70 crores included in 2 (b) are secured on a pari passu basis by (a)

a first ranking legal mortgage of immovable property of the Company's SBU I (2 x 130 MW Thermal Power Plant at Toranagallu, Karanataka) situated in state of Maharashtra, (b) a first ranking charge by way of equitable mortgage of immovable assets of the Company's SBU I & SBU II (2 x 130 MW Thermal Power Plant at Toranagallu, Karanataka) situated in the State of Karnataka, (c) a first ranking charge by way of hypothecation of movable fixed assets of the Company's SBU I & II (d) a second ranking charge by way of hypothecation on the current assets of Company's SBU I & SBU II including stock and receivables (both present and future).

- d) Rupee Term Loan aggregating to ₹ 273.97 crores included in 2 (a) and (b) are secured on a pari passu basis by (a) a first ranking charge by way of equitable mortgage of immovable assets of the Company's SBU I & SBU II situated in the State of Karnataka, (b) a first ranking charge by way of hypothecation of movable fixed assets of the Company's SBU I & SBU II unit situated in Karnataka, (c) a second ranking charge by way of hypothecation on the current assets of Company's SBU I & SBU II including stock and receivables (both present and future).
- e) Rupee Term Loan aggregating to ₹ 182.54 crores included in 2 (a) is secured on a pari passu basis by (a) a first ranking legal mortgage of immovable property of the Company's SBU II situated in state of Maharashtra, (b) a first ranking charge by way of equitable mortgage of immovable assets of the Company's SBU I & SBU II situated in the State of Karnataka, (c) a first ranking charge by way of hypothecation of movable fixed assets of the Company's SBU I & II (d) a second ranking charge by way of hypothecation on the current assets of Company's SBU I & SBU II including stock and receivables (both present and future).
- f) Rupee Term Loan included in 2 (a) amounting to ₹ 193.06 crores is secured by first ranking charge on the JSWEL's share (i.e. 50%) in the property being developed at Village Kole Kalyan, Taluka South Salsette, District of Mumbai Suburban.
- g) Rupee term loan included in 2 (a) and (b) aggregating of ₹ 1,115.00 crores are secured on a pari passu basis by (a) first ranking charge by way of legal mortgage on the Company's SBU III (4x300 MW) immovable property both present and future situated in Ratnagiri and (b) a first ranking charge by way of Hypothecation of movable assets both present and future of Company's SBU III situated in Ratnagiri, Maharashtra. (c) second ranking charge on current assets of the Company's SBU III for rupee term loan included in 2 (a) aggregating of ₹ 999.36 crores.

NOTE: 5 - OTHER LONG TERM LIABILITIES

Security deposits

	As at 31st March, 2012	As at 31st March, 2011
	0.50	0.50
	0.50	0.50

Notes to Financial Statements for the year ended 31st March, 2012 (Continued...)

	₹ crore			₹ crore	
NOTE: 6 - LONG TERM PROVISIONS	As at 31st March, 2012	As at 31st March, 2011	NOTE: 9 - OTHER CURRENT LIABILITIES	As at 31st March, 2012	As at 31st March, 2011
Employee benefits	3.03	1.87	Current maturities of long term debentures & term loans (Refer Note 4)	406.77	210.84
	<u>3.03</u>	<u>1.87</u>	Interest accrued but not due on borrowings	32.86	28.53
			Unclaimed dividend #	0.19	0.06
			Unclaimed share application money refunds #	0.07	0.07
NOTE: 7 - SHORT TERM BORROWINGS	As at 31st March, 2012	As at 31st March, 2011	Payable and Acceptances* (Capital goods /Project)	230.55	358.07
Secured Loans			Other payables:		
Debentures:			Employee benefit expenses payable	13.28	9.89
Nil (Previous Year 1000)	-	100.00	Due to subsidiaries	0.05	-
6.50% Secured Redeemable Non-Convertible Debentures of ₹ 10 lakhs each			Statutory Dues	13.48	4.01
Other Loans & Advances:			Security deposits	1.12	1.03
Working Capital Loan from Banks	-	0.20	Others	1.22	0.95
	<u>-</u>	<u>0.20</u>		<u>699.59</u>	<u>613.45</u>
Details of Security:			# No amount due to be credited to Investor Education and Protection Fund.		
i) Debentures were secured on a pari passu basis by first ranking legal mortgage on the freehold land situated at Mouje Maharajpura, Taluka Kadi, District Mehsana, in the state of Gujarat.			* Refer note 25(iv) for dues to Micro, Small and Medium Enterprises.		
ii) Working Capital Loans pertaining to SBU II are secured on a pari passu basis by (a) a second ranking charge by way of equitable mortgage of immovable assets of the SBU II situated in the State of Karnataka, (b) a second ranking charge by way of hypothecation of movable fixed assets of the SBU II, (c) a first ranking charge by way of hypothecation on the current assets of SBU II including stock and receivables (both present and future).					
NOTE: 8 - TRADE PAYABLES	As at 31st March, 2012	As at 31st March, 2011	NOTE: 10 - SHORT TERM PROVISIONS	As at 31st March, 2012	As at 31st March, 2011
Acceptances	2,110.36	654.78	Provision for Employee Benefits	1.78	3.16
Trade Payables *	274.16	147.78	Other Provisions		
	<u>2,384.52</u>	<u>802.56</u>	Wealth Tax	0.11	0.08
			Proposed Dividend	82.00	164.01
			Dividend Distribution Tax	13.30	26.61
				<u>97.19</u>	<u>193.86</u>
* Refer note 25(iv) for dues to Micro, Small and Medium Enterprises					

Notes to Financial Statements for the year ended 31st March, 2012 (Continued...)

NOTE : 11 - FIXED ASSETS

₹ crore

Particulars	Gross Block			Depreciation /Amortisation			Net Block		
	As at 1st April, 2011	Additions	Deductions/ Adjustments	As at 31st March, 2012	Upto 31st March, 2011	For the year	Deductions/ Adjustments	As at 31st March, 2012	As at 31st March, 2011
A) Tangibles									
Freehold Land {Refer note (a) below}	54.02	18.24	-	72.26	-	-	-	72.26	54.02
Leasehold Land {Refer note (b) below}	12.69	0.60	-	13.29	-	-	-	13.29	12.69
Buildings	245.54	245.71	-	491.25	8.89	14.84	-	467.52	236.65
Plant & Equipment {Refer note (c) below}	5,252.90	2,304.61	7.74	7,549.77	851.49	356.42	-	6,341.86	4,401.41
Furniture & Fixtures	8.19	0.88	-	9.07	2.22	0.78	-	6.07	5.97
Vehicles	8.36	1.00	0.85	8.51	1.10	0.90	0.31	6.82	7.26
Office Equipment	7.35	1.17	0.01	8.51	2.96	1.07	-	4.48	4.39
Leasehold Improvements	-	0.40	-	0.40	-	0.13	-	0.27	-
Total	5,589.05	2,572.61	8.60	8,153.06	866.66	374.14	0.31	6,912.57	4,722.39
B) Intangibles									
Specialised Softwares	4.38	3.58	-	7.96	2.18	3.08	-	2.70	2.20
Total	4.38	3.58	-	7.96	2.18	3.08	-	2.70	2.20
Total (A + B)	5,593.43	2,576.19	8.60	8,161.02	868.84	377.22	0.31	6,915.27	4,724.59
Previous Year									
A) Tangibles	2,916.43	2,697.50	24.88	5,589.05	655.19	213.25	1.78	4,722.39	
B) Intangibles	4.21	0.17	-	4.38	0.73	1.45	-	2.20	
Total (A + B)	2,920.64	2,697.67	24.88	5,593.43	655.92	214.70	1.78	4,724.59	

a) i) Company has leased 1.18 acres of land amounting to ₹ 0.35 crore to an related party for 99 years, with an option to purchase the same after 10 years.

ii) Company has leased 35 acres of land amounting to ₹ 0.20 crore to a related party for a period of 28 years.

b) Leasehold Land acquired by the Company under lease deed entitles the Company to exercise the option to purchase on an outright basis after 10 years from the date of lease deed and there will be no further consideration payable at the time of conversion of the same from leasehold to freehold.

c) Includes Gross Block ₹ 28.00 crore (Previous Year ₹ 28.00 crore); Net block ₹ 100 (Previous Year ₹ 100) towards Company's share of Water Supply System constructed on land not owned by the Company, written off over a period of 10 years from 1st April 2000.

d) Additions include Borrowing costs of ₹ 300.20 crore (Previous year ₹ 241.17 crore) and foreign exchange loss of ₹ 4.73 crore (Previous Year ₹ 10.74 crore).

Notes to Financial Statements for the year ended 31st March, 2012 (Continued...)

	₹ crore			₹ crore	
NOTE : 11 - FIXED ASSETS (Continued...)	As at 31st March, 2012	As at 31st March, 2011	NOTE: 12 - NON-CURRENT INVESTMENTS	As at 31st March, 2012	As at 31st March, 2011
CAPITAL WORK-IN-PROGRESS			LONG TERM		
PRE-OPERATIVE EXPENDITURE DURING CONSTRUCTION PERIOD AND TRIAL RUN PRODUCTION (PENDING ALLOCATION):			A. Trade Investments		
Plant and Equipment under installation	1,608.85	3,101.19	Investments in Equity Shares (Unquoted) :		
Building Under Construction (50% share in property located in Mumbai jointly owned by a related party)	440.84	368.45	i) In Subsidiary Companies		
Civil Works	357.85	718.91	a) 70,000,000 (Previous Year 70,000,000) Equity Shares of ₹ 10 each fully paid up of JSW Power Trading Company Limited (JSWPTCL)	70.02	70.02
	<u>2,407.54</u>	<u>4,188.55</u>	b) 1,726,050,000 (Previous Year 1,626,400,000) Equity Shares of ₹ 10 each fully paid up of Raj WestPower Limited (RWPL) {517,815,000 (Previous Year 375,000,000) shares pledged as security in favour of financial institutions for loans granted to RWPL}	1,726.05	1,626.40
Less: Amount Transferred to Fixed Assets	1,758.80	2,032.83	c) 1,500 (Previous Year 1,500) Equity Shares of Indonesian Rupiah 1,000,000 each fully paid up of PT Param Utama Jaya, Indonesia	17.84	17.84
Sub Total (A)	<u>648.74</u>	<u>2,155.72</u>	d) 101,750,000 (Previous Year 86,153,316) Equity Shares of ₹ 10 each fully paid up of Jaigad PowerTransco Limited (JPTL) {Nil (Previous Year 59,375,934) shares pledged as security in favour of financial institutions for loans granted to JPTL}	101.75	86.15
PRE-OPERATIVE EXPENDITURE DURING CONSTRUCTION PERIOD AND TRIAL RUN:			e) 93,199,300 (Previous Year 19,489,300) Equity Shares of ₹ 10 each fully paid up of JSW Energy (Raigarh) Limited	93.20	19.49
Opening Balance	584.72	88.75	f) Nil (Previous Year 37,000) Equity Shares of ₹ 10 each fully paid up of JSW Energy (Bengal) Limited	-	0.04
Transferred Under Scheme of Amalgamation	-	651.61			
Project Upfront Premium	-	26.00			
Power, Water and fuel	47.27	150.77			
Employees Cost	13.53	1.47			
General and other expenses	15.29	28.04			
Finance costs	72.51	236.16			
Foreign Exchange Loss	39.90	-			
Depreciation	-	0.92			
	<u>773.21</u>	<u>1,183.72</u>			
Less : Revenue from Sale of Power	-	34.54			
Less : Interest Income	1.75	4.26			
Less : Profit from Sale of Current Investments	3.96	9.95			
Less : Foreign Exchange Gain	-	0.52			
	<u>767.50</u>	<u>1,134.45</u>			
Less: Amount Transferred to Fixed Assets	615.19	543.57			
Less: Amount Transferred to Profit and Loss Account	-	6.16			
Sub Total (B)	<u>152.31</u>	<u>584.72</u>			
Total (A+B)	<u>801.05</u>	<u>2,740.44</u>			
INTANGIBLE ASSET UNDER DEVELOPMENT:					
Software under implementation	-	2.72			

Notes to Financial Statements for the year ended 31st March, 2012 (Continued...)

	₹ crore			₹ crore	
NOTE: 12 - NON-CURRENT INVESTMENTS (Continued..)	As at 31st March, 2012	As at 31st March, 2011	NOTE: 12 - NON-CURRENT INVESTMENTS (Continued..)	As at 31st March, 2012	As at 31st March, 2011
g) 50,000 (Previous Year 50,000) Equity Shares of ₹ 10 each fully paid up of JSW Green Energy Limited	0.05	0.05	Investment in Preference Shares (Unquoted) :		
h) 800,000 (Previous Year 800,000) Equity Shares of USD 10 each fully paid up of JSW Energy Mineral Mauritius Limited	35.55	35.55	i) In Subsidiary Companies		
i) 756,500 (Previous Year 100) Equity Shares of USD 1 each fully paid up of JSW Energy Natural Resources (BVI) Limited * (₹ 4,602)	3.53	* 0.00	132,000,000 (Previous Year 132,000,000) 10% Non Cumulative Redeemable Preference Shares of ₹ 10 each fully paid of JSW Power Trading Company Limited (JSWPTCL)	132.00	132.00
Less: Provision for Diminution	(3.53)	-		<u>132.00</u>	<u>132.00</u>
	<u>2,044.46</u>	<u>1,855.54</u>	ii) In Other Related Parties	4.53	4.53
ii) In Joint Venture Companies			453,000 (Previous Year 453,000) 10% Redeemable Non - Cumulative Preference Shares of ₹ 100 each fully paid up of JSW Realty & Infrastructure Pvt Limited	<u>4.53</u>	<u>4.53</u>
a) 64,000,000 (Previous Year 44,000,000) Equity Shares of ₹ 10 each fully paid up of Toshiba JSW Turbine & Generator Private Limited)	64.00	44.00	Total Trade Investments (A)	<u>2,253.95</u>	<u>2,041.73</u>
b) 7,711,000 (Previous Year 4,411,000) Equity Shares of ₹ 10 each fully paid up of MJSJ Coal Limited	7.71	4.41	B. Investment in Others		
	<u>71.71</u>	<u>48.41</u>	Government and trust securities		
iii) Other Companies			6-Year National Savings Certificate * (₹ 33,000; Previous Year ₹ 33,000) (Pledged with Commercial Tax Department)	* 0.00	* 0.00
a) Nil (Previous Year 10) Equity Shares of AED 100 each fully paid up of JSW Energy Overseas Limited, Dubai * (₹ 13,922)	-	* 0.00		<u>0.00</u>	<u>0.00</u>
b) 1,250,000 (Previous Year 1,250,000) Equity Shares of ₹ 10 each fully paid up of Power Exchange India Limited	1.25	1.25	Investment in Own Debentures: (Quoted)		
	<u>1.25</u>	<u>1.25</u>	250 (Previous Year Nil) Secured Redeemable Non- Convertible Debenture of ₹ 10 lakhs each of the Company	24.25	-
				<u>24.25</u>	-
			Total Investment in Others (B)	<u>24.25</u>	<u>0.00</u>
			Total Non Current Investments (A + B)	<u>2,278.20</u>	<u>2,041.73</u>
			Aggregate amount of Unquoted Investments	2,253.95	2,041.73
			Aggregate amount of Quoted Investments	24.25	-
			Aggregate Market Value of Quoted Investments	24.25	-
			Aggregate Provision for diminution in value of investments	3.53	-
			Basis of Valuation : Refer Note 1(h)		

Notes to Financial Statements for the year ended 31st March, 2012 (Continued...)

		₹ crore		a) Loans and advances in the nature of Loans:		
NOTE: 13 - LONG TERM LOANS AND ADVANCES	As at 31st March, 2012	As at 31st March, 2011	Name of the Party	As at 31st March, 2012	As at 31st March, 2011	Maximum amount outstanding during the year
Unsecured, considered good						
Capital Advances to Related parties	75.00	75.00	i) Raj WestPower Limited (interest free to the extent of ₹ 61.25 crore)	422.88	-	422.88
Capital Advances - Others	43.92	71.63	ii) JSW Energy Mineral Mauritius Limited	-	115.20	115.20
Deposits			iii) JSW Energy Employees Welfare Trust (interest free) (Loans to employees as per the Company's policy are not considered)	89.35	29.69	89.35
Deposits with Government / Semi - Government Authorities	84.34	84.76				
Deposits - towards Lease of Property and Equipment	58.52	59.06				
Other deposits	0.25	0.26				
Loans and advances to						
Subsidiaries	422.88	115.20				
JSW Energy Employees Welfare Trust (Interest free)	89.35	29.69				
Minimum Alternate Tax credit entitlement	114.48	114.48				
Other Loans and Advances	2.99	3.82				
	<u>891.73</u>	<u>553.90</u>				

b) Investment by the loanee in the shares of the Company: JSW Energy Employees Welfare Trust	No. of Shares 15,150,901
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NOTE: 14 - CURRENT INVESTMENTS

				₹ crore
Investment in Mutual Funds (Unquoted, Fully paid up):	No. of Units	Face Value ₹	As at 31st March, 2012	As at 31st March, 2011
a) Birla Sun Life Mutual Fund				
Birla Sun life Floating Rate Fund STP IP Growth	3,514,967	100	50.00	-
Birla Sun Life Cash Plus-Instl. Prem. Growth	(39,500,646)	10	-	61.94
b) Axis Mutual Fund				
Axis Liquid Fund IP Growth	168,598	1000	20.02	-
c) IDBI Mutual Fund				
IDBI Liquid Fund Growth	217,423	10	25.00	-
d) ICICI Prudential Mutual Fund				
ICICI Prudential Money Market Fund Cash option Growth	3,372,076	10	50.00	-
e) Tata Mutual Fund				
Tata Liquid Fund SHIP Growth	202,068	10	40.00	-
f) SBI Mutual Fund				
SBI Premium Liquid Fund Super IP Growth	148,407	10	25.00	183.33
	(119,141,549)		<u>210.02</u>	<u>245.27</u>
			<u>210.19</u>	<u>245.70</u>

Aggregate re-purchase value of Current Investments (Figures in bracket relates to previous year)

Basis of Valuation : Refer Note 1(h)

Notes to Financial Statements for the year ended 31st March, 2012 (Continued...)

	₹ crore	
NOTE: 15 - INVENTORIES	As at 31st March, 2012	As at 31st March, 2011
Stock of Fuel (including in transit ₹ 267.75 crore (Previous Year ₹ 117.46 crore))	644.28	438.51
Stores & spares (including in transit ₹ 4.17 crore (Previous Year ₹ 3.03 crore))	60.86	42.29
	705.14	480.80

Basis of Valuation : Refer Note 1(i)

	₹ crore	
NOTE: 16 - TRADE RECEIVABLES	As at 31st March, 2012	As at 31st March, 2011
Unsecured, Considered good		
Outstanding for a period exceeding six months from the due date #	5.35	5.35
Outstanding for a period not exceeding six months from the due date	608.87	526.00
	614.22	531.35

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 has been decided in favour of the Company by Honourable Karnataka High Court vide its order dated 8th April, 2004. KPTCL and KERC filed Special Leave Petition before the Honourable Supreme Court challenging the Order of Honourable Karnataka High Court. As against the outstanding amount of ₹ 105.35 crores, in terms of the interim order dated 23rd January, 2007, of Supreme Court, KPTCL paid ₹ 100.00 crores against bank guarantee provided by the Company. The balance amount of ₹ 5.35 crores (Previous Year ₹ 5.35 Crores) due from KPTCL is included in Trade Receivables and considered as good and recoverable.

	₹ crore	
NOTE: 17 - CASH AND BANK BALANCES	As at 31st March, 2012	As at 31st March, 2011
Cash and Cash Equivalents		
On current accounts	18.71	15.80
Bank Deposit	615.15	802.38
Cash on Hand	0.03	0.01
Cheques on hand	0.02	0.20
	633.91	818.39
Others		
Unpaid Dividends	0.19	0.06
Unclaimed share application money refunds	0.07	0.07
Margin Money Accounts	2.78	2.78
	3.04	2.91
	636.95	821.30

	₹ crore	
NOTE: 18 - SHORT TERM LOANS AND ADVANCES	As at 31st March, 2012	As at 31st March, 2011
Unsecured, considered good		
Deposits		
Deposits with Government / Semi Government Authorities	6.98	2.60
Loans and advances to		
Subsidiaries:		
Loans	923.86	-
Advance against Equity Share Capital	-	634.08
Other Advances	-	5.59
Other Related Parties:		
Advance against Preference Share Capital	0.50	0.50
Other Advances	130.11	50.15
Inter Corporate Deposits	75.00	-
Advance Tax and tax deducted at source (Net of Provision of ₹ 516.46 crore; Previous Year ₹ 457.48 crore)	17.05	4.89
Other Loans & Advances	33.21	35.74
	1,186.71	733.55

Notes to Financial Statements for the year ended 31st March, 2012 (Continued...)

a) Loans and advances in the nature of Loans :

₹ crore

Name of the Party	As at 31st March, 2012	As at 31st March, 2011	Maximum amount outstanding during the year
i) Raj WestPower Limited	716.39	-	716.39
ii) JSW Energy Minerals Mauritius Limited	202.69	-	202.69
iii) JSW Green Energy Limited (interest free)	4.78	0.64	4.78
iv) JSW Realty and Infrastructure Private Limited (interest free)	50.06	50.06	50.06
v) JSW Energy (Bengal) Limited	80.05	1.05	80.05
vi) JSW Energy (Raigarh) Limited	-	0.49	0.73
vii) JSW Energy Natural Resources (BVI) Limited	-	3.41	3.41
viii) Barmer Lignite Mining Company Limited	-	0.09	0.09
b) Loans and advance given to subsidiaries for Equity /Preference Share Capital :			
i) Raj WestPower Limited	-	522.33	1,268.93
ii) JSW Energy (Bengal) Limited	-	56.45	79.07
iii) JSW Energy (Raigarh) Limited	-	34.55	73.23
iv) JSW Realty and Infrastructure Private Limited (interest free)	0.50	0.50	0.50
v) Jaigad PowerTransco Limited	-	20.75	21.17

c) Investment by the loanee in the shares of the Company:

None of the loanees and loanees of Subsidiary companies have made investments in shares of the Company.

d) Investment by JSW Energy Mineral Mauritius Limited in subsidiary:

Name of the Company

No. of Shares

JSW Energy Natural Resources Mauritius Limited

43,500,000

e) Investment by Raj WestPower Limited in subsidiary

Barmer Lignite Mining Company Limited

9,800,000

₹ crore

NOTE: 19 - OTHER CURRENT ASSETS

	As at 31st March, 2012	As at 31st March, 2011
Unbilled revenue	163.42	128.38
Interest accrued on loan to Subsidiary Company	36.45	-
Interest accrued on deposits	3.24	31.10
Others	0.31	1.26
	<u>203.42</u>	<u>160.74</u>

NOTE: 20 - REVENUE FROM OPERATIONS

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Sale of power	4,731.22	3,661.84
Power Conversion Charges	116.39	-
Sale of services:		
Operator Fee	82.46	49.24
Project Management Fee	78.75	151.52
Other Services	6.08	6.12
Other Operating Income	1.52	0.33
	<u>5,016.42</u>	<u>3,869.05</u>

NOTE: 21 - OTHER INCOME

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Interest income	61.76	42.54
Net gain on sale of current investments	49.50	43.60
Other non-operating income:		
Foreign Exchange gain (net)	-	14.63
Miscellaneous income	2.76	11.33
	<u>114.02</u>	<u>112.10</u>

NOTE: 22 - EMPLOYEE BENEFITS EXPENSE

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Salaries, wages and bonus	71.73	60.17
Contribution to Provident fund and other funds	3.27	2.39
Expense on Employee Stock Option Scheme (ESOS)	0.61	0.52
Workmen and staff welfare	5.29	3.86
	<u>80.90</u>	<u>66.94</u>

₹ crore

Notes to Financial Statements for the year ended 31st March, 2012 (Continued...)

	₹ crore	
NOTE: 23 - FINANCE COSTS	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Interest expenses	491.25	313.18
Finance Charges	16.91	27.82
	<u>508.16</u>	<u>341.00</u>

	₹ crore	
NOTE: 24 - OTHER EXPENSES	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Water and Power	25.18	21.70
Rent	1.66	1.01
Rates and taxes	7.03	7.73
Insurance	11.61	10.51
Consumption of stores and spares	34.18	22.32
Repairs and Maintenance expenses:		
Repairs to buildings	0.25	0.76
Repairs to machinery	45.38	30.68
Repairs - Others	14.45	7.57
Legal and professional charges	12.08	7.40
Travelling and Conveyance	6.74	4.71
Loss on sale of fixed assets	0.16	0.47
Cash Discount	55.13	34.70
Project Management Expenses other than Employees cost	17.18	28.86
General expenses	26.46	15.76
Provision for diminution in value of long term Investments	3.53	-
	<u>261.02</u>	<u>194.18</u>

NOTE: 25

(i) Contingent Liabilities and Commitments to the extent not provided for in respect of:

(a) Contingent Liabilities

	₹ crore	
Particular	Current Year	Previous Year
Bank guarantees	120.90	196.64
Corporate guarantees	500.00	500.00
Other Money for which the company is contingently liable:		
- Pledge of Shares (refer note 12)	517.82	434.38
- Disputed Income Tax matters (excluding further interest leviable, if any)	78.48	78.35
- Other disputed tax matters	16.95	0.84
- Claims not acknowledge as debts	8.67	-

(b) Commitments

	₹ crore	
Particular	Current Year	Previous Year
i) Estimated amount of contracts remaining to be executed to the extent not provided for	460.30	802.96
ii) The Company has given unconditional undertakings to the lenders of the power projects being setup by its subsidiary companies Raj WestPower Ltd. and Jaigad PowerTransco Limited for meeting any shortfall in completing the project, due to cost overrun, if any.		

(c) The Company has taken certain premises on cancellable / non-cancellable operating lease arrangement:

Rentals charged to revenue for right to use is ₹ 1.66 crore (Previous year ₹ 1.01 crore)

	₹ crore	
The total of Future Minimum lease payments under non-cancellable operating lease for each of the following period are as under.	Current Year	Previous Year
i) Not later than 1 year	0.29	0.29
ii) Later than 1 year and not later than 5 years	0.05	0.34
iii) Later than 5 years	-	-

(ii) The Initial Public Offer (IPO) proceeds have been utilised for the objects of the issue stated in the Prospectus dated 17th December, 2009 ('Prospectus') read with variation/revision approved by the shareholders on 28th December, 2010 through postal ballot:

	₹ crore	
A Gross Proceeds Received from IPO	2,700.00	
	Projected utilisation as per Prospectus	Actual Amount spent up to 31st March, 2012
B Utilisation		
i To part finance construction and development of Identified projects	2,230.00	2,230.00
ii Repayment of Corporate Debt	470.00	470.00
Total	<u>2,700.00</u>	<u>2,700.00</u>

(iii) Employees Benefits:

(i) Defined benefit plan:

The employee's gratuity fund scheme managed by Trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method.

Notes to Financial Statements for the year ended 31st March, 2012 (Continued...)

Description	As at 31st March, 2012	As at 31st March, 2011
1. Reconciliation of opening and closing balances of obligation		
a. Opening Balance	2.53	1.69
b. Current Service Cost	1.35	1.12
c. Interest Cost	0.20	0.13
d. Actuarial (gain)/loss	(0.01)	(0.05)
e. Benefits paid	(0.32)	(0.04)
f. Closing Balance	3.76	2.86
g. Current Liability	3.76	2.86
2. Change in Plan Assets (Reconciliation of opening & closing balances)		
a. Opening Fair Value of plan assets	2.06	1.56
Difference in Opening Balance	(0.04)	-
b. Actual Company Contributions	0.84	0.39
c. Expected return on plan assets	0.16	0.13
d. Actuarial Gain / (loss)	0.01	0.01
e. Benefits paid	(0.32)	(0.04)
f. Closing Fair Value of plan assets	2.71	2.04
3. Reconciliation of fair value of assets and obligations		
a. Present value of obligation	3.76	2.86
b. Fair value of plan assets	2.71	2.04
c. Balance amount recognised as liability in the Balance sheet	1.05	0.82
4. Expense recognized in the period		
a. Current service cost	1.35	1.12
b. Interest cost	0.20	0.13
c. Expected return on plan assets	(0.16)	(0.13)
d. Actuarial (gain) / loss	(0.01)	(0.05)
e. Expense recognised	1.39	1.08
5. Assumptions		
a. Discount rate (per annum)	8.50%	8.00%
b. Estimated rate of return on plan assets (per annum)	8.50%	8.50%
c. Rate of escalation in salary (per annum)	5.00%	5.00%
6. Investment Details		
Amount invested in cash accumulation scheme of Life Insurance Corporation of India		

₹ crore

(ii) Employee Share based Payment Plan:

(A) The Company has the following share-based payments arrangement, administered by the JSW Energy Employees Welfare Trust (JSWEEWT), which is described below:

(i) First Grant

Particulars

Date of grant (Mega Grant)	9th February, 2011 & 20th July, 2011
Number of Options granted *	9,174,853
Vesting Period	3 Years
Method of settlement	Cash
Exercise Price	₹ 75 per share

(ii) Second Grant

Particulars

Date of grant	8th November, 2011
Number of Options granted	5,075,711
Vesting Period	3 Years
Method of settlement	Cash
Exercise Price	₹ 52.35 per share

* One third of these Options vest over a period of three years on 1st October, 2011, 1st October, 2012 and 1st October, 2013 respectively

(B) During the previous year the Company completed the allotment of shares under the share based payment plan to the employees which was administered by the JSWEEWT.

(C) Expenses arising from employee's share-based payment plan debited to Profit and Loss statement ₹ 0.61 crore (Previous Year ₹ 0.53 crore).

(iv) The details of amounts outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under:

(₹ crore)

Sr. No.	Particulars	Current Year	Previous Year
1	Principal amount due and remaining unpaid	-	-
2	Interest due on (1) above and the unpaid interest	-	-
3	Interest paid on all delayed payments under the MSMED Act	-	-
4	Payment made beyond the appointed day during the year	-	-
5	Interest due and payable for the period of delay other than (3) above	-	-
6	Interest accrued and remaining unpaid	-	-
7	Amount of further interest remaining due and payable in succeeding years	-	-

Notes to Financial Statements for the year ended 31st March, 2012 (Continued...)

(v) Remuneration to Auditors : (₹ crore)

Particulars	Current Year	Previous Year
Audit Fees	0.25	0.18
Tax Audit Fees	0.05	0.02
Other Services	0.20	0.22
Reimbursement of Expenses	0.02	0.01
Total	0.52	0.43

(vi) (a) Provision for Taxation includes: (₹ crore)

Particulars	Current Year	Previous Year
Current Tax	58.98	217.14
Deferred Tax	(2.37)	22.35
Minimum Alternate Tax (MAT) credit entitlement	-	(35.73)
Total	56.61	203.76

(b) Deferred Tax Liability primarily consists of timing differences due to depreciation: ₹ 138.17 crore (Previous Year ₹ 140.54 crore)

(vii) Earnings Per Share (Basic & Diluted) (₹ crore)

Particulars	Current Year	Previous Year
Net Profit as attributable to equity shareholders (A)	234.64	885.61
Total Weighted Average number of equity shares outstanding during the year (B)	1,640,054,795	1,640,054,795
Earnings Per Share (Basic & Diluted) (A/B)	1.43	5.40
Nominal Value of an equity share (₹)	10.00	10.00

(viii) (i) During the year, due to the unusual depreciation in the value of Rupee against US Dollar, net foreign exchange loss of ₹ 151.61 crore has been considered by the Company as exceptional in nature.

(ii) The foreign currency exposures that have not been hedged by a derivative instrument or otherwise as at Balance Sheet date are given below:

Particulars	Foreign Currency	Foreign currency equivalent	In Rupees equivalent ₹ crore
a. Loan to foreign subsidiary including interest receivable	USD USD	39,762,376 (25,830,971)	203.41 (115.34)
b. Project related Payables	USD USD	25,640,986 (47,537,196)	131.17 (212.25)

c. Operation related Payables	USD USD	12,204,182 (32,906,862)	62.43 (146.93)
d. Buyer's Credit	USD USD	414,034,908 (146,416,358)	2,118.06 (654.79)
e. Interest accrued but not due on Buyer's Credit	USD USD	2,273,616 (463,966)	11.63 (2.07)
f. Advance to Vendors	USD	3,555,515 (6,574)	18.19 (0.03)
g. Advance to Vendors	EURO	26,803 (-)	0.18 (-)

(Figure in bracket relates to previous year)

(iii) The foreign currency exposures that have been hedged by a derivative instrument or otherwise as at Balance Sheet date are Nil (Previous Year Nil).

(ix) (i) In the opinion of the Management, all the assets other than Fixed Assets and Non-Current Investments 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.

(ii) The Company is yet to receive balance confirmations in respect of certain trade payable, other payable, trade receivable, other receivable and loan and advances. The Management does not expect any material difference affecting the current year's financial statements due to the same.

(x) Related Party Transactions

List of Related Parties

A) Subsidiaries (Control exists)

- 1) JSW Power Trading Company Limited
- 2) Raj WestPower Limited
- 3) PT. Param Utama Jaya
- 4) Jaigad PowerTransco Limited
- 5) JSW Energy (Raigarh) Limited
- 6) JSW Green Energy Limited
- 7) JSW Energy Natural Resources (BVI) Limited
- 8) JSW Energy Minerals Mauritius Limited
- 9) JSW Energy Natural Resources Mauritius Limited
- 10) JSW Energy Natural Resources South Africa (Pty) Limited
- 11) South Africa Coal Mining Holdings Limited
- 12) Royal Bafokeng Capital (Pty) Limited
- 13) Ilanga Coal Mines Proprietary Limited
- 14) Jigmining Operations No.1 Proprietary Limited
- 15) Jigmining Operations No.3 Proprietary Limited
- 16) Mainsail Trading 55 Proprietary Limited
- 17) Sacm (Breyten) Proprietary Limited
- 18) Sacm (Newcastle) Proprietary Limited
- 19) South African Coal Mining Equipment Company Proprietary Limited

Notes to Financial Statements for the year ended 31st March, 2012 (Continued...)

- 20) Umlabu Colliery Proprietary Limited
- 21) Voorslag Coal Handling Proprietary Limited
- 22) Yomhlaba Coal Proprietary Limited
- 23) South African Coal Mining Operations Proprietary Limited
- 24) JSW Energy (Bengal) Limited (Subsidiary up to 4th March, 2012)

B) Other Related Parties with whom the Company has entered into transactions during the year:

- 1) JSW Steel Limited
- 2) JSoft Solutions Limited
- 3) Toshiba JSW Turbine & Generator Private Limited
- 4) JSW Cement Limited
- 5) Gagan Trading Company Limited
- 6) JSW Realty Infrastructure Private Limited
- 7) JSW Techno Projects Management Limited
- 8) Barmer Lignite Mining Company Limited
- 9) JSW Jaigarh Port Limited
- 10) JSW Infrastructure Limited
- 11) Jindal Technologies & Management Services Private Limited
- 12) Jindal Steel & Power Limited
- 13) JSW Ispat Steel Limited
- 14) JSW Energy (Bengal) Limited (Associate from 5th March, 2012)
- 15) JSW Bengal Steel Limited
- 16) South West Mining Limited
- 17) South West Port Limited
- 18) MJSJ Coal Limited

III. Key Managerial Personnel

- 1) Mr. Sajjan Jindal - Chairman & Managing Director
- 2) Mr. Nirmal Kumar Jain - Vice Chairman
- 3) Mr. L.K. Gupta - Jt. Managing Director & CEO (upto 30th November, 2011)
- 4) Mr. S.S. Rao - Whole time Director

(₹ crore)

Nature of transactions	Current Year	Previous Year
A) Transactions during the year		
1 Sale of power & Goods		
JSW Steel Limited	209.06	400.04
JSW Power Trading Company Limited	3,337.48	2,955.74
JSW Ispat Steel Limited	172.92	-
JSW Cement Limited	12.39	9.54
2 Service Rendered:		
i. JSW Steel Limited (Power conversion charges excluding Electricity Tax)	116.39	-
ii. Operator Fee from :		
JSW Steel Limited	82.46	21.58
Raj WestPower Limited	-	27.66

Nature of transactions	Current Year	Previous Year
iii. Project Management fees from:		
Raj WestPower Limited	35.35	71.70
JSW Steel Limited	43.40	79.82
iv. Toshiba JSW Turbine & Generator Private Limited	4.50	4.50
3 Purchase of Fuel / Goods		
JSW Steel Limited	452.10	755.18
Raj West Power Limited	15.72	15.89
JSW Cement Limited	0.56	0.14
South West Mining Limited	0.01	-
Jindal Steel & Power Limited	3.68	5.38
4 Rebate on Sale of Power		
JSW Power Trading Company Limited	32.73	29.45
5 Service Received from :		
JSW Steel Limited	16.99	20.49
JSoft Solutions Limited	3.63	2.63
JSW Techno Projects Management Limited	32.20	22.70
Jaigad PowerTransco Limited	-	4.62
South West Port Limited	7.23	12.01
Jindal Technologies & Management Services Private Limited	0.13	0.14
JSW Jaigarh Port Limited	111.02	86.15
6 Interest on Loan from		
JSW Energy Minerals Mauritius Limited	0.81	0.14
Raj WestPower Limited	40.50	-
7 Rent Paid		
Gagan Trading Company Limited	0.66	0.65
JSW Realty Infrastructure Private Limited	0.11	0.11
JSW Steel Limited	0.92	-
8 Reimbursement of Expenses from:		
JSW Energy (Raigarh) Limited	0.94	2.72
JSW Energy (Bengal) Limited	0.72	1.04
Raj WestPower Limited	73.37	-
Jaigad PowerTransco Limited	2.06	4.44
JSW Green Energy Limited	0.33	0.71
JSW Energy Natural Resources (BVI) Limited	(3.41)	3.41
JSW Power Trading Company Limited	(0.10)	-
JSW Steel Limited	15.09	2.77
Barmer Lignite Mining Company Limited	0.06	0.10
JSW Realty Infrastructure Private Limited	0.25	-
JSW Jaigad Port Limited	4.13	-

Notes to Financial Statements for the year ended 31st March, 2012 (Continued...)

Nature of transactions	Current Year	Previous Year	Nature of transactions	Current Year	Previous Year
9 Purchase of Freehold Land					
JSW Infrastructure & Development Private Limited	-	0.13	JSW Energy Overseas Ltd, Dubai *(₹ 13,922)	-	*0.00
JSW Infrastructure Limited	0.02	0.82	JSW Energy Natural Resources (BVI) Ltd * (₹ 4,602)	3.53	*0.00
10 Trade Advance			17 Sale of Investment in Equity Share Capital to		
JSW Techno Projects Management Limited	11.50	42.98	JSW Bengal Steel Limited	0.04	-
11 Security Deposit paid/ (Refund) for lease of office property			18 Security and Collateral Provided to		
JSW Power Trading Company Limited	-	16.30	Raj WestPower Limited	292.82	391.25
JSW Realty Infrastructure Private Limited	-	21.46	Jaigad PowerTransco Limited	(59.85)	29.53
Gagan Trading Company Limited	(0.46)	(0.42)	19 Provision for dimension in value of Investment		
12 Advance paid against Preference Share Capital :			JSW Energy Natural Resources (BVI) Limited	3.53	-
JSW Realty Infrastructure Private Limited	-	0.50	B) Balance at the year end		
13 Advance paid/(Refund) against Equity Share Capital :			1 Trade (Payables) / Receivable		
Raj WestPower Limited	-	461.98	JSW Steel Limited	57.80	(14.72)
JSW Energy (Raigarh) Limited	39.16	34.55	JSW Power Trading Company Limited	180.62	365.65
Jaigad PowerTransco Limited	(5.15)	6.36	JSW Cement Limited	2.34	0.88
JSW Energy (Bengal) Limited	-	47.95	Raj WestPower Limited	199.87	133.02
JSW Energy Natural Resources (BVI) Limited	3.53	-	Jaigad PowerTransco Limited	(0.02)	(3.98)
Toshiba JSW Turbine & Generator Private Limited	20.00	-	JSW Energy Natural Resources (BVI) Limited	-	3.41
MJSJ Coal Limited	3.30	-	Toshiba JSW Turbine & Generator Private Limited	2.23	2.23
14 Loan given to			JSW Energy (Raigarh) Limited	(0.04)	0.49
JSW Energy Minerals Mauritius Limited	62.99	115.20	MJSJ Coal Limited	-	0.02
Raj WestPower Limited	1,139.28	-	JSW Green Energy Limited	-	0.64
JSW Green Energy Limited	4.78	-	Barmer Lignite Mining Company Limited	-	0.09
JSW Energy (Bengal) Limited	22.49	-	JSW Realty & Infrastructure Private Limited	-	0.06
15 Acquisition of 50% stake in Property under construction from JSW Power Trading Company Limited	-	367.87	Jindal Steel and Power Limited	-	0.92
16 Investment in Equity Share Capital			JSW Techno Projects Management Limited	(0.12)	-
Raj WestPower Limited	99.65	-	JSW Jaigarh Port Limited	(6.66)	(20.56)
Toshiba JSW Turbine & Generator Private Limited	20.00	-	JSW Ispat Steel Limited	136.06	-
MJSJ Coal Limited	3.30	-	Jindal Technologies & Management Services Private Limited	(0.03)	(0.01)
Jaigad PowerTransco Limited	15.60	42.84	South West Port Limited	(0.17)	3.41
JSW Energy (Raigarh) Limited	73.71	-	2 Deposit With		
JSW Green Energy Limited	-	0.05	JSW Steel Limited for houses at Vijayanagar	6.49	6.49
JSW Energy Mineral Mauritius Limited	-	35.55	JSW Steel Limited for land at Ratnagiri	3.70	3.70
			Gagan Trading Co.for Office premises	13.12	13.58
			JSW Realty Infrastructure Private Limited for houses at Vijayanagar	8.46	8.46

Notes to Financial Statements for the year ended 31st March, 2012 (Continued...)

Nature of transactions	Current Year	Previous Year	Nature of transactions	Current Year	Previous Year
3 Lease Deposit from :			9 Investment in Preference Share Capital		
JSW Steel Limited	0.16	0.16	JSW Power Trading Company Limited	132.00	132.00
4 Trade Advance paid			JSW Realty Infrastructure Private Limited	4.53	4.53
JSW Realty Infrastructure Private Limited	50.00	50.00	10 Security & Collateral Provided to		
JSW Techno Projects Management Limited	-	23.12	Raj WestPower Limited	1,017.82	725.00
5 Advance paid against Preference Share Capital :			Jaigad PowerTransco Limited	-	59.38
JSW Realty Infrastructure Private Limited	0.50	0.50	11 Loans / Advances to		
6 Advance paid against Equity Share Capital			JSW Energy Minerals Mauritius Limited	202.68	115.20
Raj WestPower Limited	-	522.33	Raj WestPower Limited	1,139.28	-
JSW Energy (Raigarh) Limited	-	34.55	JSW Green Energy Limited	4.78	-
Jaigad PowerTransco Limited	-	20.75	JSW Energy (Bengal) Limited	80.05	1.05
JSW Energy (Bengal) Limited	-	56.45	12 Interest on Loan due from JSW Energy Minerals Mauritius Limited	8.37	0.14
7 Advance paid for Acquisition of Office/Residential Properties			C) Remuneration to Key Management Personnel		
Windsor Residency Private Limited	75.00	75.00	Mr. Sajjan Jindal	7.15	6.03
8 Investment in Equity Share Capital			Mr. Nirmal Kumar Jain	3.53	3.51
JSW Power Trading Company Limited	70.02	70.02	Mr. L.K Gupta (Upto 30th November, 2011)	1.81	2.06
Raj WestPower Limited	1,726.05	1,626.40	Mr. S.S Rao	0.78	1.50
PT. Param Utama Jaya	17.84	17.84			
Jaigad PowerTransco Limited	101.75	86.15			
JSW Energy (Raigarh) Limited	93.20	19.49			
JSW Energy (Bengal) Limited	-	0.04			
JSW Toshiba Turbine & Generator Private Limited	64.00	44.00			
MJSJ Coal Limited	7.71	4.41			
JSW Green Energy Limited	0.05	0.05			
JSW Energy Mineral Mauritius Limited	35.55	35.55			
JSW Energy Natural Resources (BVI) Limited * (₹.4,602) (fully provided for)	3.53	*0.00			

Notes:

- I No amounts in respect of related parties have been written off / written back during the year, nor has any provision been made for doubtful debts / receivables except as discussed above.
- II Related party relationships have been identified by the management and relied upon by the Auditors.
- III Toshiba JSW Turbine & Generator Private Limited and MJSJ Coal Limited have not been considered for disclosure of interest in terms with relevant Accounting Standards as the Company is not having any control over said joint venture entities.

Notes to Financial Statements for the year ended 31st March, 2012 (Continued...)

(xi) Additional information pursuant to Revised Schedule VI to the Companies Act, 1956: ₹ crore

	Units	Current Year		Previous Year	
		Quantity	₹ crore	Quantity	₹ crore
(a) Generation & Sale of Power*:					
Generation of Power (Gross)	MU	13,301.67		8,914.23	
Self Consumption	MU	1,137.67		693.31	
Sale of Power	MU	11,268.70	4,731.22	8,220.92	3,661.84
Power Conversion	MU	895.30	116.39	-	-
* relates to Commercial Operations					
(b) C.I.F Value of Imports:					
		Current Year		Previous Year	
Coal			2,775.68		1,249.89
Stores & Spares			1.14		0.36
Plant & Equipment			64.32		34.23
Furniture & Fixtures			1.95		0.11
(c) Fuel consumed:					
Coal			3,318.78		1,927.86
Corex Gas			105.22		131.23
Others			36.28		18.96
Total			3,460.28		2,078.05
Imported #		94%	3,318.78	93%	1,927.86
Indigenous		6%	141.50	7%	150.19
#includes materials indigenously procured					
(d) Consumption of Stores & Spares:					
Imported		3%	1.14	2%	0.36
Indigenous		97%	33.04	98%	21.96
(e) Expenditure in Foreign Currency:					
Travelling Expenses			0.34		0.84
Legal & Professional Charges			1.52		2.63
Interest & Finance Charges			7.41		7.78
Membership Fee			0.59		0.37
Dividend Paid			11.10		14.42

(xii) The Company has been legally advised that the Company is considered to be established with the object of providing infrastructural facilities and accordingly, Section 372A of the Companies Act, 1956 is not applicable to the Company.

(xiii) The Operating Results for the current year ended on 31st March, 2012 are in respect of 2X130 MW Thermal Power Plant and 2X300 MW Thermal Power Plant, both located at Toranagallu, Karnataka and 4X300 MW Thermal Power Plant located at Ratnagiri, Maharashtra. The figures for the previous year were only for 2X130 MW Thermal Power Plant and 2X300 MW Power Plant at Toranagallu, Karnataka and 2X300 MW Thermal Power Plant located at Ratnagiri, Maharashtra and hence not comparable.

(xiv) Current year's financial statements have been presented in accordance with the Revised Schedule VI, previous year's figure have been re-grouped / re-arranged wherever necessary to conform to current year's classification.

For and on behalf of the Board of Directors

Pramod Menon
Chief Financial Officer

Sajjan Jindal
Chairman and Managing Director

Place: Mumbai
Date: 30th April, 2012

Sampath Madhavan
Company Secretary

Nirmal Kumar Jain
Vice Chairman

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 and share in a joint venture company collectively referred to as 'the JSW Energy Group' as at 31st March, 2012, the Consolidated Profit and Loss Statement 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. (i) The financial statements of a subsidiary outside India included in the consolidated financial statements, whose financial statements reflect the total assets of ₹ 0.99 crore as at 31st March, 2012 and total revenue for the year ended 31st March, 2012 of ₹ 1.70 crore. These financial statements and other financial information have been audited by other auditors in the respective country upto 31st December, 2011 and adjustments made for the effects of significant transactions upto 31st March, 2012.
- (ii) The financial statements of certain subsidiaries in India included in the consolidated financial statements, whose financial statements reflect the total assets of ₹ 8,321.63 crore as at 31st March, 2012 and total revenue for the year ended 31st March, 2012 of ₹ 4,382.71 crore. These financial statements and other financial information have been audited by other auditors.
- (iii) The reports of those auditors have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of those auditors.
4. (i) The financial statements of certain subsidiaries including step down subsidiaries outside India included in the consolidated financial statements, whose financial statements reflect the total assets of ₹ 1,173.04 crore (Net amount on consolidation of subsidiaries and step down subsidiaries ₹ 402.58 crore) as at 31st March, 2012 and total revenue for the year ended 31st March, 2012 of ₹ 246.89 crore (Net amount on consolidation of subsidiaries and step down subsidiaries ₹ 241.73 crore), are based on unaudited financial statements, certified by management. In respect of one of the subsidiary company which has ten step down subsidiaries, the assets and revenue mentioned above are included at its consolidation level.
- (ii) The financial statements of a joint venture in India included in the consolidated financial statements, whose financial statements reflect the total assets of ₹ 1,308.75 crore as at 31st March, 2012 and total revenue for the year ended 31st March, 2012 of ₹ 163.47 crore, are based on unaudited financial statements, certified by management.
- (iii) As explained by the management, adjustments as may be required to the aforesaid financial statements are not expected to be significant and would be carried out upon completion of respective audits.
5. 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 Interest in Joint Ventures", prescribed by Companies (Accounting Standards) Rules, 2006 as amended from time to time.
6. *Subject to what is stated in paragraph 4 above, 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 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, 2012;
- (ii) in the case of Consolidated Profit and Loss Statement, of the profit of the JSW Energy Group for the year ended on that date; and

- (iii) In the case of Consolidated Cash Flow Statement, of the cash flows of the JSW Energy Group for the year ended on that date.

For **LODHA & CO.**
Chartered Accountants

A.M. Hariharan
Partner

Mumbai
30th April, 2012

Membership No.38323
Firm Registration No. 301051E

Consolidated Balance Sheet as at 31st March, 2012

₹ crore

Note	Particulars	As at 31st March, 2012	As at 31st March, 2011
	I EQUITY AND LIABILITIES		
	(1) Shareholders' funds:		
2	(a) Share capital	1,640.05	1,640.05
3	(b) Reserves and surplus	4,060.02	4,036.43
		<u>5,700.07</u>	<u>5,676.48</u>
	(2) Minority Interest	50.02	72.37
	(3) Non-current liabilities:		
4	(a) Long term borrowings	8,717.24	8,470.93
	(b) Deferred tax liabilities (net)	129.16	156.22
5	(c) Other long term liabilities	1.40	0.61
6	(d) Long term provisions	28.64	32.29
		<u>8,876.44</u>	<u>8,660.05</u>
	(4) Current Liabilities:		
7	(a) Short term borrowings	571.01	851.15
8	(b) Trade payables	2,528.87	970.39
9	(c) Other current liabilities	1,420.83	1,177.08
10	(d) Short term provisions	151.56	197.32
		<u>4,672.27</u>	<u>3,195.94</u>
	TOTAL	<u>19,298.80</u>	<u>17,604.84</u>
	II ASSETS		
	(1) Non-current assets:		
	(a) Fixed Assets		
11	(i) Tangible assets	10,689.35	6,175.31
11	(ii) Intangible assets	255.63	246.13
	(iii) Goodwill on Consolidation	29.41	17.08
11	(iv) Capital work-in-progress	3,670.22	7,049.07
11	(v) Intangible assets under development	-	2.72
12	(b) Non-current investments	287.08	238.89
13	(c) Long term loans and advances	1,252.51	1,155.24
		<u>16,184.20</u>	<u>14,884.44</u>
	(2) Current assets:		
14	(a) Current investments	210.02	245.27
15	(b) Inventories	765.84	534.80
16	(c) Trade receivables	1,175.95	764.47
17	(d) Cash and bank balances	668.57	977.85
18	(e) Short term loans and advances	282.41	150.87
19	(f) Other current assets	11.81	47.14
		<u>3,114.60</u>	<u>2,720.40</u>
	TOTAL	<u>19,298.80</u>	<u>17,604.84</u>
1	Significant Accounting Policies		
2 to 25	Notes Forming Integral Part of the Financial Statements		

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

For and on behalf of the Board of Directors

A.M. Hariharan
Partner

Pramod Menon
Chief Financial Officer

Sajjan Jindal
Chairman and Managing Director

Place: Mumbai
Date: 30th April, 2012

Sampath Madhavan
Company Secretary

Nirmal Kumar Jain
Vice Chairman

Consolidated Profit and Loss Statement for the year ended 31st March, 2012

₹ crore

Note	Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
20	I Revenue from operations	6,118.82	4,302.08
21	II Other income	146.62	125.46
	III Total Revenue (I+II)	6,265.44	4,427.54
	IV Expenses:		
	Purchase of Power / Solar Panels	358.26	109.18
	(Increase) / Decrease in Inventory	(2.68)	-
	Cost of Fuel	3,654.11	2,372.13
22	Employee benefits expense	90.47	48.55
23	Finance costs	717.24	432.53
	Depreciation and amortisation expenses	503.34	266.80
24	Other expenses	570.89	197.49
	Pre - Operative Expenses written off	-	2.96
	Total Expenses	5,891.63	3,429.64
	V Profit before exceptional item and tax (III-IV)	373.81	997.90
	VI Exceptional item - Net Foreign Exchange Loss [Refer Note 25 (x) (i)]	161.27	-
	VII Profit before tax (V-VI)	212.54	997.90
	VIII Tax Expenses:		
	Current tax	68.97	183.75
	Deferred tax	(27.06)	(27.60)
		41.91	156.15
	IX Profit for the year (VII-VIII)	170.63	841.75
	X Minority Interest	0.58	(0.07)
	XI Profit for the year after Minority Interest (IX-X)	170.05	841.82
	XII Earnings per share of face value of ₹ 10 each Basic & Diluted	1.04	5.13
1	Significant Accounting Policies		
2 to 25	Notes Forming Integral Part of the Financial Statements		

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

For and on behalf of the Board of Directors

A.M. Hariharan
Partner

Pramod Menon
Chief Financial Officer

Sajjan Jindal
Chairman and Managing Director

Place: Mumbai
Date: 30th April, 2012

Sampath Madhavan
Company Secretary

Nirmal Kumar Jain
Vice Chairman

Consolidated Cash Flow Statement for the year ended 31st March, 2012

₹ crore

	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	212.54	997.90
Adjusted for:		
Depreciation	503.34	266.80
Interest Income	(70.10)	(43.73)
Dividend Income	(8.58)	(6.65)
Expense on Employee Stock Option Scheme (ESOS)	0.70	0.53
Share of Loss of Associate	-	0.20
Preliminary expenses / Share issue expenses	-	2.63
Loss on Sale of Fixed Assets	0.16	0.49
Unrealised Foreign Exchange - (Gain) / Loss	123.67	(15.21)
Finance Costs	717.24	432.53
	<u>1,266.43</u>	<u>637.59</u>
Operating profit before working capital changes	1,478.97	1,635.49
Adjustments for:		
Trade and Other Receivables	(411.48)	(484.43)
Trade Payables including Advance received from customers	1491.12	458.61
Loans & Advances	(216.31)	(261.06)
Inventories	(231.04)	(159.85)
	<u>632.29</u>	<u>(446.73)</u>
Cash generated from operations	2,111.26	1,188.76
Direct Taxes Paid (Net)	(82.58)	(299.52)
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>2,028.68</u>	<u>889.24</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets including CWIP & Pre-operative Expenses	(1,883.25)	(2,734.12)
Interest Income	91.31	43.73
Dividend Income	8.58	6.65
Investments (including advance against share capital) in:		
Associates / Joint Ventures	(23.30)	(0.78)
Investment in Own Debentures	(24.25)	-
Others	(0.64)	-
Sale of Fixed Assets	11.38	23.21
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,820.17)</u>	<u>(2,661.31)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings (Net)	357.06	1,759.06
Finance Costs	(719.62)	(407.10)
Dividend Paid (includes tax on dividend)	(190.62)	(180.18)
NET CASH (USED IN) / FROM FINANCING ACTIVITIES	<u>(553.18)</u>	<u>1,171.78</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	<u>(344.67)</u>	<u>(600.29)</u>
CASH AND CASH EQUIVALENTS - OPENING BALANCE	1,220.22	1,820.51
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	875.55	1,220.22

Notes :

- The above cash flow statement has been prepared by using the indirect method as per Accounting Standard 3.
- Cash and cash equivalents includes ₹ 210.02 crore (Previous Year ₹ 245.27 crore) being current investments in Mutual Funds.
- 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 & CO.

Chartered Accountants

For and on behalf of the Board of Directors

A.M. Hariharan
PartnerPramod Menon
Chief Financial OfficerSajjan Jindal
Chairman and Managing DirectorPlace: Mumbai
Date: 30th April, 2012Sampath Madhavan
Company SecretaryNirmal Kumar Jain
Vice Chairman

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

1.1 Overview of the Group

JSW Energy Limited (the Parent Company), its Subsidiaries, Associates and Joint Venture Entities, collectively is referred to as 'the Group'. The Group is primarily engaged in the business of generation and transmission of power, operation & maintenance of power plants, power trading including coal/lignite mining.

1.2 Significant accounting policies followed by the Group:

(a) Basis of preparation

The consolidated financial statements (CFS) are prepared in accordance with Accounting Standard (AS) 21-“Consolidated Financial Statements”, Accounting Standard (AS) 23 – “Accounting for Investments in Associates in Consolidated Financial Statements” and Accounting Standard (AS) 27 - “Financial Reporting of Interests in Joint Ventures”, prescribed by the Company’s (Accounting Standards) Rules, 2006.

(b) Principles of Consolidation

(i) The financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the Accounting Standard (AS) 21, “Consolidated Financial Statements”. The financial statements of the Parent Company and its Subsidiaries are consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and the unrealized profits/losses on intra-group transactions, and are presented to the extent possible, in the same manner as the Parent Company’s independent financial statements.

Associates are consolidated by adopting the equity method of accounting whereby the carrying amount of the investment is adjusted for the post acquisition change in the investor’s share of net assets of the investee.

Investments in Joint Ventures are consolidated using proportionate consolidation method on a line-by-line basis, after eliminating intra-group balances and unrealized profits and losses resulting from transactions between the Company and the Joint Venture Companies to the extent of Company’s share in the Joint Ventures.

As far as possible, the Consolidated Financial Statements of the Group have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

(ii) Goodwill /Capital Reserve on consolidation

The excess of cost to the Parent company of its investment in Subsidiary Companies, Joint Ventures and Associate Companies over the Parent’s portion of equity, at the date on which investment in Subsidiaries, Joint Ventures and Associate Companies is made, is recognized as Goodwill in the Consolidated Financial Statements. When the cost to the Parent Company is less than the Parent’s portion of equity, the difference

is recognized in the financial statements as Capital Reserve.

(iii) Companies included in Consolidation

	Shareholding either directly or through subsidiaries/associates as at		
	Country of Incorporation	31st March, 2012	31st March, 2011
On the basis of audited financial statements:			
Subsidiaries:			
JSW Power Trading Company Limited (JSWPTCL)	India	100.00%	100.00%
Jaigad PowerTransco Limited (JPTL)	India	74.00%	74.00%
Raj WestPower Limited (RWPL)	India	100.00%	100.00%
JSW Energy (Raigarh) Limited (JSWRL)	India	100.00%	100.00%
JSW Energy (Bengal) Limited (JSWEBL) **	India	-	74.00%
JSW Green Energy Limited (JSWGEL)	India	100.00%	100.00%
P.T Param Utama Jaya (PTPUJ)	Indonesia	100.00%	100.00%
JSW Energy Minerals Mauritius Limited (JSWEMML)	Mauritius	100.00%	100.00%
JSW Energy Natural Resources Mauritius Limited (JSWNRML)	Mauritius	100.00%	100.00%
JSW Energy Natural Resources (BVI) Limited (JSWNRBL)	British Virgin Islands	100.00%	100.00%
On the basis of unaudited financial statements, certified by the Management :			

Notes to Consolidated Financial Statements for the year ended 31st March, 2012 (Continued...)

	Shareholding either directly or through subsidiaries/associates as at		
	Country of Incorporation	31st March, 2012	31st March, 2011
Subsidiaries:			
JSW Energy Natural Resources South Africa (Pty) Limited (JSWENRSAL)	South Africa	100.00%	100.00%
South African Coal Mining Holdings Limited (SACMH) #	South Africa	93.27%	59.49%
Royal Bafokeng Capital (Pty) Limited (RBC) *	South Africa	100.00%	49.80%
Mainsail Trading 55 Proprietary Limited (MTPL)	South Africa	100.00%	-
Ilanga Coal Mines Proprietary Limited	South Africa	93.27%	59.49%
Jigmining Operations No 1 Proprietary Limited	South Africa	93.27%	59.49%
Jigmining Operations No 3 Proprietary Limited	South Africa	93.27%	59.49%
SACM (Breyten) Proprietary Limited	South Africa	93.27%	59.49%
SACM (Newcastle) Proprietary Limited	South Africa	93.27%	59.49%
South African Coal Mining Equipment Company Proprietary Limited	South Africa	93.27%	59.49%
South African Coal Mining Operations Proprietary Limited	South Africa	93.27%	59.49%
Umlabu Colliery Proprietary Limited	South Africa	93.27%	59.49%

	Shareholding either directly or through subsidiaries/associates as at		
	Country of Incorporation	31st March, 2012	31st March, 2011
Voorslag Coal Handling Proprietary Limited	South Africa	93.27%	59.49%
Yomhlaba Coal Proprietary Limited	South Africa	93.27%	59.49%
Joint Venture Companies:			
Barmer Lignite Mining Company Limited (BLMCL)	India	49.00%	49.00%

** The group has sold its entire stake in JSW Energy (Bengal) Limited on 5th March, 2012.

Previous Year comprises of direct holding of 30.37% and indirect holding of 29.12% through an associate.

* RBC has become a subsidiary w.e.f 1st November, 2011.

(iv) Toshiba JSW Turbine & Generator Private Limited and MJSJ Coal Limited have been excluded from consolidation and for disclosure of interest in accordance with relevant accounting standards, as the group does not have any control over the said Joint Venture entities.

(c) General

- i. The financial statements are prepared under the historical cost convention, on the accounting principles of a going concern.
- ii. All expenses and income to the extent ascertainable with reasonable certainty are accounted for on accrual basis.
- iii. The preparation of financial statements, are in conformity with generally accepted accounting principles (GAAP), which requires 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 results could differ from these estimates. Any revision to accounting estimates is recognized prospectively.
- iv. All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the revised Schedule VI to the Companies Act, 1956.

Notes to Consolidated Financial Statements for the year ended 31st March, 2012 (Continued...)

(d) 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 / coal / other items is recognised when substantial risks and rewards of ownership is transferred to the buyer under the terms of the contract. Power supplied under banking arrangements is accounted as per terms of agreements. Quantity of power banked is recorded as a loan transaction valued at cost or net realizable value whichever is lower and recognised as revenue when the same is returned and sold to an ultimate customer.
- ii. Transmission Income is accounted for on accrual basis for the period of operation of the transmission line based on the Annual Revenue Requirement (ARR) approved by Maharashtra Electricity Regulatory Commission (MERC).

In case where ARR is yet to be approved by MERC, transmission income is accounted for on accrual basis based on petition for approval of ARR filed by the Group with MERC. In case of shortage/excess, if any, the same will be adjusted/ recognized, during the accounting period in which the ARR approval is received.

- iii. Revenue from construction / project related activity:

Revenue from construction contracts is 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.

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

- iv. Operator fees and other income are accounted on accrual basis as and when the right to receive arises.

(e) Fixed Assets

Tangible Assets:

Fixed assets are recorded at cost which includes all direct and indirect expenses up to the date of acquisition, installation or the commencement of commercial operations.

In case of commissioned assets, work against deposits/ works contracts where final settlement of bills with

contractors is yet to be effected; capitalization is done on a provisional basis subject to necessary adjustments in the year of final settlement.

Transmission system assets are considered "put to use", for the purpose of capitalization, after test charging / successful commissioning of the system/assets and on completion of stabilization period wherever technically required.

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 capitalized as part of construction cost. Income, if any, earned during the construction period is reduced from construction cost.

Intangible Assets:

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

The Group capitalizes 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.

(f) Capital Work in Progress (CWIP)

Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.

Cost of material consumed, erection charges thereon along with other related expenses incurred for the projects are shown as CWIP for capitalization.

Expenditure attributable to construction of fixed assets are identified and allocated on a systematic basis to the cost of the related assets.

Interest during construction and expenditure (net) allocated to construction are apportioned to CWIP on the basis of the closing balance of specific asset or part of asset being capitalized. The balance, if any, left after such capitalization is kept as a separate item under the CWIP Schedule.

Claims for price variation / exchange rate variation in case of contracts are accounted for on acceptance/ receipt of claims.

Any other expenditure which is not directly or indirectly attributable to the construction of the Project / construction of the Fixed Asset is charged off to profit and loss statement in the period in which they are incurred.

(g) Depreciation and amortization

Depreciation is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 or as notified by Central

Notes to Consolidated Financial Statements for the year ended 31st March, 2012 (Continued...)

Electricity Regulatory Commission (CERC), whichever is higher.

Assets held under Finance lease are depreciated over their expected useful life or where shorter, the term of the relevant lease.

In case of foreign subsidiaries, depreciation is charged on a systematic basis over the estimated useful lives of the assets, after taking into account the estimated residual value of the assets. Mineral rights are amortized on a straight line basis over its estimated useful life.

Lease Improvement Costs are amortized over the period of the lease. Leasehold Land acquired by the Group, with an option in the lease deed, entitling the Group to purchase on outright basis after a certain period at no additional cost is not amortized.

Cost of free hold mining land is amortized from the year of commencement of commercial operations, in the ratio of quantum of lignite extracted and the total reserves estimated.

(h) Provision for Mine closure charges and Decommissioning and environmental rehabilitation

i) The Group's Joint Venture Company BLMCL provides for Annual mine closure cost based on the Guidelines for preparation of Mine Closure Plan issued by the Ministry of Coal, Government of India. An amount equal to the annual cost is to be deposited each year throughout the mine life compounded 5% annually.

ii) In case of a foreign subsidiary, provision is made for environmental rehabilitation and decommissioning costs where either a legal or constructive obligation is recognized as a result of past events. Estimates are based upon costs that are regularly reviewed and adjusted as appropriate for new circumstances.

Provisions are raised in the rehabilitation provision, operated in accordance with the statutory requirements, to provide for the estimated cost of pollution control and rehabilitation during and at the end of the life of the mine.

The long-term obligation resulting from environmental disturbances associated with the Group mining operations estimates are determined by independent environmental specialists in accordance with environmental regulations and valued over the expected period of the programme.

(i) Borrowing Costs

(i) Borrowing Costs (including exchange differences) directly attributable to the acquisition or construction of qualifying assets as defined in Accounting Standard -16 on "Borrowing Costs" are capitalized as part of

borrowing cost of such asset up to the date when such asset is ready for its intended use. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. The borrowing cost eligible for capitalization is netted off against any income arising on temporary investment of those borrowings. The capitalization of the borrowing costs shall cease when substantially all activities necessary to prepare the qualifying asset for its intended use are completed.

(ii) Expenses incurred in connection with the arrangement of Borrowings are written off over the period of the borrowing.

(iii) Other borrowing costs are charged to revenue.

(j) Investments

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

Current investments are stated at lower of cost and fair value.

(k) Inventories

Inventories are valued at lower of cost and net realisable value. Cost is determined on the weighted average basis for valuation. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Obsolete, defective and unserviceable stocks are duly provided for.

(l) Foreign Currency Transactions

Foreign Currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Foreign Currency assets and liabilities (monetary items) are reported at the exchange rate prevailing on the balance sheet date.

Pursuant to the notification of the Companies (Accounting Standards) Amendment Rules, 2006 on 31st March, 2009, which amended Accounting Standard 11 on "The Effects of Changes in Foreign Exchange Rates", exchange differences relating to long term monetary items are dealt with in the following manner:

i. Exchange differences relating to long-term monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital asset are added to / deducted from the cost of the asset and depreciated over the balance life of the asset.

ii. In other cases such differences are accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortized to the profit and loss statement over the balance life

Notes to Consolidated Financial Statements for the year ended 31st March, 2012 (Continued...)

of the long-term monetary item, but not beyond 31st March 2020.

Non-monetary items such as investments are carried at historical cost using the exchange rates on the date of the transaction.

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 average exchange rates and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

All other exchange differences are dealt with in the profit and loss statement.

(m) 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 statement 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 method of accounting for 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 statement and are not deferred.

(n) Taxation

Income tax expenses comprise current 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 on 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 under the Income Tax Act, 1961 based on convincing evidence that the Group will pay normal income tax within the statutory time frame and the same is reviewed at each balance sheet date.

(o) Provisions and Contingent Liabilities

Provisions are recognised based on the best estimate of the expenditure required to settle the present obligation at the balance sheet date when;

- a) the Group 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 reliably be 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 or a reliable estimate of the amount of obligation cannot be made.
- b) a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the enterprise.

Notes to Consolidated Financial Statements for the year ended 31st March, 2012 (Continued...)

NOTE: 2 - SHARE CAPITAL	As at 31st March, 2012	As at 31st March, 2011
Authorised: 5,000,000,000 (Previous Year 5,000,000,000) Equity Shares of ₹10 each	5,000.00	5,000.00
Issued, Subscribed and paid-up: 1,640,054,795 (Previous Year 1,640,054,795) Equity Shares of ₹10 each	1,640.05	1,640.05
	1,640.05	1,640.05

Details of shareholding	As at 31st March, 2012	As at 31st March, 2011
a) Details of shareholding more than 5%	No. of Shares	No. of Shares
1 JSW Investments Private Limited	536,201,147 32.69%	536,201,147 32.69%
2 Sun Investments Private Limited	270,892,170 16.52%	270,892,170 16.52%
3 Vrindavan Services Private Limited	110,146,190 6.72%	110,146,190 6.72%

- b) Terms & Rights attached to equity shares
- (i) The Company has only one class of equity shares having a par value of ₹ 10 each. Each holder of equity shares is entitled to one vote per share. The Company declares and pay dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the Shareholders in the ensuing Annual General Meeting.
- (ii) In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to the shareholding. However, no such preferential amount exists currently.
- c) The reconciliation of the number of shares outstanding is set out below:

Particulars	As at 31st March, 2012	As at 31st March, 2011
	No. of Shares	No. of Shares
Balance as at the beginning of the year	1,640,054,795	1,640,054,795
Issued during the year	-	-
Balance as at the end of the year	1,640,054,795	1,640,054,795

- d) Aggregate number of Bonus shares issued and shares issued for consideration other than cash during the last five years:

Particulars	As at 31st March, 2012	As at 31st March, 2011
	No. of Shares	No. of Shares
i) Equity Shares issued as fully paid bonus shares by Capitalisation of General reserve and Surplus in Profit and Loss statement	987,812,147	987,812,147
ii) Equity Shares allotted pursuant to the scheme of Amalgamation without consideration being received in cash	31,816,044	31,816,044

NOTE: 3 - RESERVES AND SURPLUS

Debenture Redemption

	As at 31st March, 2012	As at 31st March, 2011
Reserve:		
Balance as at the beginning of the year	186.37	4.80
Add: Additions during the year	139.48	181.57
Balance as at the end of the year	325.85	186.37
General Reserve:		
Balance as at the beginning and end of the year	91.49	91.49
Securities Premium Account:		
Balance as at the beginning of the year	2,387.43	2,424.18
Less: Debenture issue expenses	6.62	36.75
Balance as at the end of the year	2,380.81	2,387.43
Share Options Outstanding Account [Refer Note 25 (v) (ii)]:		
Balance as at the beginning of the year	2.20	1.67
Add: Additions during the year	0.70	0.53
Balance as at the end of the year	2.90	2.20

Notes to Consolidated Financial Statements for the year ended 31st March, 2012 (Continued...)

	₹ crore			₹ crore	
NOTE: 3 - RESERVES AND SURPLUS (Continued...)	As at 31st March, 2012	As at 31st March, 2011	NOTE: 3 - RESERVES AND SURPLUS (Continued...)	As at 31st March, 2012	As at 31st March, 2011
Capital Reserve:			Surplus:		
Balance as at the beginning of the year	26.87	-	Balance as at the beginning of the year	1,338.12	869.39
Add: Additions during the year	-	26.87	Add: Profit during the year	170.05	841.82
Less: Adjusted against Goodwill	26.87	-	Less: Transfer to Debenture Redemption Reserve	139.48	181.57
Balance as at the end of the year	-	26.87	Less: Transfer to Contingency Reserve	0.96	0.90
Contingency Reserve:			Less: Proposed Dividend [Dividend per share ₹ 0.50 (Previous Year ₹ 1.00)]	82.00	164.01
Balance as at the beginning of the year	0.90	-	Less: Dividend Distribution Tax	13.30	26.61
Add: Additions during the year	0.96	0.90	Balance as at the end of the year	1,272.43	1,338.12
Balance as at the end of the year	1.86	0.90		<u>4,060.02</u>	<u>4,036.43</u>
Foreign Currency Translation Reserve:					
Balance as at the beginning of the year	3.05	(0.05)			
Add: Additions during the year	(18.37)	3.10			
Balance as at the end of the year	(15.32)	3.05			

	₹ crore			
NOTE: 4 - LONG TERM BORROWINGS	As at 31st March, 2012 Non - Current	As at 31st March, 2012 Current	As at 31st March, 2011 Non - Current	As at 31st March, 2011 Current
Secured Loans				
1) Debentures:				
a) 12,000 (Previous Year 12,000) 9.75% Secured Redeemable Non - Convertible Debentures of ₹ 10 lakhs each	1,200.00	-	1,200.00	-
b) 24,000 (Previous Year 24,000) Ranging from 9% to 9.75% Secured Redeemable Non-Covertible Debentures of ₹ 10 lakhs each	2,280.00	120.00	2,400.00	-
c) 140 (Previous Year 140) 20% Secured Redeemable Non-Convertible Debentures of ₹ 100 lakhs each	-	1.48	1.48	5.91
2) Term Loans:				
a) Banks	4,169.13	435.41	3,692.93	245.54
b) Financial Institutions	1,011.76	113.19	1,108.36	58.38
c) Foreign Currency Term Loan from Bank (ECB)	22.05	2.20	-	-
Total Secured Loans	<u>8,682.94</u>	<u>672.28</u>	<u>8,402.77</u>	<u>309.83</u>
Unsecured Loans				
1) Term Loans:				
a) Banks	23.18	-	30.46	-
b) Finance Lease Obligations	0.66	1.44	1.88	1.73
c) Other parties	0.58	-	0.58	-
2) Other Loans & Advances:				
Other Loans	9.88	32.72	35.24	3.98
Total Unsecured Loans	<u>34.30</u>	<u>34.16</u>	<u>68.16</u>	<u>5.71</u>
	<u>8,717.24</u>	<u>706.44</u>	<u>8,470.93</u>	<u>315.54</u>

Notes to Consolidated Financial Statements for the year ended 31st March, 2012 (Continued...)

NOTE : 11 - FIXED ASSETS

₹ crore

Particulars	Gross Block		Depreciation / Amortisation		Net Block	
	As at 1st April, 2011	Additions	As at 31st March, 2012	For the year	As at 31st March, 2012	As at 31st March, 2011
A. Tangible						
Mining Land	-	144.28	144.28	-	141.04	-
Leasehold Land [Refer note (a) below]	12.70	2.60	15.30	-	15.30	12.70
Freehold Land [Refer note (b) below]	103.02	18.59	121.61	-	121.61	103.02
Buildings	412.69	546.74	959.43	25.07	914.59	392.92
Plant & Equipment [Refer note (c) below]	6,565.67	4,298.42	10,853.10	455.37	9,468.59	5,636.53
Plant & Equipment - under lease	11.28	0.22	11.50	1.66	5.23	6.67
Office Equipment	8.58	5.78	14.35	6.42	4.76	5.41
Furniture & Fixtures	12.12	1.35	13.47	1.07	9.62	9.34
Motor Vehicles	10.06	1.01	10.22	1.11	8.04	8.68
Leasehold Improvements	1.08	0.76	1.84	0.23	0.57	0.04
Total	7,137.20	5,019.75	12,145.10	494.17	10,689.35	6,175.31
B. Intangible						
Specialised Softwares	4.40	4.01	8.41	3.16	3.06	2.21
Membership-Power Trading Exchanges	0.33	-	0.33	-	-	-
Mineral Rights	256.23	16.74	272.97	8.09	252.57	243.92
Total	260.96	20.75	281.71	11.25	255.63	246.13
Total (A+B)	7,398.16	5,040.50	12,426.81	505.42	10,944.98	6,421.44
Previous Year						
A. Tangible	3,662.23	3,500.23	7,137.20	293.18	6,175.31	
B. Intangible	4.56	256.40	260.96	13.87	246.13	
Total (A+B)	3,666.79	3,756.63	7,398.16	307.05	6,421.44	

- a. Leasehold Land acquired by the Group under lease deed entitles the Group to exercise the option to purchase on an outright basis after 10 years from the date of lease and there will be no further consideration payable at the time of conversion of the same from leasehold to freehold.
- b. i) Group has leased 1.18 acres of land amounting to ₹ 0.35 crore to a related party for 99 years, with an option to purchase the same after 10 years.
ii) Group has leased 35 acres of land amounting to ₹ 0.20 crore to a related party for a period of 28 years.
- c. Includes Gross Block ₹ 28.00 crore (Previous Year ₹ 28.00 crore); Net block ₹ 100 (Previous Year ₹ 100) towards Group's share of Water Supply System constructed on land not owned by the Group, written off over a period of 10 years from 1st April 2000.
- d. Additions include Borrowing costs of ₹ 872.91 crore (Previous year ₹ 324.99 crore) and foreign exchange Loss of ₹ 17.06 crore (Previous Year ₹ 10.43 crore).

Notes to Consolidated Financial Statements for the year ended 31st March, 2012 (Continued...)

	₹ crore			₹ crore	
NOTE 11 : - FIXED ASSETS (Continued...)	As at 31st March, 2012	As at 31st March, 2011	NOTE 11 : - FIXED ASSETS (Continued...)	As at 31st March, 2012	As at 31st March, 2011
CAPITAL WORK IN PROGRESS					
EXPENDITURE DURING CONSTRUCTION PERIOD AND TRIAL RUN PRODUCTION (PENDING ALLOCATION)					
Plant and Equipment under installation	5,383.77	7,008.73	Less: Amount Transferred to Fixed Assets	1,260.21	754.63
Rights under the Implementation and Joint Venture Agreement	5.00	5.00	Less: Amount Transferred to Profit & Loss Statement	1.22	5.65
Building Under Construction (50% share in property located in Mumbai jointly owned with a related party)	440.84	368.45	Sub Total (B)	<u>897.35</u>	<u>1,499.21</u>
Civil Works	357.85	718.91	Total (A+B)	<u>3,670.22</u>	<u>7,049.07</u>
	<u>6,187.46</u>	<u>8,101.09</u>	Intangible Asset under development	-	2.72
Less: Amount Transferred to Fixed Assets	3,414.59	2,551.23	Software under implementation	-	2.72
Sub Total (A)	<u>2,772.87</u>	<u>5,549.86</u>			
PRE-OPERATIVE EXPENDITURE DURING CONSTRUCTION PERIOD & TRIAL RUN					
Opening Balance	1,499.21	1,416.87	NOTE : 12 - NON-CURRENT INVESTMENTS	As at 31st March, 2012	As at 31st March, 2011
Project Upfront Premium	-	26.00	LONG TERM		
Power, Water & Fuel	69.71	180.30	A) Trade Investments		
Employees Cost	16.82	8.89	Investments in Equity Shares (Quoted) :		
Project Management Expenses	41.15	63.80	7,003,835 (Previous Year 7,003,835) Equity Shares of ₹ 10 each fully paid up of JSW Steel Limited - Related party	151.70	151.70
General Expenses	31.18	55.74		<u>151.70</u>	<u>151.70</u>
Finance Costs	417.50	566.34	Investments in Equity Shares (Unquoted) :		
Foreign Exchange Loss / (Gain)	79.57	(1.70)	Joint Venture Companies		
Right of Way Expenses	14.38	13.60	a. 64,000,000 (Previous Year 44,000,000) Equity Shares of ₹ 10 each fully paid up of Toshiba JSW Turbine & Generator Private Limited	64.00	44.00
Terminal Bay Construction Expenses	12.71	-	b. 7,711,000 (Previous Year 4,411,000) Equity Shares of ₹ 10 each fully paid up of MJSJ Coal Limited	7.71	4.41
Depreciation	0.50	1.41			
	<u>2,182.73</u>	<u>2,331.25</u>			
Less : Revenue from Sale of Power	10.17	52.62			
Less : Interest Income	8.36	5.43			
Less : Profit from Sale of Current Investments	4.62	10.19			
	<u>2,159.58</u>	<u>2,263.01</u>			
Less: Transfer to Barmer Lignite Mining Company Limited	0.80	3.52			

Notes to Consolidated Financial Statements for the year ended 31st March, 2012 (Continued...)

₹ crore

NOTE : 14 - CURRENT INVESTMENTS

Details of Investments:

A) Investment in Mutual Funds: (Unquoted, fully paid)

	No. of Units	Face Value ₹	As at 31st March, 2012	As at 31st March, 2011
a) Birla Sun Life Mutual Fund				
Birla Sun Life Floating Rate Fund STP IP Growth	3,514,967	100	50.00	-
Birla Sun Life Cash Plus-Instl. Prem. Growth	(39,500,646)	10	-	61.94
b) Axis Bank				
Axis Liquid Fund IP Growth	168,598	1000	20.02	-
c) IDBI Mutual Fund				
IDBI Liquid Fund Growth	217,423	10	25.00	-
d) ICICI Prudential Mutual Fund				
ICICI Prudential Money Market Fund Cash option Growth	3,372,076	10	50.00	-
e) Tata Mutual Fund				
Tata Liquid Fund SHIP Growth	202,068	10	40.00	-
f) SBI Mutual Fund				
SBI Premium Liquid Fund Super IP Growth	148,407	10	25.00	183.33
	(119,141,549)			
Total Investments in Mutual Funds			210.02	245.27
Aggregate Repurchase value of Current Investments			210.19	245.70

(Figures in bracket relates to previous year)

Basis of Valuation : Refer Note 1.2 (j)

NOTE : 15 - INVENTORIES

	As at 31st March, 2012	As at 31st March, 2011
Stock of Fuel (including in transit ₹ 267.75 crore; Previous Year ₹ 118.19 crore)	699.92	492.51
Traded Goods	2.68	-
Stores & Spares (including in transit ₹ 4.31 crore; Previous Year ₹ 3.03 crore)	63.24	42.29
	765.84	534.80

Basis of Valuation : Refer Note 1.2 (k)

NOTE : 16 - TRADE RECEIVABLES

	As at 31st March, 2012	As at 31st March, 2011
Unsecured, Considered good		
Outstanding for a period exceeding six months from the due date #	114.98	17.64
Outstanding for a period not exceeding six months from the due date	1,060.97	746.83
	1,175.95	764.47

The Group 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.

Notes to Consolidated Financial Statements for the year ended 31st March, 2012 (Continued...)

The Group's appeal against the said Order has been decided in favour of the Group by the Honourable Karnataka High Court vide its Order dated 8th April, 2004. KPTCL and KERC filed Special Leave Petition before the Honourable Supreme Court challenging the Order of Honourable Karnataka High Court. As against the outstanding amount of ₹ 105.35 crore, in terms of the interim order dated 23rd January, 2007 of Honourable Supreme Court, KPTCL paid ₹ 100.00 crore against bank guarantee provided by the Group. The balance amount of ₹ 5.35 crore (Previous Year ₹ 5.35 Crore) due from KPTCL is included in Trade Receivables and considered as good and recoverable.

NOTE : 18 - SHORT TERM LOANS AND ADVANCES (Continued...)

Advance Tax and tax deducted at source (Net of Provision of ₹ 532.28 crore; Previous Year ₹ 463.38 crore)

Inter Corporate Deposits
Other Loans & Advances

	As at 31st March, 2012	₹ crore As at 31st March, 2011
	20.13	6.52
	75.00	-
	45.07	46.95
	<u>282.41</u>	<u>150.87</u>

NOTE : 17 - CASH AND BANK BALANCES

Cash and Cash Equivalents

On current accounts

Bank Deposits

Cash on Hand

Cheques on hand

Total

Others

Unpaid Dividends

Unclaimed share application
money refunds

Margin Money Accounts

Total

	As at 31st March, 2012	₹ crore As at 31st March, 2011
	42.22	60.82
	623.22	913.88
	0.07	0.05
	0.02	0.20
	<u>665.53</u>	<u>974.95</u>
	0.19	0.05
	0.07	0.07
	2.78	2.78
	<u>3.04</u>	<u>2.90</u>
	<u>668.57</u>	<u>977.85</u>

NOTE : 19 - OTHER CURRENT ASSETS

Interest Accrued on Deposits

Insurance Claim Receivable

Others

	As at 31st March, 2012	₹ crore As at 31st March, 2011
	8.37	29.58
	0.17	-
	3.27	17.56
	<u>11.81</u>	<u>47.14</u>

NOTE : 20 - REVENUE FROM OPERATIONS

Sale of power

Power Traded

Power Conversion Charges

Income from Transmission

Sale of Solar Panels

Sale of Coal

Sale of services:

Operator Fee

Project Management Fee

Other Services

Other Operating Income

	For the year ended 31st March, 2012	₹ crore For the year ended 31st March, 2011
	5,178.67	4,063.72
	358.74	113.03
	116.39	-
	94.21	17.48
	0.68	-
	232.19	-
	82.45	21.58
	43.40	79.82
	6.08	6.12
	6.01	0.33
	<u>6,118.82</u>	<u>4,302.08</u>

NOTE : 18 - SHORT TERM LOANS AND ADVANCES

Unsecured, considered good

Security Deposits

Deposits with Government
/ Semi Government
Authorities

Other deposits

Loans and advances to :

Joint Venture

Other Related parties

Advance against Preference
Share Capital

Other Advances

	As at 31st March, 2012	₹ crore As at 31st March, 2011
	7.25	2.60
	2.15	3.28
	2.20	1.84
	0.50	0.50
	<u>130.11</u>	<u>89.18</u>

Notes to Consolidated Financial Statements for the year ended 31st March, 2012 (Continued...)

NOTE : 25

(i) Contingent Liabilities and commitments to the extent not provided for in respect of:

Particulars	(₹ crore)	
	Current Year	Previous Year
Bank Guarantees Outstanding	120.90	196.64
Disputed Income Tax matters (excluding additional interest, if any)	78.78	78.35
Other disputed matters in respect of Electricity tax / Customs etc.	16.95	0.84
Claims not acknowledged as debts	63.12	19.60

Estimated amount of commitments to the extent not provided for (net of advances):

Particulars	(₹ crore)	
	Current Year	Previous Year
Estimated amount of contracts (net of advances)	665.46	1,354.60

- (ii) a) In the opinion of the Management, all the assets other than Fixed Assets and Non-Current Investments 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.
- b) The Group is yet to receive balance confirmations in respect of certain trade payable, other payable, trade receivable, other receivable and loans & advances. The Management does not expect any material difference affecting the current year's financial statements due to the same.
- (iii) a) The Subsidiary Company JPTL, has set aside an amount of ₹ 0.96 crore (Previous year ₹ 0.90 crore) as 'Contingency Reserve' to be used for the purpose of future losses, which may arise from uninsured risks, or as determined by the board as per Clause 50.7.1 of Maharashtra Electricity Regulatory Commission (MERC) (Terms and Conditions of Tariff) Regulations, 2005
- b) The Subsidiary Company JSWPTCL has entered into power banking arrangement with certain electricity distributing companies wherein power received by JSWPTCL under the banking arrangement is agreed to be returned back on expiry of the stipulated time period on terms and conditions set forth in the above referred power banking arrangement. The banked power, pending its return, is sold by JSWPTCL and revenues in respect thereof are accordingly recognised and accounted for in the books of accounts. JSWPTCL has in respect of the power received and sold under the banking arrangement, made a

provision for purchase of power in its books of accounts at a price calculated at the net realisation from sale of power less trading margin.

- c) The Subsidiary Company, RWPL, has recognized revenue from sale of power on the basis of adhoc Interim Tariff Order for Units 1 & 2 dated 30th September, 2011 and for Units 3 & 4 vide adhoc Interim Tariff Order dated 21st October, 2011 of Rajasthan Electricity Regulatory Commission (RERC). The same is subject to adjustment based on final Tariff determination by RERC.

RWPL is reasonably certain about realisation of ₹ 34.24 crore receivable from Rajasthan Distribution Companies (DISCOMS) on account of Fuel Price Adjustment on the basis of representations made to Rajasthan DISCOMS in accordance with the provisional Tariff order of RERC

- (iv) The proportionate share in the assets, liabilities, income and expenses of the Group's Joint Venture Company BLMCL included in these consolidated financial statements are given below:

PARTICULARS	(₹ crore)	
	As at 31st March, 2012	As at 31st March, 2011
EQUITY AND LIABILITIES		
(a) Share capital	9.80	9.80
(b) Reserves and surplus	(3.81)	(0.24)
(c) Non-current liabilities including borrowings	598.86	154.23
(d) Current Liabilities	36.43	322.04
TOTAL	641.28	485.83
ASSETS		
Non-current assets		
(a) Fixed Assets		
(i) Tangible assets	175.57	-
(ii) Capital work-in progress	70.36	36.16
(b) Non-current investments *(₹ 9800)	*0.00	* 0.00
(c) Deferred tax Assets (net)	1.04	0.04
(d) Long-term loans and advances	349.54	360.89
(e) Current Assets	44.77	88.74
TOTAL	641.28	485.83
	Current Year	Previous Year
Income * (₹ 331)	80.10	* 0.00
Expenses	83.67	0.24

Notes to Consolidated Financial Statements for the year ended 31st March, 2012 (Continued...)

(v) **Employees Benefits:**

(i) **Defined benefit plans :**

The employee's gratuity fund scheme managed by Trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method.

Details of Gratuity plan are as under: (₹ crore)

Description	Current Year	Previous Year
1. Reconciliation of opening and closing balances of obligation		
a. Opening Balance	2.84	1.70
b. Current Service Cost	1.64	1.12
c. Interest Cost	0.23	0.13
d. Actuarial (gain)/loss	(0.02)	(0.05)
e. Benefits paid	(0.32)	(0.04)
f. Closing Balance	4.37	2.87
2. Change in Plan Assets (Reconciliation of opening & closing balances)		
a. Opening Fair Value of plan assets	2.06	1.56
b. Difference in opening balance	(0.04)	-
c. Actual Company Contributions	0.84	0.39
d. Expected return on plan assets	0.16	0.13
e. Actuarial gain / (loss)	0.01	0.01
f. Benefits paid	(0.32)	(0.04)
g. Closing Fair Value of plan assets	2.71	2.04
3. Reconciliation of fair value of assets and obligations		
a. Present value of obligation	4.37	2.87
b. Fair value of plan assets	2.71	2.04
c. Balance amount recognized as liability in the Balance sheet	1.66	0.83
4. Expense recognized in the period		
a. Current service cost	1.64	1.12
b. Interest cost	0.23	0.13
c. Expected return on plan assets	(0.16)	(0.13)
d. Actuarial (gain)/loss	(0.02)	(0.05)
e. Expense recognized	1.69	1.08

Description	Current Year	Previous Year
5. Investment Details		
The full amount has been invested in cash accumulation scheme of Life Insurance Corporation of India		
6. Assumptions		
a. Discount rate (per annum)	8.50%	8.00%
b. Estimated rate of return on plan assets (per annum)	8.50%	8.50%
c. Rate of escalation in salary (per annum)	5.00%	5.00%
d. Mortality : LIC/(94-96) Ultimate mortality table		

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

A) The Group has the following share-based payments arrangement administered by the JSW Energy Employee Welfare Trust (JSWEEWT), which is described below:

a) **First Grant**

Date of grant (Mega Grant)	9th February, 2011 & 20th July, 2011
Number of Options granted*	10,967,966
Vesting Period	3 Years
Method of settlement	Cash
Exercise Price	₹ 75 per share

b) **Second Grant**

Date of grant	8th November, 2011
Number of Options granted	6,097,036
Vesting Period	3 Years
Method of settlement	Cash
Exercise Price	₹ 52.35 per share

*One third of these Options vest over a period of three years on 1st October, 2011, 1st October, 2012 and 1st October, 2013 respectively

B) During the previous year the Parent Company completed the allotment of shares under the Share-based payment plan to the employees, which was administered by JSWEEWT.

Expenses arising from employee's share-based payment plan debited to Profit and Loss Statement ₹ 0.70 crore (Previous Year ₹ 0.53 crore).

Notes to Consolidated Financial Statements for the year ended 31st March, 2012 (Continued...)

- (vi) Deferred Tax Liability primarily consists of timing differences due to depreciation and brought forward losses: ₹ 129.16 crore (Previous Year ₹ 156.22 crore).
- (vii) Long term loans and advances includes ₹ 89.35 crore (Previous Year ₹ 29.69 crore) paid as interest free loan to JSW Energy Employees Welfare Trust.
- (viii) There are no reportable segments as per Accounting Standard 17 prescribed by the Companies (Accounting Standards) Rules, 2006.
- (ix) **Earnings Per Share (Basic & Diluted)**

Particulars	UOM	Current Year	Previous Year
Net Profit as attributable to equity shareholders (A)	₹ crore	170.05	841.82
Total Weighted average number of equity shares outstanding during the year (B)	Nos.	1,640,054,795	1,640,054,795
Earnings Per Share (Basic & Diluted) (A/B)	₹	1.04	5.13
Nominal Value of an equity share	₹	10.00	10.00

- (x) (i) During the year, due to unusual depreciation in the value of rupee against US dollar, the net foreign exchange loss of ₹ 161.27 crore has been considered by the Group to be exceptional in nature.
- (ii) The foreign currency exposures that have not been hedged by a derivative instrument or otherwise as at Balance Sheet date are given below:

Particulars	Foreign currency equivalent (USD)	₹ crore
a. Secured Loan	4,741,087	24.25
	(-)	(-)
b. Interest accrued but not due on Secured Loan	42,084	0.22
	(-)	(-)
c. Project related Payables	77,727,916	397.60
	(106,509,206)	(475.56)
d. Buyer's Credit	415,235,015	2,124.20
	(166,075,805)	(742.57)
e. Interest accrued but not due on Buyer's credit	2,282,484	11.68
	(542,482)	(2.42)

Particulars	Foreign currency equivalent (USD)	₹ crore
f. Advance to Vendors	3,555,515	18.19
	(-)	(-)
g. Trade Payables	12,204,182	62.43
	(-)	(-)
h. Trade Receivables	930,066	4.76
	(368,795)	(1.65)
Particulars	Foreign currency equivalent (EURO)	₹ crore
Advance to Vendors	26,803	0.18
	(-)	(-)

Figures in bracket relates to Previous Year

- iii) The foreign currency exposures that have been hedged by a derivative instrument or otherwise as at Balance Sheet date are Nil.

(xi) Related Party Disclosures :

A. List of Related Parties

I Related parties with whom the Group has entered into transactions during the year :

- 1 JSW Steel Limited
- 2 JSOFT Solutions Limited
- 3 JSW Cement Limited
- 4 JSW Realty & Infrastructure Private Limited
- 5 Jindal Technologies & Management Services Private Limited
- 6 JSW Jaigarh Port Limited
- 7 JSW Techno Projects Management Limited
- 8 JSW Infrastructure Limited
- 9 Gagan Trading Company Limited
- 10 Jindal Steel & Power Limited
- 11 JSW Ispat Steel Limited
- 12 South West Port Limited
- 13 South West Mining Limited
- 14 JITF Water Infrastructure Limited

II Joint Venture

- 1 Barmer Lignite Mining Company Limited
- 2 Toshiba JSW Turbine & Generator Private Limited
- 3 MJSJ Coal Limited

III Key Managerial Personnel

- 1 Mr. Sajjan Jindal – Chairman & Managing Director
- 2 Mr. Nirmal Kumar Jain – Vice Chairman
- 3 Mr. L. K. Gupta – Jt. Managing Director & CEO (upto 30th November, 2011)
- 4 Mr. S. S. Rao – Whole Time Director

Notes to Consolidated Financial Statements for the year ended 31st March, 2012 (Continued...)

B. Transactions during the year

			(₹ crore)				
Nature of Transactions	Current Year	Previous Year	Nature of Transactions	Current Year	Previous Year		
1 Sale of power to			10 Purchase of fuel / goods				
JSW Steel Limited	227.21	400.88	JSW Steel Limited	481.04	767.79		
JSW Cement Limited	12.39	9.54	JSW Cement Limited	0.56	0.14		
JSW Ispat Steel Limited	172.92	-	Barmer Lignite Mining Company Limited	98.00	-		
2 Dividend received			South West Mining Limited	0.01	-		
JSW Steel Limited	8.58	6.65	Jindal Stainless Limited	-	3.06		
3 Rebate on sale of power to			Jindal Steel & Power Limited	9.87	21.50		
JSW Steel Limited	0.32	0.01	11 Rent paid				
4 Service received from			Gagan Trading Company Limited	0.66	0.65		
JSW Steel Limited	16.99	20.49	JSW Realty & Infrastructure Private Limited	0.11	0.11		
JSoft Solutions Limited	3.63	2.63	JSW Steel Limited	0.92	-		
Jindal Technologies & Management Services Private Limited	0.13	0.14	12 Amount paid / payable for acquisition of office / residential properties				
JSW Jaigarh Port Limited	111.02	86.15	Windsor Residency Private Limited	-	7.90		
JSW Techno Projects Management Limited	32.30	22.70	13 Advance paid				
South West Port Limited	7.23	12.01	JSW Techno Projects Management Limited	11.50	42.98		
5 Service rendered to			JSW Natural Resources Bengal Limited	-	15.88		
JSW Steel Limited	242.25	101.40	Royal Bafokeng Capital (Pty) Limited	-	24.08		
Toshiba JSW Turbine & Generator Private Limited	4.50	4.50	JSW Bengal Steel Limited	-	16.90		
6 Acquisition of interest in CWIP (Property under Construction)			14 Security Deposit paid/(refund) for lease of office property / houses				
Windsor Residency Private Limited	-	182.14	JSW Realty & Infrastructure Private Limited	-	21.46		
7 Assignment of bank loan			Gagan Trading Company Limited	(0.46)	(0.42)		
Windsor Residency Private Limited	-	133.00					
8 Purchase of power							
JSW Steel Limited	300.31	99.06					
9 Rebate on purchase of power							
JSW Steel Limited	3.52	0.40					

Notes to Consolidated Financial Statements for the year ended 31st March, 2012 (Continued...)

			(₹ crore)					(₹ crore)	
	Nature of Transactions	Current Year	Previous Year		Nature of Transactions	Current Year	Previous Year		Previous Year
15	Purchase of free hold land				24	Operation & Maintenance of Raw Water Pipe Line			
	JSW Infrastructure Limited	0.02	0.82			JITF Water Infrastructure Limited	1.34	-	
	JSW Infrastructure & Development Private Limited	-	0.13						
16	Reimbursement Expenses Incurred for				C. Closing Balances:				
	JSW Steel Limited	15.63	11.29						
	Barmer Lignite Mining Company Limited	0.44	1.84						
	JSW Realty Infrastructure Private Limited	0.25	-						
	JSW Jaigarh Port Limited	4.13	-						
17	Amount Written Off								
	JSW Infrastructure Limited *(₹ 45,000)	-	* 0.00						
18	Advance paid against Preference Share Capital :								
	JSW Realty & Infrastructure Private Limited	-	0.50						
19	Investment in Equity Shares of								
	Toshiba JSW Turbine & Generator Private Limited	20.00	-						
	MJSJ Coal Limited	3.30	-						
20	Subordinated Loan to								
	Barmer Lignite Mining Company Limited	25.77	4.82						
21	Interest on subordinate loan								
	Barmer Lignite Mining Company Limited	49.17	-						
22	Excavation of Raw Water Reservoir								
	South West Mining Limited	70.21	-						
23	Supply & Erection of Raw Water Pipe Line Works								
	JITF Water Infrastructure Limited	1.81	12.20						
					1	Trade (Payables) / Receivables			
						JSW Steel Limited	(6.75)	(64.05)	
						Jindal Technologies & Management Services Private Limited	-	(0.01)	
						JSW Cement Limited	2.34	0.88	
						JSW Jaigarh Port Limited	(6.66)	(20.56)	
						JSW Realty & Infrastructure Private Limited	-	0.06	
						Toshiba JSW Turbine & Generator Private Limited	2.23	2.23	
						MJSJ Coal Limited	-	0.02	
						Barmer Lignite Mining Company Limited	(19.04)	-	
						Jindal Steel & Power Limited	1.18	1.08	
						JSW Techno Projects Management Limited	(0.12)	-	
						South West Mining Limited	22.07	-	
						Jindal Technologies & Management Services Private Limited	(0.03)	(0.01)	
						JSW Ispat Steel Limited	136.06	-	
						JITF Water Infrastructure Limited	(10.25)	(21.10)	
						Jindal Stainless Limited	-	0.07	
						South West Port Limited	(0.17)	3.41	

Notes to Consolidated Financial Statements for the year ended 31st March, 2012 (Continued...)

	(₹ crore)			(₹ crore)	
	Current Year	Previous Year		Current Year	Previous Year
2 Lease Deposit with			7 Investment in Preference Share Capital		
JSW Steel Limited	10.19	10.19	JSW Realty & Infrastructure Private Limited	4.53	4.53
Gagan Trading Company Limited	13.12	13.58	8 Investment in Equity Shares		
JSW Realty & Infrastructure Private Limited	8.46	8.46	JSW Steel Limited	151.70	151.70
3 Lease Deposit from			JSW Energy Overseas Limited * (₹ 13,922)	-	* 0.00
JSW Steel Limited	0.16	0.16	Toshiba JSW Turbine & Generator Private Limited	64.00	44.00
4 Advance Recoverable			MJSJ Coal Limited	7.71	4.41
JSW Realty & Infrastructure Private Limited	50.06	50.06	9 Subordinated Loan (including interest) to		
JSW Energy (Bengal) Limited	80.05	-	Barmer Lignite Mining Company Limited	233.49	158.66
JSW Techno Projects Management Limited	-	23.12			
JSW Natural Resources Bengal Limited	-	22.22			
Royal Bafokeng Capital (Pty) Limited	-	24.08			
JSW Bengal Steel Limited	-	16.90			
Barmer Lignite Mining Company Limited	2.20	1.84			
5 Advance paid against Preference Share Capital					
JSW Realty & Infrastructure Private Limited	0.50	0.50			
6 Advance paid for acquisition of Office/Residential Properties					
Windsor Residency Private Limited	75.00	75.00			

D Remuneration to Key Management Personnel: (₹ crore)		
	Current Year	Previous Year
Mr. Sajjan Jindal	7.15	6.03
Mr. Nirmal Kumar Jain	3.53	3.51
Mr. L.K. Gupta	1.81	2.06
Mr. S.S Rao	0.78	1.50

Notes:

- i) No amounts in respect of related parties have been written off / written back during the year, 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.

(xii) Current year's financial statements have been presented in accordance with the Revised Schedule VI, previous year's figures have been regrouped / rearranged wherever necessary to conform to current year's classification.

For and on behalf of the Board of Directors

Pramod Menon
Chief Financial Officer

Sajjan Jindal
Chairman and Managing Director

Sampath Madhavan
Company Secretary

Nirmal Kumar Jain
Vice Chairman

Place: Mumbai
Date: 30th April, 2012

Financial Information of Subsidiary Companies

Name of Subsidiary	Capital (Including Share Application Money)	Reserve & Surplus (Net of Misc. Exp.)	Total Assets	Total Liabilities	Investment	Turnover	Profit before Taxes	Provision for Taxation	Profit after Taxes	Proposed Dividend	Reporting Currency	Conversion Rate (₹)
Raj WestPower Limited	172,605.00	(8,728.35)	714,982.51	552,086.00	980.14	53,458.70	(5,022.06)	(2,344.27)	(2,677.79)	-	Indian Rupee	-
JSW Power Trading Company Limited	20,200.00	3,572.55	36,870.57	28,268.25	15,170.23	375,316.09	1,305.49	146.46	1,159.03	-	Indian Rupee	-
Jaigad PowerTransco Limited	13,750.00	3,647.05	63,882.41	46,485.36	-	9,427.59	4,229.99	1,143.11	3,086.88	-	Indian Rupee	-
JSW Energy (Raigarh) Limited	9,319.93	(285.07)	9,084.22	49.36	-	-	(4.40)	-	(4.40)	-	Indian Rupee	-
JSW Green Energy Limited	5.00	(209.57)	277.20	481.77	-	68.09	(136.59)	0.20	(136.78)	-	Indian Rupee	-
JSW Energy Minerals Mauritius Limited	4,092.52	(30.92)	21,357.39	20,365.19	3,069.39	61.75	(25.46)	-	(25.46)	-	United States Dollar	51.16
JSW Energy Natural Resources Mauritius Limited	3,069.39	(18.46)	21,358.21	21,355.64	3,048.37	61.58	(8.83)	-	(8.83)	-	United States Dollar	51.16
JSW Energy Natural Resources South Africa (Pty) Limited	2,897.35	(773.28)	14,471.83	21,358.92	9,011.16	364.28	89.75	-	89.75	-	South African Rand	6.66
South African Coal Mining Holdings Limited	15,795.72	(21,739.79)	58.34	9,366.00	3,363.59	-	64.27	-	64.27	-	South African Rand	6.66
JSW Energy Natural Resources (B.V.) Limited	387.00	(385.52)	1.48	-	-	-	(385.52)	-	(385.52)	-	United States Dollar	51.16
Royal Batokeng Capital (PTY) Limited	0.01	(1,436.41)	7.92	6,331.51	4,887.20	0.04	(0.01)	-	(0.01)	-	South African Rand	6.66
Mainsail Trading 55 Proprietary Limited	0.01	(6,548.65)	1,139.22	8,087.50	399.63	98.36	98.36	-	98.36	-	South African Rand	6.66
PT Param Utama Jaya	85.50	2.82	98.95	10.63	-	175.69	(13.05)	7.77	(20.82)	-	Indonesian Rupiah	0.01
Ilanga Coal Mines Proprietary Limited	0.07	(424.81)	234.13	658.87	-	5.66	(3.74)	-	(3.74)	-	South African Rand	6.66
Jigmining Operations No 1 Proprietary Limited	0.03	(1,616.95)	-	1,616.91	-	9.94	6.35	-	6.35	-	South African Rand	6.66
Jigmining Operations No 3 Proprietary Limited	0.01	(415.58)	0.01	415.58	-	-	(0.89)	-	(0.89)	-	South African Rand	6.66
SACM (Breyten) Proprietary Limited	0.01	(4,188.50)	637.58	4,826.07	-	16,460.81	(5,712.27)	-	(5,712.27)	-	South African Rand	6.66
South African Coal Mining Equipment Company Proprietary Limited	0.01	636.34	270.81	(365.54)	-	381.50	247.21	-	247.21	-	South African Rand	6.66
South African Coal Mining Operations Proprietary Limited	0.03	(761.18)	3,840.41	4,601.56	-	17,577.93	1,893.30	-	1,893.30	-	South African Rand	6.66
Umlabu Colliery Proprietary Limited	0.01	(1,663.20)	26,376.83	28,040.02	-	1,028.25	316.17	322.02	(5.85)	-	South African Rand	6.66
Voorslag Coal Handling Proprietary Limited	0.01	(118.31)	3,774.37	3,892.68	-	139.87	(4.25)	(0.26)	(3.99)	-	South African Rand	6.66
Yomhlaba Coal Proprietary Limited	599.53	(4,607.46)	-	4,007.94	-	9.74	10.55	-	10.55	-	South African Rand	6.66
SACM (Newcastle) Proprietary Limited	0.01	-	0.01	-	-	-	-	-	-	-	South African Rand	6.66

E-COMMUNICATION REGISTRATION FORM

To,
 Karvy Computershare Private Limited
 Unit: **JSW Energy Limited**
 Plot no.17 to 24, Vittalrao Nagar,
 Madhapur, Hyderabad – 500 081
 Fax No. 040 - 23420814
 E-mail: einward.ris@karvy.com

Green Initiative in Corporate Governance

I/We hereby exercise my/our option to receive all Notices / Documents, etc from the Company including Notice of General Meeting, Audited Financial Statements, Directors’ Report, Auditors’ Report, Postal Ballot Notice, etc. in electronic mode pursuant to the ‘Green initiative in Corporate Governance’ taken by the Ministry of Corporate Affairs vide their circular(s) issued from time to time. Please register my e-mail ID as given below, in your records, for sending the communications:

DP ID & Client ID / Folio No. :

Name of 1st Registered Holder :

Name of Joint Holder(s), if any :

Registered Address of the Sole/
 1st Registered Holder :

E-mail ID (to be registered) :

Date :

Signature :

Notes:

1. The above form may be used for registering the E-mail IDs by those Shareholders :
 - (a) who hold Shares in electronic form and have not registered their E-mail ID with their Depository Participant(s) (DP) so far and;
 - (b) who hold Shares in physical form.
2. The form duly filed and signed may please be sent to the Company’s Registrar as mentioned above.
3. On registration, all the communications will be sent to the E-mail ID registered.
4. The form is also available on the website of the Company www.jsw.in under the Section ‘Shareholder’s information’.
5. Shareholders are requested to keep Company’s Registrar-Karvy Computershare Private Limited informed as and when there is any change in the e-mail address.



Regd. Office: Jindal Mansion, 5A, Dr. G. Deshmukh Marg, Mumbai 400 026.

ATTENDANCE SLIP

**Regd. Folio No.

DP ID

Client ID

EIGHTEENTH ANNUAL GENERAL MEETING – 20TH JULY, 2012

I certify that I am a member/ proxy for the member of the Company.

I hereby record my presence at the Eighteenth Annual General Meeting of the Company held on Friday, 20th July 2012 at 3.00 p.m at Yashwantrao Chavan Pratisthan Mumbai, Y. B. Chavan Auditorium, General Jagannath Bhosale Marg, Mumbai - 400 021.

* Member's / Proxy's Name in Block Letters

* Member's / Proxy's Signature

Note:

- 1. Member / Proxy must bring the Attendance slip to the Meeting and hand it over, duly signed, at the registration counter.
2. The Copy of the Notice may please be brought to the Meeting Hall.

** Applicable only in case of investors holding shares in Physical form.

*Strike out whichever is not applicable

Tear Here



Regd Office: Jindal Mansion, 5A, Dr. G. Deshmukh Marg, Mumbai 400 026.

PROXY FORM

**Regd Folio No.

DP ID

Client ID

EIGHTEENTH ANNUAL GENERAL MEETING – 20TH JULY 2012

I/We

of

being a member / members of JSW Energy Limited, hereby appoint

of or failing him / her

of as my/our Proxy to attend and vote for me/us on my / our behalf at the

Eighteenth Annual General Meeting of the Company to be held on Friday, 20th July, 2012 at 3.00 p.m at Yashwantrao Chavan Pratisthan Mumbai, Y. B. Chavan Auditorium, General Jagannath Bhosale Marg, Mumbai - 400 021 and at adjournment thereof.

Signed this day of 2012

Note:-

- 1. Proxy need not be a member.
2. Proxy form, complete in all respects, should reach the Company's Registered Office at Jindal Mansion, 5A, Dr. G. Deshmukh Marg, Mumbai 400 026, not less than 48 hours before the scheduled time of the meeting.

Signature _____



** Applicable only in case of investors holding shares in Physical form.

Financial Highlights (Standalone)

	2007-08	2008-09	2009-10	2010-11**	2011-12
REVENUE ACCOUNTS (₹ Crore)					
Gross Turnover	925.65	1,233.67	2,227.36	3,661.84	4,847.61
Other Operating Income	648.30	357.37	155.18	207.21	168.81
Other Income	30.76	2.94	58.49	112.10	114.02
Total Income	1,604.71	1,593.98	2,441.03	3,981.15	5,130.44
EBIDTA before exceptional items	1,138.38	847.09	1,356.03	1,641.98	1,328.24
Depreciation	58.56	59.63	124.32	211.61	377.22
Earning before interest, exceptional item and tax	1,079.82	787.46	1,231.71	1,430.37	951.02
Interest	88.53	120.28	262.30	341.00	508.16
Exceptional items	-	-	-	-	151.61
Profit Before Taxes	991.29	667.18	969.41	1,089.37	291.25
Provision for Taxation	135.32	89.10	122.74	203.76	56.61
Profit After Taxes	855.97	578.08	846.67	885.61	234.64
Dividend - Equity	102.95	-	123.00	164.01	82.00

CAPITAL ACCOUNTS (₹ Crore)

Gross Block	1,090.64	1,100.59	2,920.64	5,593.43	8,161.02
Net Block	617.27	568.05	2,264.72	4,724.59	6,915.27
Capital Work in Progress (including capital advances)	152.46	1,879.61	173.91	2,889.79	919.97
Total Debt	850.12	2,331.14	2,105.18	5,469.06	5,367.76
Long Term Debt	825.02	2,312.36	2,005.18	5,368.86	5,367.76
Short Term Debt	25.10	18.78	100.00	100.20	-
Equity Capital	514.76	546.57	1,640.05	1,640.05	1,640.05
Reserves & Surplus	755.99	1,418.29	3,726.57	4,385.34	4,518.67
Shareholders' Funds	1,270.75	1,964.86	5,366.62	6,025.39	6,158.72

RATIOS

Book Value Per Share (₹)	24.69	35.95	32.72	36.74	37.55
Market price Per Share (₹)	NA	NA	111.85	71.65	61.25
Earning per Share (Diluted) (₹)	6.65	4.23	5.86	5.40	1.43
Market Capitalisation (₹ Crore)	NA	NA	18,344.01	11,750.99	10,045.34
Equity Dividend per Share (₹)	2.00	-	0.75	1.00	0.50
Fixed Assets Turnover Ratio	1.50	2.17	0.98	0.78	0.70
EBIDTA Margin	70.9%	53.1%	55.6%	41.2%	25.9%
Interest Coverage	12.20	6.55	4.70	4.19	1.87
Long term Debt Equity Ratio	0.65	1.18	0.37	0.89	0.87
Long term Debt to EBIDTA	0.72	2.73	1.48	3.27	4.04

** The Hon'ble High Court of Mumbai has approved the Scheme of Amalgamation of JSW Energy (Ratnagiri) Limited (JSWERL), a wholly owned subsidiary of the Company with appointed date as 1st April, 2010. The above figures for the FY 2010-11 are after giving effect of the said Scheme and hence not comparable.

Financial Highlights (Consolidated)

	2007-08	2008-09	2009-10	2010-11	2011-12
REVENUE ACCOUNTS (₹ Crore)					
Gross Turnover	931.32	1,239.37	2,316.16	4,194.23	5,980.88
Other Operating Income	361.82	606.66	48.96	107.85	137.94
Other Income	32.93	6.13	64.14	125.46	146.62
Total Income	1,326.07	1,852.16	2,429.26	4,427.54	6,265.44
EBIDTA before exceptional items	909.39	548.99	1,287.65	1,697.23	1,594.39
Depreciation	58.60	60.21	136.10	266.80	503.34
Earning before interest, exceptional item and tax	850.79	488.78	1,151.55	1,430.43	1,091.05
Interest	88.55	120.94	283.70	432.53	717.24
Exceptional items	-	-	-	-	161.27
Profit Before Taxes	762.24	367.84	867.85	997.90	212.54
Provision for Taxation	136.97	91.15	122.36	156.15	41.91
Profit after Taxes before Minority Interest	625.27	276.69	745.49	841.75	170.63
Less: Share of Profit / (Loss) of Minority	-	-	-	(0.07)	0.58
Profit after Taxes	625.27	276.69	745.49	841.82	170.05
Dividend - Equity	102.95	-	123.00	164.01	82.00
CAPITAL ACCOUNTS (₹ Crore)					
Gross Block	1,122.39	1,151.89	3,666.79	7,398.16	12,426.81
Net Block	648.18	616.97	2,995.37	6,421.44	10,944.98
Capital Work in Progress (including capital advances)	2,747.03	7,925.10	8,602.58	7,723.44	4,326.78
Total Debt	2,272.67	5,927.16	7,870.14	9,637.62	9,994.69
Long Term Debt	2,247.57	5,897.52	7,770.08	8,786.47	9,423.68
Short Term Debt	25.10	29.64	100.06	851.15	571.01
Equity Capital	514.76	546.57	1,640.05	1,640.05	1,640.05
Reserves & Surplus	488.85	933.08	3,140.14	4,036.43	4,060.02
Shareholders' Funds	1,003.61	1,479.65	4,780.19	5,676.48	5,700.07
RATIOS					
Book Value Per Share (₹)	19.50	27.07	29.15	34.61	34.76
Market price Per Share (₹)	NA	NA	111.85	71.65	61.25
Earning per Share (Diluted) (₹)	4.86	2.02	5.17	5.13	1.04
Market Capitalisation (₹ Crore)	NA	NA	18,344.01	11,750.99	10,045.34
Equity Dividend per Share (₹)	2.00	-	0.75	1.00	0.50
Fixed Assets Turnover Ratio	1.44	2.01	0.77	0.65	0.55
EBIDTA Margin	68.6%	29.6%	53.0%	38.3%	25.4%
Interest Coverage	9.61	4.04	4.06	3.31	1.52
Long term Debt Equity Ratio	2.24	3.99	1.63	1.55	1.65
Long term Debt to EBIDTA	2.47	10.74	6.03	5.18	5.91

Operational Achievements

2,600 MW

Achieved a historical high generation capacity

870 MW

Addition to generation capacity in FY 12 - 600 MW at Ratnagiri and 270 MW at Barmer

51%

Increase in net generation from 9,016 MUs to 13,594 MUs

13,684 MUs

Units sold during the year, 64% being merchant and 36% under long term PPAs

76%

Consolidated PLF across the spectrum

1.97 MTPA

Lignite extracted from the Kapurdi mines in Barmer, Rajasthan



Other significant developments

- Environmental clearances received for 1,320 MW Chhattisgarh Power Project and 240 MW Kutehr hydro project
- Vijayanagar units bagged best operating power plant awards from the Ministry of Power for FY 11 and FY 10 in the Silver and Bronze categories, respectively



BOOK POST



If undelivered, please return to:
JSW Energy Limited, The Enclave, Behind Marathe Udyog Bhavan, New Prabhadevi Road,
Prabhadevi, Mumbai – 400 025 • Tel. No. +91 - 22 - 6783 8000