



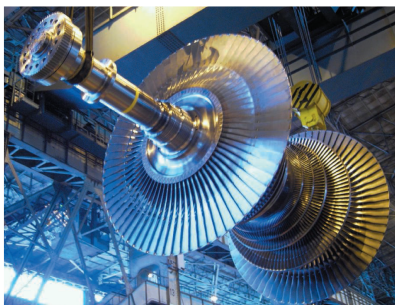
Chairman's Speech

18th Annual General Meeting

July 20, 2012



JSW Builds



Chairman's Speech

Dear Shareholders,

I am extremely pleased to extend you all, a warm welcome to this 18th Annual General Meeting of JSW Energy Limited. It gives me great pleasure to place before you the highlights of your Company's performance during the financial year 2011-12.

A copy of the Annual Report for the fiscal 2011-12, containing notice, the audited annual accounts as on March 31, 2012 together with the reports of the Board of directors is already with you and with your permission, I take it as read.

Economic Overview

The financial year 2011-12 has been a difficult and challenging year globally with growth slowing down considerably across the world. The sovereign debt crisis in the Euro zone, monetary tightening to contain inflation, political upheaval & uncertainties in the middle-east have further contributed to the challenges in reviving growth. India too suffered. The GDP growth slowed to 6.5% led by a significant slowdown in the manufacturing sector.

While the global factors have had their impact on our economic growth, the quantitative measures to contain inflation and inability to unlock supply side constraints have significantly contributed to the slowdown. Additionally the twin deficits – current account deficit and fiscal deficit continue to pose significant challenges to higher sustainable growth.

Lots of hopes ride on the ability to revive growth in the current fiscal 2013 both in India and across the globe.

Power Sector Overview

Fiscal 2012 witnessed the benefits of deregulation in the generation space with the country adding 26 GW in one year, which was significantly higher than the cumulative capacity addition of 27 GW in the 10th plan period. In the 11th plan period, the addition to the generation capacity was 68 GW, thereby taking the country closer to the 200 GW level.

However, the power sector has witnessed a lopsided and half baked approach to the reforms which has impacted investments in the sector. Even after significant ramp-up in generation capacity, the country is facing a double digit peak power deficit.

The energy sector is the nucleus of a vibrant economy. For an economy to accelerate on its growth path, a healthy and continuous reform oriented energy sector is a must. I am of the view that the energy sector will witness many policy

reforms in the days ahead which will lead to the next phase of the capex cycle in the sector and will have a far reaching salutary effect on the overall growth in the economy.

Presently, globally and domestically, we are going through a difficult and challenging time. However, challenges and hurdles open doors to the realm of opportunities. Our vision is to play an active role in building India's long-term energy potential. Your Company endeavours to become a world class energy Company by building new capacities; through continuous improvement in efficiencies and cost rationalisation; by creating a talent pool of motivated and committed employees; through robust financial management.

Business Performance of your Company

In spite of the challenges, your Company has delivered improved operational performance in the year 2011-12. Your company achieved notable milestones on project completion :

- Additional 870 MW of generation capacity was operationalised, taking the aggregate generation capacity to 2,600 MW.
- Commenced lignite mining operations at Kapurdi, Barmer. This is presently meeting the entire captive fuel requirements for 4 units at Barmer works.
- Completion of 400 KV double circuit Jaigad Karad transmission line ensuring sufficient evacuation facility in the intra-state transmission network

The consolidated net generation has increased by 51% to 13.59 billion units in the year 2011-12 from 9.02 billion units in the previous financial year. Efforts are being made continuously to improve the efficiency parameters and set new benchmarks.

The Vijayanagar unit was acknowledged as the Best Operating Power Plant by the Ministry of Power for the fifth year in a row which goes on to prove our commitment to operational excellence.

Your Company, on a consolidated basis, has registered a 41.51% growth in revenue from Rs 4,428 crores in 2010-11 to Rs 6,265 crores in 2011-12. The Company achieved EBITDA and PAT of Rs 1,594 crores and Rs 170 crores in 2011-12 respectively. The overall profitability was impacted due to higher input costs, adverse exchange rate fluctuation besides delays in tariff approval resulting in non-operation of units at Barmer.

I am happy to announce that the Board of Directors of your Company has declared a dividend of Rs 0.50 (5%) per equity share on 164 crores equity shares of Rs 10 each for the year ended March 31, 2012.

Project Progress

Existing Project

The project completion at Barmer is progressing in right earnest with all the balance 4 units expected to be commissioned during the 2nd quarter of the current fiscal 2013, thereby completing all the generation related projects envisaged in FY 2006-07. On receipt of the relevant approvals, the entire fuel requirement for the Barmer works is expected to be met from Kapurdi mines while the work on opening up the Jalipa mines are also expected to be commenced in the current fiscal.

New Projects, Initiatives and Joint Ventures

In our endeavour to diversify and grow, the 240 MW Hydro Electric Project (HEP) at Kutehr, Himachal Pradesh and 1320 MW thermal power plant at Chattisgarh have received the MOEF approvals while efforts are on to secure the other critical approvals to commence work. Your Company is working to ensure that work on these projects can be commenced in the current fiscal.

You will be pleased to know that the Joint Venture with Toshiba is going from strength to strength and Toshiba JSW has already secured orders from the National Thermal Power Corporation for Engineering, Manufacturing and Supply of 2 x 660 MW and 3 x 800 MW supercritical Turbine Generator sets.

Securing Fuel

We aim to increase fuel security to cover our entire requirement. We have been continuously exploring and evaluating various opportunities to acquire coal mining assets, especially in the overseas market. We are also continuously identifying and developing relationship with coal miners in some large coal exporting countries so as to ensure procurement of quality thermal coal at competitive rates and over term contracts.

Human Resources

It is said that a sizeable part of the valuation of an entity is derived from the quality of human resources the entity employs. Your Company also believes that employees are the catalysts for growth. We continue to identify and create a strong pool of talented and skilled workforce to drive the organisation's vision. To meet

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.

Our specialized programme to upgrade people's capabilities through our JSW Energy Centre of Excellence is a step towards building a talent pool.

It is our continual effort to ensure that the management and employees of your Company deliver maximum value to all stakeholders.

Corporate Social Responsibility

I am of the strong belief that it is our utmost responsibility to forge bonds with the society and environment around us if we have to grow on a sustainable basis.

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

We also give very high emphasis on green concerns. Our future thermal power projects will have eco-friendly technologies to reduce carbon footprint. The hydro-energy foray is also an initiative in this direction.

Acknowledgements

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

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

We are committed to make your Company realise the vision and for this we look forward to your valuable support and contribution all along.

Best wishes,



Sajjan Jindal



JSW Group

JSW Group is a part of the USD 16.5 billion O. P. Jindal Group. Under the dynamic leadership of Mr. Sajjan Jindal, JSW Group has grown into a USD 10 billion enterprise with interests across various core economic sectors – Steel, Energy, Cement, Aluminium, Natural Resources, Maritime Infrastructure and IT.



JSW Steel



JSW Energy



JSW Infrastructure



JSW Cement

JSW Energy Limited

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