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*JSW Spirit*



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## Performance at a Glance

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

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

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

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

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

## Board of Directors

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

Mr. Pramod Menon	Chief Financial Officer
Mr. S. Madhavan	Company Secretary

### Auditors

M/s. Lodha & Company

Chartered Accountants

### Registrars & Share Transfer Agents

Karvy Computershare (P) Limited

### Bankers

IDBI Bank Limited

ICICI Bank Limited

Punjab National Bank

### Registered Office

Jindal Mansion,

5-A, Dr. G. Deshmukh Marg,

Mumbai - 400 026

Tel. No. 022-2351 3000

Fax No. 022-2352 6400

### Corporate Office

The Enclave, Behind Marathe Udyog Bhavan,

New Prabhadevi Road,

Prabhadevi, Mumbai - 400 025

Tel. No. 022-6783 8000

Fax No. 022-2432 0740

### Plant

Post Box No. 9

Toranagallu - 583 123

Bellary Dist. Karnataka

## Directors' Report

To the Shareholders,

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

### FINANCIAL RESULTS

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

(Rs. in crores)

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

### RESULTS OF OPERATIONS

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

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

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

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

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

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

### Consolidated Financial Statements

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

### DIVIDEND

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

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

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

### FINANCING

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

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

## SUBSIDIARIES

The details of the subsidiary Companies are as follows:

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

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

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

### 2. Raj WestPower Limited (RWPL)

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

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

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

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

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

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

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

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

### 4. Jaigad PowerTransco Limited (JPTL)

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

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

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

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

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

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

## EXEMPTION U/S 212 FOR SUBSIDIARIES

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

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

### NEW PROJECTS, INITIATIVES & JOINT VENTURES

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

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

#### Kuthar Hydro Project

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

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

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

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

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

#### MJSJ Coal Limited (MJSJ)

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

#### Power Exchange of India Limited (PXIL)

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

#### JSW Energy Centre of Excellence (JSWECE)

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

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

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

#### MEMORANDUM OF UNDERSTANDING (MOU)

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

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

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

## AWARDS / RECOGNITION

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

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

## BOARD OF DIRECTORS

### a) Composition

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

### b) Retirement by Rotation

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

### c) Changes during the year

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

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

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

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

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

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

### d) Board Meetings

The Board met six times during the year.

## CORPORATE GOVERNANCE

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

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

## DIRECTORS' RESPONSIBILITY STATEMENT

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

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

## AUDITORS

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

## ENERGY CONSERVATION AND ENVIRONMENT PROTECTION

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

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

### TECHNOLOGY ABSORPTION AND INNOVATION

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

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

### CORPORATE SOCIAL RESPONSIBILITY

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

### FOREIGN EXCHANGE EARNINGS AND OUTGO

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

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

### PARTICULARS OF EMPLOYEES

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

### ACKNOWLEDGEMENTS

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

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

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

For and on behalf of the Board of Directors

Place: Mumbai

Date: 4th May 2009

**Sajjan Jindal**

Chairman & Managing Director