

**CHAIRMAN'S SPEECH**  
21<sup>st</sup> Annual General Meeting  
July 22, 2015

E N E R G Y **PLUS**



# CHAIRMAN'S SPEECH

## Dear Shareholders,

It is my pleasure to extend a warm welcome to you all at this 21st Annual General Meeting of JSW Energy Limited and to place before you the highlights of your Company's performance during the financial year 2014-15.

A copy of the Annual Report for the fiscal 2014-15, containing the notice, the audited annual accounts as on March 31, 2015 together with the reports of the Board of Directors is already with you and with your permission, I take it as read.

With a stable government in India, there is a renewed sense of optimism. The government has initiated steps for addressing supply-side bottlenecks across the broader infrastructure sector (like coal, railways, highways, mining, etc.) to revive the investment cycle. Power is a key sector which is witnessing sustained policy thrust from the government to support long-term economic growth. The "Make in India" programme is a key initiative to boost investments in the manufacturing sector and will be a bed-rock of power demand going ahead.

## Power Sector Overview

The Government has undertaken an ambitious initiative to provide each household with round-the-clock access to electricity by March 2019 through a "24 X 7 Power For All" programme. In our view, an efficient, resilient and financially healthy power sector is essential to achieve this goal.

However, given the financial health and accumulated losses of various state Distribution Utilities, it will not be an easy task to achieve this goal. Restoring financial health of utilities will call for innovative measures, and there is limited visibility at the current moment.

Additionally, to achieve this ambitious target, appropriate measures are also needed to plug the high transmission and distribution losses, ensure adequate fuel linkages, and address the policy bottlenecks related to long-term procurement of power.

## Business Performance of your Company

The Financial Year 2014-15 was a landmark year for your Company as we continued on our mission to energise India, our operations were robust, and we delivered a record financial performance.

Your company achieved the highest ever net power generation of 20.31 billion units as against 17.06 billion units in FY2013-14 and deemed PLF increased to 84.05% against 76.45% in the previous year. This was primarily driven by higher generation at Barmer due to increased availability of lignite pursuant to receipt of approval for enhancement of mining at Kapurdi.

On a consolidated basis, your company reported highest ever revenue of ₹ 9,610 crore, record EBITDA of ₹ 3,854 crore and highest ever Profit After Tax of ₹ 1,350 crore, a growth of 79% over the last year. Our Return on Equity increased to over 19% (from 12% last year), and net debt-equity came down to 1.01 times.

I am happy to announce that the Board of Directors of your Company has declared a dividend of ₹ 2 (20%) per equity share on 164 crores equity shares of ₹ 10 each for the year ended March 31, 2015 – at the same level as last year.

## Hydro Assets Acquisition

During the year, your Company signed a definitive agreement to acquire the 300 MW Baspa II and 1,091 MW Karcham Wangtoo hydroelectric projects from Jaiprakash Power Ventures Limited. This transformational deal will make your Company the largest private sector hydro power generator in the country and the aggregate operational power generation capacity post this acquisition will enhance to 4,531 MW.

Considering the track record of these two projects and their stable hydrology, this acquisition will be earnings accretive from day one and is likely to further enhance our consolidated profits and cash flows. We expect to complete this acquisition by FY2015-16.

## Outlook and Growth Opportunities

The new government at the Centre has taken several steps to revive the investment cycle and industrial growth. Power demand is likely to grow firmly over the medium-to-long term on the back of expected growth revival.

With an enabling regulatory architecture, clarity on medium-to-long term outlook, availability of many stressed power assets, and a strong balance sheet, your Company is uniquely positioned to explore organic and inorganic growth opportunities to increase our installed capacity from existing levels. In this vein, we have recently signed a Non-Binding Memorandum of Understanding for initiating a due diligence process for the potential acquisition of a majority stake in Monnet Power Company Limited which is setting up a 1,050 MW coal fired thermal power plant located in the coal-rich belt of Angul in Odisha.

In addition, we will continue to enhance the operating efficiency of our plants leading to higher value creation. We are also committed to continue to maintain high financial prudence, with superior return ratios and a well-capitalised and liquid balance sheet.

The current basket of merchant and long term PPA based off-take arrangements has served us well. However, it is our endeavour to tie up our power stations under Long Term PPAs and reduce the exposure to merchant power over the next few years.

Your Company remains committed to sustainable development and preserving and protecting the ecological balance. We ensure that our operations have minimal impact on the environment and our host communities. I am delighted to share with you that while our plants continue to be recognized among the best operating power plants in India, two of our plants (Vijayanagar and Ratnagiri) were recognized among the top five in environmental standards in the country.

## Acknowledgements

I am confident that on the strength of our core capabilities and a motivated Team, your Company is well positioned for an exciting journey ahead.

On behalf of the Board and the entire JSW Energy Team, I would like to thank all our valued shareholders, investors, debenture holders, bankers, financial institutions, lenders, contractors, vendors, suppliers, regulatory authorities, various state governments and the Central Government, for their support and co-operation.

I look forward to your valuable support and contribution in our journey to energise India and to make JSW Energy a sustainable value creator in the coming years.

Best wishes,



**Sajjan Jindal.**



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