



**REPORT OF THE AUDIT COMMITTEE OF JSW ENERGY LIMITED**

**Present**

- (a) Mr. Chandan Bhattacharya, Chairman of the Audit Committee
- (b) Mr. Nirmal Kumar Jain, Member
- (c) Ms. Shailaja Chandra, Member and
- (d) Ms. Sheila Sangwan, Member

**On Invitation**

- (a) Mr. Sanjay Sagar, Jt. Managing Director and CEO
- (b) Mr. Pramod Menon, Director - Finance
- (c) Mr. Hariharan, Partner, M/s. Lodha & Company (Statutory Auditors)
- (d) Mr. Haresh Dua, Sr. Vice President - Internal Audit
- (e) Mr. Satish Jindal, CEO (Power Trading)
- (f) Mr. Kamal Kant, Sr. Vice President (Raj WestPower Ltd)
- (g) Mr. Vijay Paranjape, Sr. Vice President and Incharge - Ratnagiri Plant
- (h) Mr. C. N. Singh, Sr. Vice President and Incharge - Vijayanagar Plant and
- (i) Mr. J. P. Nair, AVP - Finance & Accounts

**1. Background**

The Company has placed before the Audit Committee the proposed Scheme of Arrangement between JSW Power Trading Company Limited ('JSW Power Trading') and JSW Green Energy Limited or 'JSWGEL' and JSW Energy Limited ('JSW Energy') and their respective shareholders ('the Scheme') for recommendation of the Scheme by the Audit Committee to the Board of Directors as required vide SEBI Circular No. CIR/CFD/DIL/2013 dated February 4, 2013 ('Circular').



This report is made in order to comply with the requirements of the Circular after considering the following:

- a. Draft Scheme;
- b. Valuation Report dated January 30, 2015 issued by Manish P Jain and Associates;
- c. Fairness Opinion dated February 2, 2015 issued by Dalmia Securities Private Limited;
- d. Audited financial statement of JSW Energy, JSW Power Trading and JSWGEL for the year ended March 31, 2014, March 31, 2013 and March 31, 2012; and
- e. Limited Review Financial Statements of the JSW Energy, JSW Power Trading and JSWGEL for the period April 1, 2014 to December 31<sup>st</sup>, 2014.

## 2. Proposed Scheme

The Salient features of the draft Scheme are as under:

- a. The Scheme provides for demerger of the Power Trading Business of JSW Power Trading to JSWGEL and merger of Remaining JSW Power Trading into JSW Energy.
- b. The accounting treatment to be followed for the proposed merger of JSW Power Trading into JSW Energy will be purchase method as per accounting standard 14 issued by ICAI.
- c. Proposed Appointed Date for the demerger of Power Trading Business to JSWGEL will be closing of business hours on March 31, 2015 and merger of Remaining JSW Power Trading into JSW Energy will be closing of business hours on 31<sup>st</sup> March 2015.
- d. Pursuant to the demerger of Power Trading Business into JSWGEL (both 100% subsidiary of JSW Energy), consideration would be discharged as follows:
  - One equity share of Rs. 10 each fully paid will be issued by JSWGEL to the existing equity shareholder of JSW Power Trading i.e. JSW Energy for every one equity share held in JSW Power Trading.



**JSW Energy Limited**

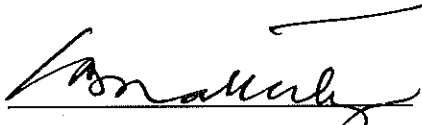
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- One 10% Redeemable Non Cumulative Preference Share of Rs. 10 each fully paid will be issued by JSWGEL to the existing preference shareholder of JSW Power Trading i.e. JSW Energy for every ten preference shares held in JSW Power Trading. The ratio of allotment of equity share and preference shares of JSWGEL is based on the desired capital structure of JSWGEL (post-restructuring). The shareholding ownership pattern of JSWGEL post the proposed restructuring would remain the same post restructuring i.e. JSWGEL to remain 100% subsidiary of JSW Energy.
- e. JSW Power Trading being a wholly owned subsidiary of JSW Energy, no shares to be issued pursuant to merger and the shares held by the JSW Energy in JSW Power Trading to be cancelled.

### 3. Recommendation of the Audit Committee

The Audit Committee recommends the draft Scheme, inter-alia, taking into consideration that there would not be any issuance of shares and consequently no valuation process is required, for favorable consideration by the Board of Directors of the Company, Stock Exchange(s) and SEBI.

DATE: 2<sup>nd</sup> February, 2015  
PLACE: Mumbai

  
x  
(Chairman of the Audit Committee)  
JSW Energy Limited  
[RS] LB

