

JSW HYDRO ENERGY LIMITED
(Formerly known as Himachal Baspa Power Company Limited)
Standalone Balance Sheet as on 31st March, 2021

(₹ Crore)

Particulars		Note No.	As at 31st March, 2021	As at 31st March, 2020
A	ASSETS			
1	Non-current assets			
	(a) Property, plant and equipment	4	5,969.48	6,342.84
	(b) Capital work-in-progress	5	23.03	17.97
	(c) Other Intangible assets	6	747.57	784.34
	(d) Investments in subsidiary	10A	454.15	68.86
	(e) Financial assets			
	(i) Other financial assets	7	120.45	173.94
	(f) Income tax assets (net)	7A	36.52	34.04
	(g) Other non-current assets	8	25.77	25.53
	Total non - current assets		7,376.97	7,447.52
2	Current assets			
	(a) Inventories	9	11.66	11.46
	(b) Financial assets			
	(i) Investments	10B	472.22	203.84
	(ii) Trade receivables	11	51.26	183.97
	(iii) Cash and cash equivalents	12	109.94	0.48
	(iv) Bank balances other than (iii) above	12	40.14	31.84
	(v) Other financial assets	7	128.01	174.95
	(c) Other current assets	8	12.70	32.94
	Total current assets		825.93	639.48
	Total Assets (1+2)		8,202.90	8,087.00
B	EQUITY AND LIABILITIES			
1	Equity			
	(a) Equity share capital	13	1,250.05	1,250.05
	(b) Other equity	14	738.51	589.32
	Total equity		1,988.56	1,839.37
	Liabilities			
2	Non-current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	15	4,838.08	5,140.30
	(ii) Other financial liabilities	16	452.22	194.80
	(b) Provisions	17	6.98	4.68
	Total non - current liabilities		5,297.28	5,339.78
3	Current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	15	30.00	-
	(ii) Trade payables			
	(a) Total outstanding dues of micro and small enterprises	18	3.41	0.55
	(b) Total outstanding dues of creditors other than micro and small enterprises	18	22.46	74.58
	(iii) Other financial liabilities	16	857.06	828.68
	(b) Other current liabilities	19	2.39	2.65
	(c) Provisions	17	1.74	1.39
	Total current liabilities		917.06	907.85
	Total liabilities		6,214.34	6,247.63
	Total Equity and Liabilities (1+2+3)		8,202.90	8,087.00

See accompanying notes to the standalone financial statements

As per our attached report of even date

For Shah Gupta & Co

Chartered Accountants

Firm Registration No.: 109574W

For and on behalf of Board of Directors

Vipul K Choksi

Partner

M No. 37606

Gyan Bhadra Kumar

Whole Time Director

[DIN: 03620109]

Prashant Jain

Chairman

[DIN: 01281621]

Sanjeev Kango

Company Secretary &

Chief Financial Officer

Place: Mumbai

Date: 24th June, 2021

JSW HYDRO ENERGY LIMITED
(Formerly known as Himachal Baspa Power Company Limited)
Standalone Statement of Profit and Loss for the year ended 31st March, 2021

(₹ Crore)

Particulars	Note No.	For the Year Ended 31st March, 2021	For the year Ended 31st March, 2020
I Revenue from operations	20	1,222.62	1,263.69
II Other income	21	38.85	11.58
III Total income (I + II)		1,261.47	1,275.27
IV Expenses			
(a) Employee benefits expense	22	54.58	51.43
(b) Finance costs	23	451.36	550.00
(c) Depreciation and amortisation expenses	24	442.91	433.89
(d) Other expenses	25	104.40	133.15
Total expenses (IV)		1,053.25	1,168.47
V Profit before exceptional item and tax (III-IV)		208.22	106.80
VI Exceptional items		-	-
VII Profit before tax (V - VI)		208.22	106.80
VIII Tax Expense	26		
Current tax		59.22	18.39
Deferred tax		(38.14)	(15.42)
IX Deferred Tax (recoverable from)/adjustable in future tariff		38.14	15.42
		59.22	18.39
X Profit for the year (VII-VIII-IX)		149.00	88.41
XI Other comprehensive income		(0.08)	(0.45)
(i) Items that will not be reclassified to profit or loss			
Remeasurements of the net defined benefit plan		(0.12)	(0.55)
(ii) Income tax relating to items that will not be reclassified to profit or loss		0.04	0.10
XII Total comprehensive (loss)/income for the year (X + XI)		148.92	87.96
XIII Earnings per equity share of ₹ 10 each :	35		
Basic ₹		1.19	0.71
Diluted ₹		1.19	0.71

See accompanying notes to the standalone financial statements

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Company Secretary &

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JSW HYDRO ENERGY LIMITED
(Formerly known as Himachal Baspa Power Company Limited)

Standalone Statement of changes in equity for the year ended 31st March, 2021

a. Equity share capital

(₹ Crore)

Balance at the 1st April, 2019	1,250.05
Changes in equity share capital during the FY 2019-20	-
Balance at the 31st March, 2020	1,250.05
Changes in equity share capital during the FY 2020-21	-
Balance at the 31st March, 2021	1,250.05

b. Other equity

(₹ Crore)

Particulars	Reserves & surplus			Capital Contribution by parent company	Total
	Equity-settled employee benefits reserve	Debenture redemption reserve	Retained earnings		
Balance as at 1st April, 2020	0.45	-	432.73	156.14	589.32
Profit for the year	-	-	149.00	-	149.00
Recognition of Share based payment	0.27	-	-	-	0.27
Other comprehensive income for the year, net of income tax	-	-	(0.08)	-	(0.08)
Balance as at 31st March 2021	0.72	-	581.65	156.14	738.51

(₹ Crore)

Particulars	Reserves & surplus			Capital Contribution by parent company	Total
	Equity-settled employee benefits reserve	Debenture redemption reserve	Retained earnings		
Balance at 1st April, 2019	0.24	38.45	306.32	156.14	501.15
Profit for the year	-	-	88.41	-	88.41
Recognition of Share based payment	0.21	-	-	-	0.21
Transfer from Debenture redemption reserve	-	(38.45)	38.45	-	-
Other comprehensive income for the year, net of income tax	-	-	(0.45)	-	(0.45)
Balance as at 31st March 2020	0.45	-	432.73	156.14	589.32

See accompanying notes to the standalone financial statements

As per our attached report of even date

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Company Secretary &

Chief Financial Officer

Place: Mumbai

Date: 24th June, 2021

JSW HYDRO ENERGY LIMITED
(Formerly known as Himachal Baspa Power Company Limited)
Standalone Statement of Cash Flows for the Year ended 31st March, 2021

(₹ Crore)

Particulars		For the year ended 31st March, 2021		For the year ended 31st March, 2020	
I	CASH FLOW FROM OPERATING ACTIVITIES				
	Profit before Tax		208.22		106.80
	Adjusted for:				
	Depreciation and amortisation expense	442.91		433.89	
	Interest income earned on financial assets that are not designated as at FVTPL	(5.64)		(2.41)	
	Net Gain from current investments	(12.04)		(6.33)	
	Excess provision no longer required written back	(18.00)		(0.17)	
	(Gain) / Loss on sale / discard of property, plant and equipment	(0.05)		-	
	Share based payments	0.27		0.21	
	Finance costs	451.36		550.00	
	Property ,Plant and equipment written off	5.11		-	
			863.92		975.19
	Operating profit before working capital changes		1,072.14		1,081.99
	Adjustment for movement in working capital :				
	Decrease / (Increase) in Trade and other receivables	152.95		15.51	
	Increase / (Decrease) in Trade payables & Other Liabilities	260.87		375.20	
	Decrease / (Increase) in Current & non-current assets	102.99		(119.94)	
	Decrease / (Increase) in Inventories	(0.20)		(0.48)	
			516.61		270.29
	Cash generated from operations		1588.75		1352.28
	Direct taxes paid		(61.69)		(19.20)
	NET CASH GENERATED FROM OPERATING ACTIVITIES		1,527.06		1,333.08
II	CASH FLOW FROM INVESTING ACTIVITIES				
	Purchase of property, plant & equipment including CWIP and capital advances		(42.91)		(41.44)
	Investment made in Equity share capital of subsidiary		(385.28)		(68.86)
	Bank deposits not considered as cash and cash equivalent		(6.30)		(1.76)
	Interest received		5.64		1.45
	Net Gain from current investments		12.04		6.33
	NET CASH USED IN INVESTING ACTIVITIES		(416.81)		(104.28)
III	CASH FLOW FROM FINANCING ACTIVITIES				
	Borrowings taken / repaid		(258.24)		(642.12)
	Payment of Lease liabilities		(1.44)		(2.96)
	Finance costs paid		(472.73)		(532.60)
	NET CASH USED IN FINANCING ACTIVITIES		(732.41)		(1,177.68)
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III)		377.84		51.12
	CASH AND CASH EQUIVALENTS - At the beginning of the year		204.32		153.20
	CASH AND CASH EQUIVALENTS - At the end of year		582.16		204.32
	1) Balances with Banks		109.92		0.47
	2) Cash on hand		0.02		0.01
	3) Investments in mutual funds		472.22		203.84
	Total		582.16		204.32

See accompanying notes to the standalone financial statements

Note:

The Statement of cash flows has been prepared under the indirect method as set out in Indian Accounting standard (Ind AS 7) Statement of cash flows.

As per our attached report of even date

For Shah Gupta & Co

Chartered Accountants

Firm Registration No.: 109574W

For and on behalf of Board of Directors

Vipul K Choksi

Partner

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Gyan Bhadra Kumar

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[DIN: 03620109]

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[DIN: 01281621]

Sanjeev Kango

Company Secretary &
Chief Financial Officer

Place: Mumbai

Date: 24th June,2021

JSW HYDRO ENERGY LIMITED

(Formerly Known as Himachal Baspa Power Company Limited)

Notes to Standalone Financial Statements for the year ended 31st March, 2021

Note 1: General information

- a) JSW Hydro Energy Limited (Formerly Known as Himachal Baspa Power Company Limited) is a public limited Company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. It is 100% subsidiary of M/s JSW Energy Limited. The registered office of the Company is located at Sholtu Colony, P.O. Tapri, Dist. Kinnaur, 172104 (HP).
- b) The Company is primarily engaged in the business of generation and sale of power.
- c) The company has continued its operations during lockdown due to outbreak of COVID-19 as the electricity generation is considered as one of the essential services by the Government. The Company substantial generation capacities are tied up under long term power purchase agreements, which insulates revenue of the company under such contracts. The notices of applying force majeure clause under the power supply agreements from some of the customers have been appropriately responded under legal advice that the prevailing situation is outside the ambit of force majeure clause. This position is further supported by clarification from Ministry of Power that the DISCOMs will have to comply with obligation to pay fixed capacity charges as per the power purchase agreement. Based on initial assessment, the Management does not expect any medium to long-term impact on the business of the Company. The Company has evaluated the possible effects on the carrying amounts of property, plant and equipment, inventory, loans, receivables and debt covenants basis the internal and external sources of information and determined, exercising reasonable estimates and judgements, that the carrying amounts of these assets are recoverable. Having regard to above, and the company's liquidity position, there is no uncertainty in meeting financial obligations over the foreseeable future.

Note 2.1: Statement of compliance

- a) These standalone financial statements have been prepared in accordance with the Indian accounting standards (referred to as "Ind AS") prescribed under section 133 of the Company Act, 2013 read with the Companies (India Accounting Standards) rules as amended from time to time.
- b) The standalone Financial Statements were approved for issue by the Board of Directors on 24th June, 2021

Note 2.2 - Applicability of new Indian Accounting Standards ('Ind AS') amendments and interpretations:

The Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2020, has notified the following major amendments, which became applicable with effect from 1st April, 2020.

Amendments to Ind AS 103- Business combinations

The Company has adopted the amendments to Ind AS 103 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

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(Formerly Known as Himachal Baspa Power Company Limited)

Notes to Standalone Financial Statements for the year ended 31st March, 2021

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1st April, 2020.

The adoption of these amendments has not had any impact on the disclosures or reported amounts in these financial statements.

Amendments to Ind AS 116 – Leases

The Company has adopted the amendments to Ind AS 116 for the first time in the current year. The amendments provide practical relief, subject to certain conditions, to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to Ind AS 116. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying Ind AS 116 if the change were not a lease modification.

The adoption of this amendments has not had any impact on the disclosures or reported amounts in these financial statements.

Amendment to Ind AS 109 and Ind AS 107 – Interest Rate Benchmark Reform

These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms. The adoption of these amendments has not had material impact on the disclosures or reported amounts in these financial statements.

Amendment to Ind AS 1 and Ind AS 8 – Definition of “Material”

The Company has adopted the amendments to Ind AS 1 and Ind AS 8 for the first time in the current year. The amendments make the definition of material in Ind AS 1 easier to understand and are not intended to alter the underlying concept of materiality in Ind ASs. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in Ind AS 8 has been replaced by a reference to the definition of material in Ind AS 1. In addition, the MCA amended other Standards that contain the definition of 'material' or refer to the term 'material' to ensure consistency.

The adoption of these amendments did not have any material impact on its evaluation of materiality in relation to the consolidated financial statements.

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Notes to Standalone Financial Statements for the year ended 31st March, 2021

New and revised Ind ASs in issue but not yet effective:

At the date of approval of these consolidated financial statements, the Company has not applied the following new and amendments to ASs that have been issued but are not yet effective.

Amendment to Ind AS:

The Ministry of Corporate Affairs (MCA) vide Notification dated 18th June, 2021 has issued new Companies (Indian Accounting Standard) Amendment Rules, 2021. These rules are applicable with immediate effect from the date of the said notification. Major amendments notified in the notification are provided below:

- (a) Ind AS 116 | Leases – The amendment extends the benefits of the COVID 19 related rent concession that were introduced in the previous year (which allowed lessees to recognize COVID 19 related rent concessions as income rather than as lease modification) from 30th June, 2021 to 30th June, 2022.
- (b) Ind AS 109 | Financial Instruments – The amendment provides a practical expedient for assessment of contractual cash flow test, which is one of the criteria for being eligible to measure a financial asset at amortized cost, for the changes in the financial assets that may arise as a result of Interest Rate Benchmark Reform. An additional temporary exception from applying hedge accounting is also added for Interest Rate Benchmark Reform.
- (c) Ind AS 101 | Presentation of Financial Statements – The amendment substitutes the item (d) mentioned in paragraph BI as 'Classification and measurement of financial instruments'. The term 'financial asset' has been replaced with 'financial instruments'.
- (d) Ind AS 102 | Share-Based Payment – The amendments to this standard are made in reference to the Conceptual Framework of Financial Reporting under Ind AS in terms of defining the term 'Equity Instrument' which shall be applicable for the annual reporting periods beginning on or after 1st April, 2021.
- (e) Ind AS 103 | Business Combinations – The amendment substitutes the definition of 'assets' and 'liabilities' in accordance with the definition given in the framework for the Preparation and Presentation of Financial Statements in accordance with Ind AS for qualifying the recognition criteria as per acquisition method.
- (f) Ind AS 104 | Insurance Contracts – The amendment covers the insertion of certain paragraphs in the standard in order to maintain consistency with IFRS 4 and also incorporates the guidance on accounting treatment for amendments due to Interest Rate Benchmark Reform.
- (g) Ind AS 105 | Non-current assets held for sale and discontinued operations – The amendment substitutes the definition of – "fair value less costs to sell" with "fair value less costs of disposal".
- (h) Ind AS 106 | Exploration for and evaluation of mineral resources – The amendment has been made in reference to the Conceptual Framework for Financial Reporting under Indian Accounting Standards in respect of expenditures that shall not be recognized as exploration and evaluation assets.

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Notes to Standalone Financial Statements for the year ended 31st March, 2021

- (i) Ind AS 107 | Financial Instruments: Recognition, Presentation and Disclosure – The amendment clarifies the certain additional disclosures to be made on account of Interest Rate Benchmark Reform like the nature and extent of risks to which the entity is exposed arising from financial instruments subject to interest rate benchmark reform; the entity's progress in completing the transition to alternative benchmark rates, and how the entity is managing the transition.
- (j) Ind AS 111 | Joint Arrangements – In order to maintain consistency with the amendments made in Ind AS 103, respective changes have been made in Ind AS 111.
- (k) Ind AS 114 | Regulatory Deferral Accounts – The amendment clarifies that an entity may only change its accounting policies for the recognition, measurement, and impairment & derecognition of regulatory deferral account balances if the change makes the financial statements more relevant to the economic decision-making needs of users and no less reliable.
- (l) Ind AS 115 | Revenue from Contracts with Customers – Certain amendments have been made in order to maintain consistency with number of paragraphs of IFRS 15.
- (m) Ind AS 8 | Accounting Policies, Changes in Accounting Estimates and Errors – In order to maintain consistency with the amendments made in Ind AS 114 and to substitute the word 'Framework' with the 'Conceptual Framework of Financial Reporting in Ind AS', respective changes have been made in the standard.
- (n) Ind AS 16 | Property, Plant and Equipment –The amendment has been made by substituting the words "Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use" with "Recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use".
- (o) Ind AS 34 | Interim Financial Reporting –The amendments to this standard are made in reference to the conceptual framework of Financial Reporting in Ind AS.
- (p) Ind AS 37 | Provisions, Contingent Liabilities and Contingent Assets – The amendment substitutes the definition of the term 'Liability' as provided in the Conceptual Framework for Financial Reporting under Indian Accounting Standards.
- (q) Ind AS 38 | Intangible Assets – The amendment substitutes the definition of the term 'Asset' as provided in the Conceptual Framework for Financial Reporting under Indian Accounting Standards.

The company is evaluating the impact of these amendments

II. Amendment to Schedule III of the Companies Act, 2013:

On 24th March, 2021, MCA through a notification, amended Schedule III of the Companies Act, 2013, with effect from 1st April, 2021. Key amendments relevant for the Company are:

- (a) Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- (b) Current maturities of long-term borrowings should be disclosed separately within borrowings instead of earlier disclosure requirement under Other Financial Liabilities.
- (c) Certain additional disclosures in the statement of changes in equity due to prior period errors and restated balances at the beginning of the current reporting period.

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Notes to Standalone Financial Statements for the year ended 31st March, 2021

- (d) Specified format for disclosure of shareholding of promoters.
- (e) Specified format for ageing schedule of trade receivables, trade payables, capital work-in progress and intangible asset under development.
- (f) Additional disclosures relating to Corporate Social Responsibility, undisclosed income and crypto or virtual currency.
- (g) Disclosure of specified ratios along with explanation for items included in numerator and denominator and explanation for change in any ratio is excess of 25% compared to preceding year.
- (h) If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- (i) Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel and related parties and details of benami property held.

The Company is evaluating the impact of these amendments.

Note 3: Significant accounting policies

3.1 Basis of preparation of financial statements:

- a) In accordance with the notification issued by the Ministry of Corporate Affairs, the Company is required to prepare its Financial Statements as per the Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Accounting Standards) Amendment Rules, 2016 with effect from 1st April, 2016. Accordingly, the Company has prepared these Standalone Financial Statements which comprise the Standalone Balance Sheet as at 31st March, 2021, the Standalone Statement of Profit and Loss, the Standalone Statement of Cash Flows and the Standalone Statement of Changes in Equity for the year ended 31st March, 2021, and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as "Standalone Financial Statements").
- b) The Standalone Financial Statements of the Company are prepared in accordance with the Indian Generally Accepted Accounting Principles (GAAP) on the accrual basis of accounting and historical cost convention except for certain material items that have been measured at fair value as required by the relevant Ind AS and explained in the ensuing policies below.
- c) The Standalone Financial Statements are presented in Indian Rupees ('INR') and all values are rounded to the nearest crore, except otherwise indicated.
- d) Current and non-current classification
The company presents assets and liabilities in the balance sheet passed on current / non-current classification.

An asset is classified as current when it satisfies any of the followings criteria:

- it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle, it is held primarily for the purpose of being traced:

JSW HYDRO ENERGY LIMITED

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Notes to Standalone Financial Statements for the year ended 31st March, 2021

- it is expected to be realised within 12 months after the reporting date: or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as non-current.

A liability is classified as current when it satisfies any of the followings criteria:

- it is expected to be settled in the Company's normal operating cycle:
- it is held primarily for the purpose of being traded.
- It is due to be settled within 12 months after the reporting date ;or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Term of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current only.

3.2 Use of estimates & judgements

- a) The preparation of the Standalone Financial Statements requires that the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the Financial Statements and the reported amounts of revenue and expenses during the reporting period. The recognition, measurement, classification or disclosure of an item or information in the Standalone Financial Statements is made relying on these estimates.
- b) The estimates and judgements used in the preparation of the Standalone Financial Statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods. The critical accounting judgements and key estimates followed by the Company for preparation of Standalone Financial Statements is described in note 27.

3.3 Property, plant and equipment

- a) The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to statement of profit and loss in the period in which the costs are incurred.
- b) An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property,

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Notes to Standalone Financial Statements for the year ended 31st March, 2021

plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

- c) Assets in the course of construction are capitalised in the assets under construction account. At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences.
- d) Property, plant and equipment except freehold land held for use in the production, supply or administrative purposes, are stated in the standalone balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold or Leasehold land is stated at historical cost.

3.4 Other Intangible assets

- a) Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.
- b) Certain computer software costs are capitalized and recognized as Intangible assets based on materiality, accounting prudence and significant benefits expected to flow therefrom for a period longer than one year.
- c) An intangible asset is derecognised on disposal, or when no further economic benefits are expected from use or disposal. Gain / (loss) on de-recognition are recognized in profit or loss.

3.5 Depreciation and Amortisation

- a) Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values as per the provisions of Part B of Schedule II of the Companies Act, 2013 based on the useful life, rate and residual value notified for accounting purposes by CERC Tariff regulation 2014.
- b) Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.
- c) Assets held under Service concession arrangement are amortised over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.
- d) Post 100% tie up of Karcham Wangtoo HEP from 1st April, 2018 with state discoms, the company provided depreciation on tangible assets as per the provisions of Part B of Schedule II of the Companies Act, 2013 based on the rates, useful life and residual value notified for accounting purposes by CERC Tariff regulation 2014. Earlier company was providing depreciation based on technical evaluation of useful life and residual value as per the provision of part A of schedule II of the Companies' Act 2013.

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- e) Depreciation is being calculated annually based on straight line method and at rates specified below which are as per CERC Tariff regulation 2014. Provided that the remaining depreciable value as on 31st March of the year closing after a period of twelve years from the effective date of commercial operation of the station shall be spread over the balance useful life of the assets.

Rate of depreciation are given below:

Particulars	Depreciation rate (Per Annum)
Plant & Machinery	5.28%
Lease hold Land	3.34%
Buildings	3.34%
Furniture's & Fixtures	6.33%
Vehicles	9.50%
Office Equipment's	6.33%
Computer & Software	15.00%

3.6 Impairment of tangible and intangible assets

- a) At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.
- b) Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.
- c) Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.
- d) If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.
- e) When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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3.7 Borrowing costs

- a) Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.
- b) All other borrowing costs are recognised in profit or loss in the period in which they are incurred.
- c) The Company determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets, to the extent that an entity borrows funds specifically for the purpose of obtaining a qualifying asset. In case if the Company borrows generally and uses the funds for obtaining a qualifying asset, borrowing costs eligible for capitalisation are determined by applying a capitalisation rate to the expenditures on that asset.

The Company suspends capitalisation of borrowing costs during extended periods in which it suspends active development of a qualifying asset.

3.8 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and demand deposits with an original maturity of three months or less and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.9 Revenue recognition

Sale of Power

The Company primarily generates revenue from contracts with customers for supply of power generated from power plants including from allocating the capacity of the plant under the long term power purchase agreements, from sale of power on merchant basis including under short term contracts

Revenue from capacity charges (other than from contracts classified as lease) under the long term power supply agreements is recognised over a period of time as the capacity of the plant is made available under the terms of the contracts. Electricity charges are recognised on supply of power under such power supply agreements. Revenue from sale of power on merchant basis is recognised when power is supplied to the customers.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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Interest or Surcharge on delayed payments on overdue trade receivables is recognised when significant certainty as to measurability or realisability exists.

3.10 Foreign currency transactions

The functional currency of the Company and its subsidiary is determined on the basis of the primary economic environment in which it operates. The functional currency of the Company is Indian National Rupee (INR).

In preparing the Standalone Financial Statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on transactions entered into in order to hedge certain foreign currency risks

3.11 Employee benefits

The Company has following post-employment plans:

a) Defined-benefit plan - gratuity

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of defined benefit obligations at the end of the reporting period less fair value of plan assets. The defined benefit obligation is calculated annually by actuaries through actuarial valuation using the projected unit credit method.

The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- service cost comprising current service costs, past-service costs, gains and losses on curtailment and non-routine settlements
- net interest expense or income

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and fair value of plan assets. This cost is included in employee benefit expenses in the statement of the profit & loss.

Re-measurement comprising of actuarial gains and losses arising from

(a) Re-measurement of Actuarial (gains) / losses

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- (b) Return on plan assets, excluding amount recognized in effect of asset ceiling
- (c) Re-measurement arising because of change in effect of asset ceiling are recognised in the period in which they occur directly in Other comprehensive income. Re-measurement is not reclassified to profit or loss in subsequent periods.

Ind AS 19 requires the exercise of judgment in relation to various assumptions including future pay rises, inflation and discount rates and employee and pensioner demographics. The Company determines the assumptions in conjunction with its actuaries, and believes these assumptions to be in line with best practice, but the application of different assumptions could have a significant effect on the amounts reflected in the income statement, other comprehensive income and balance sheet. There may be also interdependency between some of the assumptions.

b) Defined-contribution plan – provident fund

Under defined contribution plans, provident fund, the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. Defined Contribution plan comprise of contributions to the employees' provident fund set up as trust or Regional Provident Fund Commissioner and certain state plans like Employees' State Insurance. The Company's payments to the defined contribution plans are recognised as expenses during the period in which the employees perform the services that the payment covers.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

C) Short-term and other long-term employee benefits

Short Term employee benefits:

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

Long-term employee benefits:

Compensated absences which are not expected to be availed or encashed within twelve months after the end of the period in which the employee renders the related service are recognised as a liability as at the Balance Sheet date on the basis of actuarial valuation using projected unit credit method.

3.12 Share-based payment arrangements

- a) Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.
- b) The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Statement of Profit and Loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

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3.13 Taxation

i) Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

a) Current tax

Current tax is the amount of tax payable based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the standalone statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

b) Deferred tax

(i) Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Standalone Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiary, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets relate to the same taxable entity and same taxation authority.

ii) Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income-tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the statement of profit and loss. The Company reviews the same at each balance sheet date and writes down the

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carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income-tax during the specified period.

iii) Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3.14 Earnings per share

Basic earnings per share is computed by dividing the profit/(loss) for the year by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for treasury shares, bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

Diluted earnings per share is computed by dividing the profit/(loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

3.15 Provisions, contingencies and commitments

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A disclosure for contingent liabilities is made when there is

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- (b) a present obligation that arises from past events but is not recognized because:
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

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- (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting period.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract.

3.16 Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Investment in subsidiaries:

The Company has accounted for its investments in subsidiaries at cost.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

(i) Initial recognition and measurement:

All financial assets are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition of financial assets, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Purchase and sale of financial assets are recognised using trade date accounting.

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets other than trade receivables are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Statement of Profit and Loss.

(ii) Subsequent measurement

Financial assets, other than equity instruments, are subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

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(a) the entity's business model for managing the financial assets and

(b) the contractual cash flow characteristics of the financial asset.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This

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election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in profit or loss are included in the 'Other income' line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

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Impairment of financial assets

- a) The Company recognises a loss allowance for Expected Credit Losses (ECL) on financial assets that are measured at amortised cost and at FVOCI. The credit loss is difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. This is assessed on an individual or collective basis after considering all reasonable and supportable including that which is forward-looking.
- b) The Company's trade receivables or contract revenue receivables do not contain significant financing component and loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e. expected cash shortfall, being simplified approach for recognition of impairment loss allowance.
- c) Under simplified approach, the Company does not track changes in credit risk. Rather it recognizes impairment loss allowance based on the lifetime ECL at each reporting date right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables.
- d) The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.
- e) For financial assets other than trade receivables, the Company recognises 12-month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition. If, in a subsequent period, credit quality of the instrument improves such that there is no longer significant increase in credit risks since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12 months ECL. The impairment losses and reversals are recognised in Statement of Profit and Loss. For equity instruments and financial assets measured at FVTPL, there is no requirement for impairment testing.

Derecognition of financial assets

- a) The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.
- b) On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

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- c) On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3.17 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by an entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All Financial liabilities are measured at amortized cost using effective interest method or fair value through profit and loss. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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- A financial liability other than a financial liability held for trading or contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in profit or loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

JSW HYDRO ENERGY LIMITED**(Formerly Known as Himachal Baspa Power Company Limited)****Notes to Standalone Financial Statements for the year ended 31st March, 2021****Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Reclassification of financial assets and liabilities

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in the business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassifications and the how they are accounted for:

Original Classification	Revised Classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in statement of profit and loss.
FVPTL	Amortised cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new gross carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new gross carrying amount. No other adjustment is required.
FCTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to statement of profit and loss at the reclassification date.

JSW HYDRO ENERGY LIMITED**(Formerly Known as Himachal Baspa Power Company Limited)****Notes to Standalone Financial Statements for the year ended 31st March, 2021**

For assets and liabilities that are recognised in the Standalone Financial Statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained below.

Financial assets/ financial liabilities	
Fair value hierarchy	Valuation technique(s) and key input(s)
Level 1	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2	Valuation Techniques for which the lowest level input that is significant to the fair Value measurement is directly or indirectly observable.
Level 3	Valuation Techniques for which the lowest level input that is significant to the fair Value measurement is unobservable.

3.18 Leases

- a) As per requirement of Ind AS 116 company defines a lease as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration
- b) Accounting for arrangements that contains Finance lease

As per Ind AS 116 company using a single lessee accounting model which requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Lease liability is initially recognised and measured at an amount equal to the present value of minimum lease payments during the lease term. Right of use asset is recognised and measured at cost, consisting of initial measurement of lease liability plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, initial estimate of the restoration costs and any initial direct costs incurred. The company has made election for leases for which the underlying asset is of low value on lease-by-lease basis.

- c) The Company as lessee

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments (discounted at the interest rate implicit in the lease or at the entity's incremental borrowing rate). For the purpose of impairment testing the recoverable amount (i.e. the higher of the fair value less cost to sale and the value in use) is determined on an individual assets basis unless the assets does not generate cash flows that are largely independent of does from other assets. In such cases, the

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Notes to Standalone Financial Statements for the year ended 31st March, 2021

recoverable amount is determined for the cash generating unit (CGU) to which the assets belongs.

The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

The company accounts for each lease component within the contract as a lease separately from non-lease components in the contract, unless it is practically expedient to do so.

All leases other than finance lease is operating Lease. Lease payments under an operating lease is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

The company has exposure to leases which have not yet commenced contractually but to which company is committed and is making provision for rentals.

3.19 Service concession arrangements

Under Appendix C to Ind AS 115 – Service Concession Arrangements (revenue from contract with customer) applies to public-to-private service concession arrangements if:

- a) the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; AND
- b) the grantor controls—through ownership, beneficial entitlement or otherwise—any significant residual interest in the infrastructure at the end of the term of the arrangement; AND
- c) Is the infrastructure constructed or acquired by the operator from a third party for the purpose of the service arrangement OR is the infrastructure existing infrastructure of the grantor to which the operator is given access for the purpose of the service arrangement?

Infrastructure used in a public-to-private service concession arrangement for its entire useful life (whole of life assets) is within the scope of this Appendix if the conditions in 'a') above are met.

These arrangements are accounted on the basis of below mentioned models depending on the nature of consideration and relevant contract law.

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Financial asset model:

The Financial asset model is used when the Company, being an operator, has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. Unconditional contractual right is established when the grantor contractually guarantees to pay the operator:

- (a) specific or determinable amount;
- (b) the shortfall, if any, between amounts received from the users of the public services and specified or determinable amounts.

Intangible asset model:

The intangible asset model is used to the extent that the company, being an operator, receives a right (a license) to charge users of the public service. A right to charge users of a public services is not an unconditional right to receive cash because the amounts are contingent on to the extent that public uses the services. Both type of arrangements may exist within a single contract to the extent that the grantor has given an unconditional guarantee of payment for the construction and the operation i.e. considered as a Financial asset and to the extent that the operator has to rely on the public using the service in order to obtain payment, the operation has an intangible asset. If the Company (being an operator) performs more than one service (i.e., construction or upgrade services and operation services) under a single contract or arrangement, consideration received or receivable is allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

The Company manages concession arrangements which include power supply from one of its hydro power plant. The Company maintains and services the infrastructure during the concession period. These concession arrangements set out rights and obligations related to the infrastructure and the services to be provided.

The right to consideration gives rise to an intangible asset and financial receivable and accordingly, both the intangible asset and financial receivable models are applied.

Income from the concession arrangements earned under the intangible asset model consists of the (i) Fair Value of the contract revenue, which is deemed to be fair value of consideration transferred to acquire the asset; and (ii) payments actually received from the users. The intangible asset is amortized over its expected useful life in a way that reflects the pattern in which the asset's economic benefits are consumed by the Company, starting from the date when the right to operate starts to be used. Based on these principles, the intangible asset is amortized in line with the actual usage of the specific public facility, with a maximum of the duration of the concession.

Financial receivable is recorded at a fair value of guaranteed residual value to be received at the end of the concession period. This receivable is subsequently measured at amortised cost.

Any asset carried under concession arrangements is derecognised on disposal or when no future economic benefits are expected from its future use or disposal or when the contractual rights to the financial asset expire.

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Notes to Standalone Financial Statements for the year ended 31st March, 2021

3.20 Inventories

Cost of inventories includes cost of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Inventories of stores, spare parts, fuel and loose tools are stated at the lower of weighted average cost and net realizable value. Net realisable value represents the estimated selling price for inventories in the ordinary course of business less all estimated costs of completion and estimated costs necessary to make the sale.

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Notes to the Standalone financial statements as at and for the year ended 31st March, 2021

Note 4. Property, plant & equipment

(₹ Crore)

Description of Assets	Land - Freehold	Land - Leasehold	Buildings	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Right of Use Assets	Total
I. Gross carrying value									
Balance as at 1st April, 2020	77.40	-	33.73	7,510.72	4.94	1.27	3.50	34.35	7,665.91
Additions	-	-	1.99	33.69	0.65	0.04	0.36	-	36.73
Disposals/Discard	-	-	(0.71)	-	-	-	(0.01)	-	(0.72)
Balance as at 31st March, 2021	77.40	-	35.01	7,544.41	5.59	1.31	3.85	34.35	7,701.92
II. Accumulated depreciation and impairment for the year 2020-21									
Balance as at 1st April, 2020	-	-	4.17	1,312.09	3.57	0.28	1.55	1.41	1,323.07
Depreciation expense for the year	-	-	1.11	406.27	0.28	0.08	0.31	1.41	409.46
Eliminated on Disposals/discards	-	-	(0.09)	-	-	-	(0.00)	-	(0.09)
Balance as at 31st March, 2021	-	-	5.19	1,718.36	3.85	0.36	1.86	2.82	1,732.45
Net carrying value as at 31st March, 2021 (I-II)	77.40	-	29.82	5,826.05	1.74	0.95	1.99	31.53	5,969.48

(₹ Crore)

Description of Assets	Land - Freehold	Land - Leasehold	Buildings	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Right of Use Assets	Total
I. Gross carrying value									
Balance as at 1st April, 2019	77.40	8.77	33.73	7,509.95	4.39	1.21	3.67	-	7,639.12
Balance as at 1st April, 2019	-	-	-	0.77	0.55	0.06	0.07	34.35	35.80
Disposals/Discard	-	(8.77)	-	-	-	-	(0.24)	-	(9.01)
Balance as at 31st March, 2020	77.40	-	33.73	7,510.72	4.94	1.27	3.50	34.35	7,665.91
II. Accumulated depreciation and impairment for the year 2019-20									
Balance as at 1st April, 2019	-	1.23	3.05	915.00	3.14	0.20	1.40	-	924.02
Depreciation expense for the year	-	-	1.12	397.09	0.43	0.08	0.29	1.41	400.42
Eliminated on Disposals/discards	-	(1.23)	-	-	-	-	(0.14)	-	(1.37)
Balance as at 31st March, 2020	-	-	4.17	1,312.09	3.57	0.28	1.55	1.41	1,323.07
Net carrying value as at 31st March, 2020 (I-II)	77.40	-	29.56	6,198.63	1.37	0.99	1.95	32.94	6,342.84

Note:

- a) Refer note 15 for the details in respect of certain property, plant and equipment hypothecated/mortgaged as security against borrowing
b) The right-of-use assets related to land refer to Note 36

Note 5. Capital work in progress

Capital work in progress & pre operative expenditure during construction period (pending allocation) relating to property, plant & equipment

(₹ Crore)

Balance as at 31st March, 2020	17.97
Balance as at 31st March, 2021	23.03

Footnote:

- 1) Amount transferred to property plant and equipment during the year ₹ 2.67 crore (for the year ended 31st March, 2020: ₹ 2.34 Crore)

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Notes to the Standalone financial statements as at and for the year ended 31st March, 2021

Note 6. Intangible assets

(₹ Crore)

Description of Assets	Computer Software	Service Concession Arrangement Intangibles	Total
At Cost/deemed cost			
I. Gross Carrying Value			
Balance as at 1st April, 2020	1.42	935.82	937.24
Disposals or classified as held for sale	-	(5.07)	(5.07)
Additions	-	1.20	1.20
Balance as at 31st March, 2021	1.42	931.95	933.37
II. Accumulated amortisation and impairment for the year 2020-21			
Balance as at 1st April, 2020	0.42	152.48	152.90
Amortisation expense for the year	0.19	33.26	33.45
Eliminated on disposal of assets	-	(0.55)	(0.55)
Balance as at 31st March, 2021	0.61	185.19	185.80
Net carrying value as at 31st March, 2021 (I-II)	0.81	746.76	747.57

(₹ Crore)

Description of Assets	Computer Software	Service Concession Arrangement Intangibles	Total
At Cost/deemed cost			
I. Gross Carrying Value			
Balance as at 1st April, 2019	1.03	932.74	933.77
Additions	0.39	3.08	3.47
Balance as at 31st March, 2020	1.42	935.82	937.24
II. Accumulated amortisation and impairment for the year 2019-20			
Balance as at 1st April, 2019	0.26	119.17	119.43
Amortisation expense for the year	0.16	33.31	33.47
Balance as at 31st March, 2020	0.42	152.48	152.90
Net carrying value as at 31st March, 2020 (I-II)	1.00	783.34	784.34

Refer Note 31 for Service concession arrangement

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Notes to the Standalone financial statements as at and for the year ended 31st March, 2021

Note 7. Other financial assets

(₹ Crore)

Particulars	As at 31st March, 2021			As at 31st March, 2020		
	Current	Non- Current	Total	Current	Non- Current	Total
(a) Service concession receivable*	51.53	119.83	171.36	45.45	171.35	216.80
(b) Security Deposits						
-Government/Semi-Government Authorities	-	0.52	0.52	-	0.49	0.49
-Others	-	0.08	0.08	-	0.09	0.09
	-	0.60	0.60	-	0.58	0.58
(c) Revenue receivable						
- Unbilled revenue	75.51	-	75.51	129.50	-	129.50
- Interest accrued on deposits	0.97	-	0.97	-	-	-
	76.48	-	76.48	129.50	-	129.50
(d) Other bank balances						
-Bank deposits with Original maturity more than Twelve Months	-	0.02	0.02	-	-	-
-Fixed deposits / Margin money for security for Entry Tax	-	-	-	-	2.01	2.01
	-	0.02	0.02	-	2.01	2.01
Total	128.01	120.45	248.46	174.95	173.94	348.89

*Refer Note 31

JSW HYDRO ENERGY LIMITED**(Formerly known as Himachal Baspa Power Company Limited)**

Notes to the Standalone financial statements as at and for the year ended 31st March, 2021

Note 7A. Income Tax (net)**(₹ Crore)**

Particulars	As at 31st March,2021		As at 31st March,2020	
	Current	Non-current	Current	Non-current
Advance Tax and tax deducted at sources (Net of provision for Tax)	-	36.52	-	34.04
	-	36.52	-	34.04

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Note 8. Other non-current and current assets

(₹ Crore)

Particulars	As at 31st March, 2021			As at 31st March, 2020		
	Current	Non- Current	Total	Current	Non- Current	Total
(a) Capital Advances	-	0.43	0.43	-	0.03	0.03
(b) Prepayments	10.05	0.34	10.39	9.19	0.50	9.69
(c) Deposit with Government/Semi Government*	-	25.00	25.00	-	25.00	25.00
(d) Entry tax receivable	-	-	-	19.88	-	19.88
(e) GST Input Tax	0.10	-	0.10	-	-	-
(f) Advances to Vendor	2.55	-	2.55	2.91	-	2.91
(g) Others	-	-	-	0.96	-	0.96
Total	12.70	25.77	38.47	32.94	25.53	58.47

*Refer Note 39

JSW HYDRO ENERGY LIMITED**(Formerly known as Himachal Baspa Power Company Limited)**

Notes to the Standalone financial statements as at and for the year ended 31st March, 2021

Note 9. Inventories**(₹ Crore)**

Particulars	As at 31st March, 2021	As at 31st March, 2020
(a) Stores and spares	11.54	11.46
(b) Others	0.12	-
Total	11.66	11.46

Cost of inventories recognised as expense

Particulars	As at 31st March, 2021	As at 31st March, 2020
(a) Stores and spares	20.83	18.58
(b) Others	0.49	-
Total	21.32	18.58

Basis of valuation: Refer note 3.20 (Inventories)

Refer Note 15 for Inventories hypothecated as security against certain bank borrowings.

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Notes to the Standalone financial statements as at and for the year ended 31st March, 2021

Note 10A. Investment in equity

(₹ Crore)

Particulars	As at 31st March, 2021			As at 31st March, 2020		
	Current	Non- Current	Total	Current	Non- Current	Total
Investment in equity instruments						
(i) JSW Energy (Kutehr) Limited	-	454.15	454.15	-	68.86	68.86
Total	-	454.15	454.15	-	68.86	68.86

Number of Share 45,68,15,000 as on 31st March,2021 and 7,15,34,332 shares as on 31st March,2020 of Face value of Rs. 10 each.

Note 10B. Other Investment

(₹ Crore)

Particulars	As at 31st March, 2021			As at 31st March, 2020		
	Current	Non- Current	Total	Current	Non- Current	Total
Investments carried at fair value through Profit and Loss						
Investment in mutual funds						
i) Aditya Birla Sunlife Liquid Growth	272.10	-	272.10	4.25	-	4.25
ii) HDFC Liquid Fund Regular Growth	-	-	-	23.31	-	23.31
iii) SBI premier Liquid Fund- Regular plan - Growth	200.12	-	200.12	-	-	-
iv) Aditya Birla Sunlife Overnight Regular Growth	-	-	-	84.40	-	84.40
v) Kotak Overnight Fund Growth	-	-	-	34.15	-	34.15
vi) HDFC Overnight Fund	-	-	-	57.73	-	57.73
Total	472.22	-	472.22	203.84	-	203.84

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Notes to the Standalone financial statements as at and for the year ended 31st March, 2021

Note 11. Trade receivables

(₹ Crore)

Particulars	As at 31st March, 2021			As at 31st March, 2020		
	Current	Non- Current	Total	Current	Non- Current	Total
(i) Trade Receivables considered good - Secured	48.99	-	48.99	156.59	-	156.59
(ii) Trade Receivables considered good - Unsecured	2.27	-	2.27	27.38	-	27.38
	51.26	-	51.26	183.97	-	183.97
Unsecured, Credit impaired	-	-	-	-	-	-
Less: Loss allowance for doubtful receivables	-	-	-	-	-	-
Total	51.26	-	51.26	183.97	-	183.97

The credit period allowed to customers is 60 days in Karcham plant and 30 days in Baspa plant. Current applicable interest rate is 15% and 15.90% per annum respectively for Karcham and Baspa plants as per their respective agreements.

Refer Note 15 for trade receivables hypothecated as security for borrowings.

Refer Note 30 for credit terms, ageing analysis and other relevant details related to trade receivables.

JSW HYDRO ENERGY LIMITED**(Formerly known as Himachal Baspa Power Company Limited)**

Notes to the Standalone financial statements as at and for the year ended 31st March, 2021

Note 12. Cash and cash equivalents and other bank balances**(₹ Crore)**

Particulars	As at 31st March, 2021	As at 31st March, 2020
Cash and cash equivalents		
(a) Balances with banks		
-In Current accounts	109.92	0.47
(b) Cash on hand	0.02	0.01
Total	109.94	0.48
Particulars	As at 31st March, 2021	As at 31st March, 2020
Bank balances other than above		
(a) Balances with banks		
-In deposit accounts (maturity more than 3 months at Inception)	40.14	-
(b) Earmarked balances with banks		
-Margin money for Security against Entry Tax	-	31.84
Total	40.14	31.84

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Notes to the Standalone financial statements as at and for the year ended 31st March, 2021

Note 13. Equity share capital

(₹ Crore)

Particulars		As at 31st March, 2021		As at 31st March, 2020	
		No. of shares	Amount	No. of shares	Amount
Authorised: Equity shares of ₹ 10 each with voting rights		1,250,050,000	1,250.05	1,250,050,000	1,250.05
Issued, Subscribed and Fully Paid: Equity shares of ₹ 10 each with voting rights		1,250,050,000	1,250.05	1,250,050,000	1,250.05
		1,250,050,000	1,250.05	1,250,050,000	1,250.05
a) Reconciliation of the number of shares outstanding at the beginning and end of Year:					
Particulars		As at 31st March, 2021		As at 31st March, 2020	
		No. of Shares		No. of Shares	
Balance as at the beginning of the year		1,250,050,000		1,250,050,000	
Issued during the year		-		-	
Balance as at the end of the period		1,250,050,000		1,250,050,000	
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.					
(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) Details of shareholding more than 5% shares in the company are set out below :					
Particulars		No. of Shares		No. of Shares	
1	JSW Energy Limited & its nominees	1,250,050,000 100%		1,250,050,000 100%	

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Notes to the Standalone financial statements as at and for the year ended 31st March, 2021

Note 14. Other Equity**(₹ Crore)**

Particulars	As at 31st March, 2021	As at 31st March, 2020
Equity-settled employee benefits reserve	0.72	0.45
Retained earnings	581.65	432.73
Capital contribution by parent company	156.14	156.14
Total comprehensive income	738.51	589.32

Notes:**(1) Equity -settled employee benefit reserve**

The Company offers ESOP under which options to subscribe for the Company's share have been granted to certain employees and senior management. The share based payment reserve used to recognise the value of equity settled share based payments provided as part of the ESOP scheme.

(2) Retained earnings

Retained earnings comprises balance of accumulated (undistributed) profit and loss at each year end.

(3) Capital contribution by parent company

Waiver of interest by the parent company, JSW Energy Limited (JSWEL) on the debenture issued by the company to JSWEL is considered as the 'Capital contribution by parent company' as per the provisions of Ind AS.

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Notes to the Standalone financial statements as at and for the year ended 31st March, 2021

Note 15. Borrowings

(₹ Crore)

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Current	Non-Current	Current	Non-Current
Borrowings at amortised cost				
Secured Borrowings:				
i) Term loans				
From Banks *	306.74	4,865.40	288.24	5,172.13
	306.74	4,865.40	288.24	5,172.13
Less: Unamortised borrowing cost	4.52	27.32	4.79	31.83
Less: Current maturities of long term debt (included in note no 16)	302.22	-	283.45	-
	-	4,838.08	-	5,140.30
ii) Short Term Borrowings(WCDL)** From Banks	30.00	-	-	-
Total	30.00	4,838.08	-	5,140.30

(i) Term of Repayment of Rupee Term Loans :			
Particulars		As at 31st March, 2021	As at 31st March, 2020
From Banks :			
> 1 Year		306.74	288.24
2 - 3 Years		684.73	639.93
4 - 5 Years		309.39	501.51
6 - 10 Years		3,871.28	834.20
Above 10 Year		-	3,196.48
Unamortised upfront fees on borrowings		(31.84)	(36.62)
Current maturities of long-term debt		(302.22)	(283.45)
Total Borrowings from Banks		4,838.08	5,140.30

Reconciliation of the borrowings outstanding at the beginning and end of the year:

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balance as at the beginning of the year(including current maturities)	5423.75	6060.83
Cash flows (repayment)/proceeds	(258.24)	(642.12)
Non cash changes		
Amortised borrowings cost	4.79	5.04
Balance as at the end of the year (including current maturities)	5,170.30	5,423.75

(ii) Details of Security :

Rupee term loan aggregating to ₹ 4,789.78 (Previous Year : ₹ 5,034.52) are secured on a pari passu basis by first ranking charge by way of legal mortgage on immovable property and first ranking charge by way of hypothecation of movable assets of Karcham-Wangtoo HEP (both present and future) situated at Kinnaur Dist., Himachal Pradesh.

Rupee term loan aggregating to ₹ 382.35 (Previous Year : ₹ 425.85) are secured on a pari passu basis by first charge on immovable and movable assets of Baspa II HEP (both present and future) project of the Company situated at Kinnaur Dist., Himachal Pradesh.

* The Company opted to avail moratorium for term loans on payment of all installments (principal and interest component) falling due between 1st March, 2020 to 31st May, 2020, from respective banks on account of Covid 19 under the RBI guidelines, and accordingly, principal and interest accrued as on 31st March, 2020 was paid during the year ended 31st March, 2021.

* The Company has raised ₹ 5,162.87 crore [US\$ 707 million] on 18th May, 2021, by issuing of US\$ denominated senior secured "Green Bonds" (also referred as the notes) pursuant to Rule 144A of the U.S. Securities Act, 1933, as amended, and applicable Indian regulations, for the repayment of its existing green project related rupee-denominated indebtedness. The notes are listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

** Short term loan (WCDL) aggregating to Rs.30.00 crore is secured by way of pari-passu first ranking charge on all movable and immovable assets of the company.

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Notes to the Standalone financial statements as at and for the year ended 31st March, 2021

Note 16. Other financial liabilities

(₹ Crore)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Non- Current		
(a) Deposits received	0.02	0.02
(b) Lease liabilities **	26.25	26.52
(c) Other payable	425.95	168.26
	452.22	194.80
Current		
(a) Current maturities of long-term debt*	302.22	283.45
(b) Interest accrued but not due on borrowings	21.76	43.13
(c) Lease liabilities **	0.28	0.17
(d) Payable for capital supplies/services	33.08	49.39
(e) Other payable	499.72	452.54
	857.06	828.68
Total	1,309.28	1,023.49

Reconcilitaion of the lease liabilities:

Particulars	As at 31st March, 2021	As at 31st March, 2020
Opening Lease liabilities as per Indas 116	26.69	26.82
Add: Interest Expense on Lease liabilities	2.40	2.41
Less: Cash Outflow	2.56	2.53
Balance as at the end of the Year	26.53	26.69

* Refer Note 15 for the details of borrowings repayment terms and security charge.

** Refer Note 36

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Notes to the Standalone financial statements as at and for the year ended 31st March, 2021

Note 17. Provisions

(₹ Crore)

Particulars	As at 31st March, 2021			As at 31st March, 2020		
	Current	Non- Current	Total	Current	Non- Current	Total
Provision for employee benefits						
(i) Provision for gratuity*	1.17	3.47	4.64	1.17	2.54	3.71
(ii) Provision for compensated absence*	0.57	3.51	4.08	0.22	2.14	2.36
Total	1.74	6.98	8.72	1.39	4.68	6.07

* Refer Note No 34 (Employee benefit plans)

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Note 18. Trade payables

(₹ Crore)

Particulars	As at 31st March, 2021			As at 31st March, 2020		
	Current	Non- Current	Total	Current	Non- Current	Total
Trade Payables*						
(a) Total outstanding dues of micro and small enterprises **	3.41	-	3.41	0.55	-	0.55
(b) Total outstanding dues of creditors other than micro and small enterprises	22.46	-	22.46	74.58	-	74.58
Total	25.87	-	25.87	75.13	-	75.13

*Trade payables are normally settled within 30 days.

** Refer Note 41 (Disclosure under Micro,Small and Medium Enterprises Development Act)

JSW HYDRO ENERGY LIMITED**(Formerly known as Himachal Baspa Power Company Limited)**

Notes to the Standalone financial statements as at and for the year ended 31st March, 2021

Note 19. Other current liabilities**(₹ Crore)**

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Current	Total	Current	Total
(a) Advance received from customers	1.04	1.04	-	-
(b) Employee recoveries and employer contributions	0.52	0.52	0.41	0.41
(c) Statutory dues	0.83	0.83	2.24	2.24
Total	2.39	2.39	2.65	2.65

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Notes to the Standalone financial statements as at and for the year ended 31st March, 2021

Note 20. Revenue from operations

(₹ Crore)

Particulars	For the Year Ended 31st March, 2021	For the year Ended 31st March, 2020
Disaggregation of revenue from contract with customers:		
(1) Sale of power (Own generation)	1,197.83	1,236.00
Total revenue from contract with customers (A)	1,197.83	1,236.00
(2) Income from service concession arrangement	24.79	27.69
Income from service concession arrangement (B)	24.79	27.69
Total (A) + (B)	1,222.62	1,263.69

(a) Details of revenue from contract with Customer

Particulars	For the Year Ended 31st March, 2021	For the year Ended 31st March, 2020
Total Revenue from contract with customers as above*	1,197.83	1,236.00
Add: Rebate on prompt payment	21.44	9.79
Less: Incentive	94.23	78.21
Total Revenue from contract with customers as per contracted price	1,125.04	1,167.58

*The Company primarily generates revenue from contracts with customers for supply of power generated from power plants from allocating the capacity of the plant under the long term power purchase agreements.

Revenue from capacity charges (other than from contracts classified as lease and service concession arrangements) under the long term power supply agreements is recognised over a period of time as the capacity of the plant is made available under the terms of the contracts. Electricity charges are recognised on supply of power under such power supply agreements. Revenue from sale of power on merchant basis is recognised when power is supplied to the customers.

Significant changes in the contract liability balance during the year are as follows:

Particulars	For the Year Ended 31st March, 2021	For the year Ended 31st March, 2020
Opening Balance	-	-
Less: Revenue recognised during the year from balance at the beginning of the year	-	-
Add: Advance received during the year not recognized as revenue	1.04	-
Closing Balance	1.04	-

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Notes to the Standalone financial statements as at and for the year ended 31st March, 2021

Note 21. Other income

(₹ Crore)

Particulars	For the Year Ended 31st March, 2021	For the year Ended 31st March, 2020
a) Interest Income earned on financial assets that are not designated as at FVTPL		
i On Bank deposits	2.18	2.40
ii Other Financial Assets	3.46	0.01
b) Other non-operating income		
i Net Gain on sale of current investments designated as at FVTPL	12.04	6.33
ii Net Gain on disposal of property, plant and equipment	0.05	0.01
iii Net gain on foreign currency transaction *	-	0.00
iv Domestic Scrap Sales	0.17	0.01
v Sale of Carbon credit	2.09	2.07
vi Provision no longer required written back	18.00	0.17
vii Miscellaneous income	0.86	0.58
Total	38.85	11.58

* Less than 50,000

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Notes to the Standalone financial statements as at and for the year ended 31st March, 2021

Note 22. Employee benefits expense**(₹ Crore)**

Particulars	For the Year Ended 31st March, 2021	For the year Ended 31st March, 2020
(a) Salaries and wages	48.28	45.55
(b) Contribution to provident and other funds *	3.31	3.63
(c) Share based payment **	0.27	0.30
(d) Staff welfare expenses	2.72	1.95
Total	54.58	51.43

* Refer note 34 (Employee benefit plans) for the details of defined benefit plan and defined contribution plan of the Company.

** Refer note 35 (Employee share base payment plan)for the details of share base payment

JSW HYDRO ENERGY LIMITED**(Formerly known as Himachal Baspa Power Company Limited)**

Notes to the Standalone financial statements as at and for the year ended 31st March, 2021

Note 23. Finance costs**(₹ Crore)**

Particulars	For the Year Ended 31st March, 2021	For the year Ended 31st March, 2020
(a) Interest expense		
i Interest on Debentures	-	23.18
ii Interest on Term Loan	440.80	515.02
iii Interest on cash credit	0.08	0.05
(b) Unwinding of interest on Financial liabilities carried at Amortised cost	4.61	4.61
(c) Other borrowing costs	3.47	4.73
(d) Interest on lease liabilities	2.40	2.41
Total	451.36	550.00

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Notes to the Standalone financial statements as at and for the year ended 31st March, 2021

Note 24. Depreciation and amortisation expense**(₹ Crore)**

Particulars	For the Year Ended 31st March, 2021	For the year Ended 31st March, 2020
(a) Depreciation on property, plant and equipment	409.46	400.42
(b) Amortization on Intangible assets	33.45	33.47
Total	442.91	433.89

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Notes to the Standalone financial statements as at and for the year ended 31st March, 2021

Note 25. Other expenses

(₹ Crore)

Particulars	For the Year Ended 31st March, 2021	For the year Ended 31st March, 2020
(a) Stores and spares consumed	20.83	18.58
(b) Power & Water	4.54	4.81
(c) Rent including lease rentals	2.06	2.15
(d) Repairs and maintenance	30.83	42.82
(e) Royalty	0.06	0.04
(f) Rates and taxes	0.44	0.44
(g) Insurance	20.57	19.43
(h) Net loss / (gain) on foreign currency transactions net off) **	0.00	(0.00)
(i) Legal and other professional charges	4.47	2.63
(j) Travelling Expenses	0.65	1.51
(k) Donation	0.05	5.00
(l) Corporate Social Responsibility Expenses*	3.00	3.45
(m) Open Access Charges	0.06	0.07
(n) Other General Expenses	4.90	5.38
(o) Provision for doubtful debts	-	18.89
(p) Safety and Security	1.21	1.24
(q) Branding Expenses	3.60	3.72
(r) Shared Service Charges	2.02	2.99
(s) Property ,Plant and equipment written off	5.11	-
Total	104.40	133.15

* Refer note 37 (Details of Corporate Social Responsibility (CSR) expenditure

** Less than 50,000

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Note 26. Tax expense

(₹ Crore)

Particulars	For the Year Ended 31st March, 2021	For the year Ended 31st March, 2020
Current Tax	59.22	18.39
Deferred tax	(40.72)	(45.72)
Minimum Alternate Tax (MAT) credit availed	2.58	30.30
Deferred tax (recoverable)/adjustable in future tariff	38.14	15.42
Total	59.22	18.39

A reconciliation of income tax expenses applicable to accounting profit / (loss) before tax at the statutory income tax rate to recognised income tax expenses for the year indicated are as follows:

(₹ Crore)

Particulars	For the Year Ended 31st March, 2021	For the year Ended 31st March, 2020
Profit before tax	208.22	106.80
Enacted tax rate	34.944%	34.944%
Expected tax expense at statutory tax rate	72.76	37.32
Tax effect due to tax holiday	(68.26)	(48.06)
Effect due to non deductible expenses	1.09	4.51
Deferred tax / tax credit recognised from earlier year	(0.63)	-
Effect of taxes (recoverable)/payable in future tariff	38.14	15.42
Impact due to reduced rate of tax during the year	15.82	15.32
Impact due to reduced rate of tax on opening	-	(6.22)
Others	0.27	0.10
OCI Tax	0.04	-
Tax expenses for the year	59.22	18.39

Deferred tax assets / (liabilities)

Significant components of deferred tax assets / (liabilities) ,deductible temporary differences and unused tax losses recognised in the Consolidated Financial Statements are follows:

(₹ Crore)

Particulars	As at 31st March,2020	Recognised / (reversed) through profit or loss/ OCI / equity	As at 31st March,2021
Property plant & equipment	25.42	52.25	77.67
MAT credit	2.58	(2.58)	-
Recoverable / (payable) in future tariff	(25.93)	(38.14)	(64.07)
Others	(2.07)	(11.53)	(13.60)
Total	-	-	-

(₹ Crore)

Particulars	As at 31 st March,2019	Recognised / (reversed) through profit or loss/ OCI / equity	As at 31st March,2020
Property plant & equipment	(25.34)	50.76	25.42
MAT credit	32.88	(30.30)	2.58
Recoverable / (payable) in future tariff	(10.51)	(15.42)	(25.93)
Others	2.97	(5.04)	(2.07)
Total	-	-	-

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Notes to Standalone Financial Statements for the year ended 31st March, 2021

Note 27. Critical accounting judgements and key sources of estimation uncertainty

In the course of applying the policies outlined in all notes under section 3 above, the Company is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period, if the revision affects current and future periods.

Critical judgements in applying accounting policies

Service concession arrangements

The Management has assessed applicability of Appendix C of Ind AS 115: Service Concession Arrangements (revenue from contract with customer) with respect to its power plant and transmission assets portfolio. In assessing the applicability, they have exercised significant judgment in relation to the underlying ownership of the assets, terms of implementation agreements and power purchase agreements entered with the grantor, ability to determine prices, useful lives of the assets, assessment of right to guaranteed cash etc. Based on detailed evaluation, the Management has determined that arrangement in relation to the Company's Baspa power plant (300 MW) meets the criterion for recognition as service concession arrangements.

Revenue recognition

- a) In case of BASPA, revenue from sale of power is accounted for on the basis of billing to Himachal Pradesh State Electricity Board Limited (HPSEBL) as per Tariff approved by Himachal Pradesh Electricity Regulatory Commission (HPERC) in accordance with the provisions of the Long Term Power Purchase Agreement (LTPPA) dated 4th June, 1997, Amendment No. 1 dated 7th January, 1998, executed between the Company and HPSEBL.
- b) In case of KARCHAM Wangtoo, revenue from sale of power is accounted as under:
 - i) The long term PPA sales are accounted on the basis of applicable CERC regulations and respective Tariff orders/ Tariff petition as filled with Central Electricity Regulatory Commission for determining the tariff of Karcham Wangtoo plant
 - ii) Sale of power under Short Term through the Power Exchange is accounted for on the basis of billing as per the agreed rate.

Evaluation of arrangements to determine whether it contains lease arrangements:

The management has critically evaluated the terms of the contract (including by obtaining independent legal advice) with respect to Karcham Wangtoo Hydro Plant to determine whether the contract is, in substance, with a customer or with multiple state electricity utility companies, and the customer is merely acting as an intermediary/facilitator. Based on such evaluation, it was concluded that the arrangement is not in the nature of lease in terms of Ind AS 116.

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Key sources of estimation uncertainties

Impairment of property plant and equipment

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on anticipated commodity prices, market demand and supply, economic and regulatory environment, discount rates and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact the carrying value of assets.

Provisions and contingent liabilities

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognised. Potential liabilities that are remote are neither recognised nor disclosed as contingent liability. The management decides whether the matters needs to be classified as 'remote,' 'possible' or 'probable' based on expert advice, past judgements, terms of the contract, regulatory provisions etc.

Fair value measurements

When the fair values of financial assets or financial liabilities recorded or disclosed in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility.

Defined benefit plans

The cost of defined benefit plan and other post-employment benefits and the present value of such obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual development in the future. These include the determination of the discount rate, future salary escalations and mortality rates etc. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Tax

The Company is subject to tax, principally in India. The amount of tax payable in respect of any period is dependent upon the interpretation of the relevant tax rules. Whilst an assessment must be made of deferred tax position of the entity, these matters are inherently uncertain until the position of the entity is agreed with the relevant tax authorities.

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Notes to Standalone Financial Statements for the year ended 31st March, 2021**Note 28. Financial Instruments:****a) Financial Instruments by category****(₹ Crore)**

As at 31st March, 2021	Carrying amount	Fair value	Level 1	Level 2	Level 3
<u>Financial assets</u>					
Financial assets carried at fair value through profit or loss (FVTPL)					
Investment in mutual fund units	472.22	472.22	-	472.22	-
Financial assets carried at amortised cost					
Security deposits	0.60	0.60	-	-	0.60
Trade receivables #	51.26	51.26	-	-	-
Receivables-Service concession agreement	171.36	185.50	-	-	185.50
Cash and cash equivalents and other bank balances #	150.10	150.10	-	-	-
Unbilled revenue	75.51	75.51	-	-	-
Interest Receivable	0.97	0.97	-	-	-
Total Financial assets	922.02	936.16	-	472.22	186.10
<u>Financial liabilities</u>					
Financial Liabilities carried at amortised cost					
Borrowings	5,140.30	-	-	-	5,140.30
Short term Borrowings (WCDL)	30.00	-	-	-	30.00
Rent and Other Deposits #	0.02	0.02	-	-	-
Trade Payables #	25.87	25.87	-	-	-
Payable for capital projects#	33.08	33.08	-	-	-
Other payable#	925.67	925.67			
Lease Liability	26.53	26.53			26.53
Interest accrued but bot due on borrowings	21.76	21.76			-
Total Financial liabilities	6,203.23	1,032.93	-	-	5,196.83

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Notes to Standalone Financial Statements for the year ended 31st March, 2021

(₹ Crore)

As at 31 st March, 2020	Carrying amount	Fair value	Level 1	Level 2	Level 3
<u>Financial assets</u>					
Financial assets carried at fair value through profit or loss (FVTPL)					
Investment in mutual fund units	203.84	203.84	-	203.84	-
Financial assets carried at amortised cost					
Security deposits	0.58	0.58	-	-	0.58
Trade receivables #	308.15	308.15	-	-	-
Receivables-Service concession agreement	216.80	236.96	-	-	236.96
Cash and cash equivalents and other bank balances #	34.33	34.33	-	-	-
Unbilled Revenue	5.32	5.32			
Total Financial assets	769.02	789.18	-	203.84	237.54
<u>Financial liabilities</u>					
Financial Liabilities carried at amortised cost					
Borrowings	5423.75	-	-	-	5,423.75
Rent and Other Deposits #	0.02	0.02	-	-	-
Trade Payables #	75.13	75.13	-	-	-
Payable for capital projects#	49.39	49.39	-	-	-
Other payable#	663.93	663.93	-	-	-
Lease Liabilities	26.69	26.69			26.69
Total Financial liabilities	6,238.91	815.16	-	-	5,450.44

#The carrying amounts of ancillary borrowing cost, trade receivables, unbilled revenue, other receivables, trade payables, capital creditors, cash and cash equivalents and other bank balances, rent and other deposits are considered to be the same as their fair values, due to their short term nature. The fair values of the financial assets and financial liabilities included in the level 2 are based on NAV and in level 3 based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

ii) Fair Value Hierarchy:

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are

(a) recognised and measured at fair value and

(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into three levels prescribed under the accounting standard.

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Notes to Standalone Financial Statements for the year ended 31st March, 2021**Financial assets and liabilities measured at fair value**

The carrying amount of investment in unquoted equity instrument measured at fair value (which are not disclosed below) is considered to be the same as it's fair values.

Particulars	As at s1st Marc,2021	As at 31st March,2020	Level	Valuation Technique
Financial assets				
Investment in mutual fund units	472.22	203.84	2	Cost is considered as per NAV as on 31 st March,2021/31 st March,2020

Fair value of financial assets and liabilities measured at amortised cost

The carrying amount of current investments, Trade Receivable, Unbilled revenue, Trade Payable, Capital Creditors, Cash & Cash Equivalents, Other bank balances, Other Financial assets and Other financial liabilities (Other than those specifically disclosed) are to be considered to be the same as fair values, due to their short term nature.

Particulars	As at s1st March,2021		As at 31st March,2020		Level	Valuation Technique
	Carrying Value	Fair Value	Carrying Value	Fair Value		
Financial assets						
Service Concession receivable	171.36	185.50	216.80	236.96	3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.
Security deposits	0.60	0.60	0.58	0.58	3	
	171.96	186.10	217.38	237.54		
Financial Liabilities						
Borrowings (Long Term)	5140.30	5140.30	5,423.75	5,423.75	3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.
Lease Liability	26.53	26.53	26.69	26.69	3	
	5,166.83	5,166.83	5,450.44	5,450.44		

Financial risk management objectives

The Company's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous

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basis. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilizing forward foreign exchange contracts and currency options.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are **NIL**.

Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

The Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The following table provides a break-up of the Company's fixed and floating rate borrowings:

(₹ Crore)			
As at March,2021	Net Balance	Unamortised Transaction Cost	Gross Balance
Floating rate borrowings	5170.30	31.84	5202.14
Total	5170.30	31.84	5202.14

(₹ Crore)			
As at March,2020	Net Balance	Unamortised Transaction Cost	Gross Balance
Floating rate borrowings	5423.75	36.62	5460.37
Total	5423.75	36.62	5460.37

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's profit (PBT) for the year ended 31st March, 2021 would decrease/increase by ₹ 26.38 crore (for the year ended 31st March, 2020:

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decrease/increase by ₹ 27.92 crore). This is mainly attributable to the Company's exposure to interest rates on its floating rate borrowings.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored.

In addition, the Company is exposed to credit risk in relation to financial guarantees given to banks provided by the Company. The Company's maximum exposure in this respect is the maximum amount the Company could have to pay

if the guarantee is called on. No amount has been recognised in the financial position as financial liabilities

The state electricity distribution companies (Government companies) and related parties are the major customer of the Company and accordingly, credit risk is minimal.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

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The table below provides details regarding the remaining contractual maturities of financial liabilities as at reporting date.

(₹ Crore)

As at 31st March, 2021				
Particulars	< 1 year	1-5 years	> 5 years	Total
<u>Non-current financial liabilities</u>				
Long term borrowings	-	1,171.95	3,666.13	4,838.08
<u>Other long-term liabilities</u>				
Rent and other Deposits	-	0.02	-	0.02
Lease payable	-	1.65	24.60	26.25
Other Payable	-	425.95	-	425.95
Total Non-Current financial Liabilities	-	1,599.57	3,690.73	5,290.30
<u>Current financial Liabilities</u>				
Trade and other payables and acceptances:				
Trade payables - Other than acceptances	25.87	-	-	25.87
<u>Other current financial liabilities:</u>				
Current maturities of long-term debt	302.22	-	-	302.22
Short Term Borrowings(WCDL)	30.00	-	-	30.00
Payable for capital project	33.08	-	-	33.08
Other payable	499.72	-	-	499.72
Interest accrued but not due on borrowings	21.76	-	-	21.76
Lease payable	0.28	-	-	0.28
Total current financial liabilities	912.93	-	-	912.93
Total Financial Liabilities	912.93	1,599.57	3,690.73	6,203.23
<u>Non-current Financial assets</u>				
<u>Long term loans and advances</u>				
Security deposits	-	0.01	0.59	0.60
Ancillary Borrowing cost	-	-	-	-
Service concession – arrangements	-	119.48	0.35	119.83
Other advances	-	0.02	-	0.02
Total Non-current financial Assets	-	119.51	0.94	120.45
<u>Current financial assets</u>				
Trade receivables	51.26	-	-	51.26
Cash and cash equivalents	109.94	-	-	109.94
Bank Balances other than above	40.14	-	-	40.14
Service concession – arrangements	51.53	-	-	51.53
Investments in mutual fund	472.22	-	-	472.22
Unbilled revenue	75.51	-	-	75.51
Interest Receivable	0.97	-	-	0.97
Total current financial assets	801.57	-	-	801.57
Total Financial Assets	801.57	119.51	0.94	922.02

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(₹ Crore)

As at 31 st March, 2020				
Particulars	< 1 year	1-5 years	> 5 years	Total
<u>Non-current financial liabilities</u>				
Long term borrowings	-	1,125.18	4,015.12	5,140.30
<u>Other long-term financial liabilities</u>				
Rent and other Deposits	-	0.02	-	0.02
Lease payable	-	1.44	25.08	26.52
Other payable	-	168.26	-	168.26
Total Non-Current financial Liabilities	-	1,294.90	4,040.20	5,335.10
<u>Current financial Liabilities</u>				
Trade and other payables and acceptances:				
Trade payables - Other than acceptances	75.13	-	-	75.13
<u>Other current financial liabilities:</u>				
Current maturities of long-term debt	283.45	-	-	283.45
Payable for capital project	49.39	-	-	49.39
Other payable	452.54	-	-	452.54
Interest accrued but not due on borrowings	43.13	-	-	43.13
Lease Payable	0.17	-	-	0.17
Total current financial liabilities	903.81	-	-	903.81
Total Financial Liabilities	903.81	1,294.90	4,040.20	6,238.91
<u>Non-current financial assets</u>				
<u>Long term loans and advances</u>				
Security deposits	-	0.01	0.57	0.58
Ancillary Borrowing cost	-	-	-	-
Service concession–arrangements	-	171.00	0.35	171.35
Other advances	-	2.01	-	2.01
Total Non-current financial Assets	-	173.02	0.92	173.94
<u>Current financial assets</u>				
Trade receivables	308.15	-	-	308.15
Cash and cash equivalents	0.48	-	-	0.48
Bank Balances other than above	31.84	-	-	31.84
Investments	203.84	-	-	203.84
Service concession–arrangements	45.45	-	-	45.45
Other Financial Assets	5.32	-	-	5.32
Total current financial assets	595.08	173.02	0.92	595.08
Total Financial Assets	595.08	173.02	0.92	769.02

The Company has hypothecated part of its trade receivables, loans, short term investments and cash and cash equivalents in order to fulfil certain collateral requirements for the banking facilities extended to the Company. There is obligation to release the hypothecation on these securities to the Company once these banking facilities are surrendered. (Refer Note 15)

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Notes to Standalone Financial Statements for the year ended 31st March, 2021**Note 29 Capital management**

The Company being in a capital intensive industry, its objective is to maintain a strong credit rating, healthy capital ratios and establish a capital structure that would maximise the return to stakeholders through optimum mix of debt and equity.

The Company's capital requirement is mainly to fund its capacity expansion ,repayment of principal and interest on its borrowings and strategic acquisition.The principal source of funding of the Company has been, and is expected to continue to be, cash generated from its operations supplemented by funding from bank borrowings and the capital markets. The Company is not subject to any externally imposed capital requirements.

The Company regularly considers other financing and refinancing opportunities to diversify its debt profile, reduce interest cost and align maturity profile of its debt commensurate with life of the asset and closely monitors its judicious allocation amongst competing capital expansion projects and strategic acquisitions, to capture market opportunities at minimum risk.

Gearing ratio

The Company monitors its capital using gearing ratio, which is net debt divided to total equity as given below:

Particulars	(₹ Crore)	
	As at 31st March, 2021	As at 31st March, 2020
Debt (i)	5,170.30	5,423.75
Cash and bank balances (including current investment in liquid fund) (ii)	582.16	204.32
Net debt (i-ii)	4,588.14	5,219.43
Total equity (iii)	1,988.56	1,839.37
Net debt to equity ratio	2.31	2.84

(i) Debt includes long term and short term borrowings (refer note No-15)

(ii) Includes cash and cash equivalents balance in bank deposits (other than earmarked deposits) and investments in mutual fund.

(iii) Includes equity share capital and other equity.

Note 30. Credit Risk

The average credit period on sales of power is 60 /30 days for Karcham Wangtoo HEP and Baspa II HEP respectively.

Trade receivables include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Company has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Allowances for doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

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Notes to Standalone Financial Statements for the year ended 31st March, 2021**Ageing of Trade receivable:***

Particulars	(₹ Crore)	
	As at 31 st March, 2021	As at 31 st March, 2020
Within the credit period	89.16	203.14
1-30 days past due	0.24	22.95
31-60 days past due	15.04	25.94
61-90 days past due	1.39	10.29
91-180 days past due	0.65	-
>180 days past due	20.28	45.83
Total	126.76	308.15

*Above mentioned Customer's balance Includes unbilled revenue of ₹.75.51 Crore (Previous year ₹ 129.50 Crore.)

Note 31. Service concession arrangement**(a) Description of the concession arrangement:**

On 1st October, 1992, a service concession agreement was entered into with the Government of Himachal Pradesh ("the Government") to establish, own, operate and maintain 300 MW Hydro Electric power plant at Baspa, Kuppa, Himachal Pradesh ("the power plant") for supply of power to Himachal State Electricity Board. Pursuant to the above, a power purchase agreement was entered with Himachal Pradesh State Electricity Board ("the PPA").

(b) Significant terms of the concession arrangement:

Term	Particulars
Period of arrangement	40 years from date of commissioning of the power plant and extendable for 20 years at the option of the Government
Commissioning of the power plant	June 8, 2003
Tariff	Approved by Himachal Pradesh Electricity Regulatory Commission (HPERC) having regard to the tariff entitlement under the PPA
Option to purchase	After the expiry of the agreement period, the Government has the option to purchase all the assets and works of the power plant, at mutually agreed terms.
Free power	12 % free power of the electricity generated is to supplied to the Government

(c) Obligation for overhaul:

Under the concession agreement, the Company has to manage, operate, maintain and repair the power plant entirely at its own cost.

(d) Renewal /Termination options:

Termination of the concession agreement can happen before expiry date under the force majeure events and default by either parties of the concession agreement

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Notes to Standalone Financial Statements for the year ended 31st March, 2021**(e) Classification of service concession arrangement in the standalone Financial Statements:**

Particulars	(₹ Crore)	
	As at 31st March, 2021	As at 31st March, 2020
Intangible asset - Rights under service concession receivable (refer note 6)	747.57	784.34
Financial asset – Receivable under service concession arrangement (refer note 7)	171.36	216.8

Note 32. Operating segment

The Chairman of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators, however the Company is primarily engaged in only one segment viz., "Generation and Sale of power" and that most of the operations are in India. Hence the Company has single reportable Segments as per Indian Accounting Standard 108 "Operating Segments".

The information regarding the revenue from customers of it's single reportable Segment has been disclosed below

Customer contributing more than 10% of revenue

Revenue from operations includes revenue aggregating to ₹1,210.18 crore (previous year : ₹1,251.87 crore) from two (previous year :two) major customers having more than 10% of total revenue from operations of the Company.

Note 33. Earnings per share

Particulars	For the Year ended 31 st March, 2021	For the Year ended 31 st March, 2020
Profit for the year (₹ crore) - (A)	149.00	88.41
Weighted average number of equity shares for basic & diluted EPS - (B)	1,25,00,50,000	1,25,00,50,000
Earnings Per Share (₹ crore) – Basic and Diluted (C) - (A/B)	1.19	0.71
Nominal value of an equity share (₹ crore)	10	10

Note 34. Employee benefit Plans:**(a) Defined contribution plans – Provident fund:**

The employer's contribution for the period from 1st Apr 2020 to 31st December 2020, were deposited with the employer established provident fund trust maintained by the Company. Further, the said trust was surrendered to the provident fund authorities w.e.f 1st January 2021 and correspondingly, the employees provident fund balances lying with the provident fund trust were transferred to the respective employee's accounts with provident fund authorities. The monthly employer's contributions from January 21 onwards are being deposited with regional provident fund authorities.

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The Company's contribution to provident fund recognized in Standalone Statement of Profit and Loss of ₹ 2.22 crore (Previous year ₹ 2.23 crore) (Included in note 17)

(b) National pension scheme:

The company's contribution to National Pension Scheme (NPS) recognized in Standalone statement of profit and loss of ₹ 0.15 crore (Year ended 31st March, 2020 : ₹ 0.13 crore) (Included in Note 22)

(c) Defined benefits plans - Gratuity:

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. The amount of gratuity shall be payable to an employee on the termination of his employment after he has rendered continuous service for not less than five years, or on their superannuation or resignation. However, in case of death of an employee, the minimum period of five years shall not be required. The amount of gratuity payable on retirement / termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied by the number of years of service completed. The gratuity plan is a funded plan administered by a separate fund that is legally separated from the entity and the company makes contributions to the insurer (LIC). The company does not fully fund the liability and maintains a target level of funding to be maintained over period of time based on estimations of expected gratuity payments.

Under the compensated absences plan, leave encashment upto a maximum accumulation of 120 days is payable to all eligible employees on separation of the company due to death, retirement, superannuation or resignation, at the rate of daily salary.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to market yields at the end of the reporting period on government bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities and debt instruments.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.
Asset Liability matching risk	The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.
Mortality risk	Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.
Concentration risk	Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

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The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at 31st March, 2021 by M/S K A Pandit, Consultants & Actuaries. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

Changes in the present value of the defined benefit obligation are, as follows:

(₹ Crore)	
Defined benefit obligation as at 1st April, 2019	4.35
Interest cost	0.33
Current service cost	0.52
Benefits paid	(0.46)
Actuarial (Gains)/Loss	0.52
Defined benefit obligation as at 31 March, 2020	5.27
Interest cost	0.36
Current service cost	0.58
Liabilities Transferred In / Acquisition	0.22
Liabilities Transferred out / Divestment	(0.25)
Benefits paid	(0.33)
Actuarial (Gains)/Loss	(0.03)
Defined benefit obligation as at 31 March, 2021	5.82

Changes in the defined benefit obligation and fair value of plan assets as at 31st March, 2021

		(₹ Crore)		
Particulars		Defined Benefit Obligation	Fair Value of Plan assets	(Benefit)/ Liability
Gratuity cost charged to profit or loss	Opening Balance as on 1st April, 2020	5.27	1.56	3.71
	Current Service cost	0.58	-	0.58
	Net interest expense /(Income)	0.36	0.10	0.26
	Liability Transferred in/Acquisitions	0.22		0.22
	(Liability Transferred out/Divestments)	(0.25)		(0.25)
	Sub-total included in profit or loss	0.91	0.10	0.81
Re-measurement gains / (losses) in other comprehensive income	Benefits paid	(0.33)	(0.33)	-
	Return on plan assets (excluding amounts included in net interest expense)		(0.15)	0.15
	Actuarial changes arising from changes in financial/Demographic assumptions	0.18	-	0.18
	Experience adjustments	(0.21)	-	(0.21)
	Sub-total included in OCI	(0.03)	(0.15)	0.12
	Contributions by employer	-	-	-
	Closing Balance as on 31st March, 2021	5.82	1.18	4.64

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Notes to Standalone Financial Statements for the year ended 31st March, 2021

Changes in the defined benefit obligation and fair value of plan assets as at 31st March, 2020
(₹ Crore)

Particulars		Defined Benefit Obligation	Fair Value of Plan assets	(Benefit)/ Liability
Gratuity cost charged to profit or loss	Opening Balance as on 1st April, 2019	4.35	1.90	2.45
	Current Service cost	0.52	-	0.52
	Net interest expense	0.33	0.15	0.19
	Sub-total included in profit or loss	0.86	0.15	0.71
Re-measurement gains / (losses) in other comprehensive income	Benefits paid	(0.46)	(0.46)	-
	Return on plan assets (excluding amounts included in net interest expense)		(0.03)	0.03
	Actuarial changes arising from changes in financial assumptions	0.40	-	0.40
	Experience adjustments	0.12	-	0.12
	Sub-total included in OCI	0.52	(0.03)	0.55
	Contributions by employer	-	-	-
	Closing Balance as on 31st March, 2020	5.27	1.56	3.71

The actual return on plan assets (including interest income) was ₹ (0.04) Crore (previous year ₹0.12 crore)

The major categories of plan assets of the fair value of the total plan assets are as follows:

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Insurer Managed Funds	100%	100%

In the absence of detailed information regarding plan assets which is funded with insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has been not been disclosed.

The principal assumptions used in determining gratuity for the Company's plans are shown below:

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Discount rate:	6.44%	6.84%
Future salary increases:	6%	6%
Rate of Employee Turnover	3%	3%
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

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Notes to Standalone Financial Statements for the year ended 31st March, 2021**Sensitivity Analysis:**

Significant actuarial assumptions for the determination of the defined benefit obligation are discounted rate, expected salary increase and mortality. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period. While holding all other assumptions constant.

Particulars	As at 31st March, 2021	As at 31st March, 2020
Delta Effect of +1% Change in Rate of Discounting	(0.44)	(0.40)
Delta Effect of -1% Change in Rate of Discounting	0.51	0.46
Delta Effect of +1% Change in Rate of Salary Increase	0.51	0.46
Delta Effect of -1% Change in Rate of Salary Increase	(0.45)	(0.41)
Delta Effect of +1% Change in Rate of Employee Turnover	0.01	0.02
Delta Effect of -1% Change in Rate of Employee Turnover	(0.01)	(0.03)

The following are the maturity analysis of projected benefit obligations:

(₹ Crore)		
Particulars	As at 31st March, 2021	As at 31st March, 2020
Within the next 12 months (next annual reporting period)	0.64	0.40
Between 2 and 5 years	1.34	1.51
Between 5 and 10 years	2.47	2.22
Above 10 years	6.46	6.24
Total expected payments	10.91	10.37

Each year an assets-liability-matching study is performed in which the consequences of the strategic investment policies are analysed in term of risk and return profiles.

The company expects to contribute ₹ 1.51 crore (previous year ₹ 1.17 crore) to its gratuity plan for the next year. The weighted average duration of the defined benefit plan is 12 years (previous year 12 year)

Compensated Absences

The Company has a policy on compensated absences with provisions on accumulation and encashment by the employees during employment or on separation from the Company due to death, retirement or resignation. The expected cost of compensated absence is determined by actuarial valuation performed by an independent actuary at the balance sheet date using projected unit credit method.

Social Security Code

The Code on Social Security, 2020 ('the Code') received presidential assent on September 28, 2020. However, the date on which the Code will come into effect has not yet been notified. The Company will assess the impact of the Code on its books of account in the period(s) in which the provisions of the Code becomes effective.

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Notes to Standalone Financial Statements for the year ended 31st March, 2021**Note 35. Employee share based payment plan:****i) JSWEL EMPLOYEES STOCK OWNERSHIP PLAN – 2016 (Grant Date: 19th May, 2017)**

- a) The Company has the share option plan schemes for permanent employees of the Company in the identified grades of employees for respective plans / schemes including any director except promoter or independent directors, nominee directors and non-executive directors or a director who either himself or through relatives or through anybody directly or indirectly holds more than 10% of the outstanding equity shares of the parent Company.
- b) The award value shall be determined as percentage of Total Fixed Pay. The grant shall be at such price as may be determined by the ESOP Committee and shall be specified in the Grant letter. The option shall not be transferable and can be exercised only by the employees of the Company.
- c) The number of options to be granted to each eligible employees is determined by dividing the Award Value (amount equivalent to percentage of Annual Fix Pay) by the Fair Value of option provided. The Fair Value of option on the date of each grant is determined by using Black Scholes model.

The following table illustrates the number movements in share option during the year:

ESOP 2016 (Grant Date: 19th May, 2017)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Outstanding at 1st April	73,211	73,211
Granted during the year	-	-
Exercised During the Year	36,606	-
Expired during the year	-	-
Outstanding at 31 st March	36,606	73,211
Exercisable at 31 st March	36,606	73,211

ESOP 2016 (Grant Date: 1st Nov , 2018)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Outstanding at 1st April	2,19,428	2,19,428
Granted during the year	-	-
Exercised During the Year	-	-
Expired during the year	-	-
Outstanding at 31 st March	2,19,428	2,19,428
Exercisable at 31 st March	2,19,428	2,19,428

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The Method of settlement for above grants are as below:

Particulars	Grant date	
	19th May, 2017	1st Nov, 2018
Vesting period	3/4 years	3/4 years
Method of settlement	Equity	Equity
Exercise price ₹	51.80	51.96
Fair value ₹	28.88	37.99
Dividend Yield(%)	20%	20%
Expected Volatility(%)	44.50% / 45.16%	42.57% / 43.53%
Risk free Interest rate (%)	6.90%/6.98%	7.78%/7.84%
Expected Life of Share options (years)	5/6 Years	5/6 Years
Weighted Average exercise price ₹	51.80	51.96

Pricing formula	Exercise Price determined at ₹ 51.80 per share was at a discount of 20% to the closing market price of parent Company's share i.e. ₹ 64.75 at the close of 18 th May, 2017 at exchange having highest trading volume.	Exercise Price determined at ₹ 51.96 per share was at a discount of 20% to the closing market price of parent Company's share i.e. ₹ 64.95 at the close of 31st Oct, 2018 at exchange having highest trading volume.
Expected option Life	The expected option life is assumed to be mid-way between the option vesting and expiry. Since the vesting period and contractual term of each tranche is different, the expected life of each tranche will be different. The expected option life is calculated as (year to vesting Contractual Option item) / 2.	
Expected volatility	Volatility was calculated using standard deviation of daily change in stock price. The historical period considered for volatility match the expected life of the option.	
How Expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility: and	The followings factors have been considered: (a) Share price (b) Exercise price (c) Historical volatility (d) Expected option life (e) Dividend Yield	
Whether and how any other features of the option grant were incorporated in to the measurement of fair value, such as market condition.		
Model used	Black-Scholes Method	

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The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

Note 36. Operating Lease**For the Financial Year 2020-21**

Particulars	For the year Ended 31st March, 2021
Depreciation	1.41
Interest expenses on lease liabilities	2.40

Particulars	Future lease rentals	Interest	Present Value
Within one year	2.66	2.38	0.28
After one year but not more than five years	13.16	11.51	1.65
More than five years	48.78	24.18	24.60
Total	64.60	38.07	26.53

For the Financial Year 2019-20:-**(₹ Crore)**

Particulars	For the year Ended 31st March, 2020
Depreciation	1.41
Interest expenses on lease liabilities	2.40

Particulars	Future lease rentals	Interest	Present Value
Within one year	2.57	2.40	0.17
After one year but not more than five years	13.09	11.65	1.44
More than five years	51.50	26.42	25.08
Total			26.69

Note 37. Details of Corporate Social Responsibility (CSR) Expenditure:**(₹ Crore)**

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Amount required to be spent as per Section 135 of the Act	3.00	3.45
Amount spent during the year on:		
(i) Construction / acquisition of an asset	1.21	1.04
(ii) On purpose other than (i) above	1.79	2.41
Total	3.00	3.45

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Notes to Standalone Financial Statements for the year ended 31st March, 2021**Note 38. Commitments**

(₹ Crore)		
Particulars	As at 31st March, 2021	As at 31st March, 2020
Estimated amount of Capital contracts remaining to be executed to the extent not provided for (net of advances)	7.98	14.50
Total	7.98	14.50

Note 39. Contingent liabilities

(₹ Crore)		
Particulars	As at 31st March, 2021	As at 31st March, 2020
(a) Claims against the Company not acknowledged as debt *	127.84	127.84
(b) Other claims not acknowledged as debt	0.07	0.07
(c) Income tax Demand for AY 2016-17	34.72	34.72
Total	162.63	162.63

*Himachal Pradesh State Electricity Board Limited (HPSEBL) has made a claim against JPVL, as seen in its letter dated November 6, 2012, for expenditures incurred for a survey and investigation work in connection with the Baspa II Project amounting to Rs 127.84 Crore the company has filed an application with the High Court of Himachal Pradesh to restrain HPSEBL from recovering the claimed amount from the energy bills of the company. The court has accepted the plea and directed the Company to deposit Rs.25.00 Crore as security deposit. Accordingly, the company has deposited Rs. 25.00 Crore with HPSEBL. (Refer Note 8)

JSW HYDRO ENERGY LIMITED

(Formerly Known as Himachal Baspa Power Company Limited)

Notes to Standalone Financial Statements for the year ended 31st March, 2021**Note 40. Related party disclosure**

A)	List of Related Parties
	Related parties with whom the Company has entered into transactions during the year:
I	Holding Company
1	JSW Energy Limited
II	Subsidiary
	JSW Energy (Kutehr) Limited
III	Fellow Subsidiaries
1	JSW Power Trading Company Limited
IV	Key Managerial Personnel
1	Mr. Prashant Jain – Chairman
2	Mr.Pritesh Vinay - Non Executive Director (From 16 th Sep,20)
3	Mr.Sunil Goyal - Independent Director (From 25 th March,21)
4	Mr. Jyoti Kumar Agarwal – Non Executive Director (Upto 15th Sep,20)
5	Mr. Gyan Bhadra Kumar - Whole Time Director
6	Mr. Sanjeev Kango - Chief Financial Officer
7	Mr. Sanjeev Kango - Company Secretary
8	Ms. Sheila Sangwan-Woman & Independent Director (Upto 07th Sep,20)
9	Mr. Rakesh Nath- Independent Director (Upto 07th Sep,20)
10	Mr. Nirmal Kumar Jain - Non Executive Director (Upto 20 th May,20)
11	Ms. Seema Jajodia- Woman Director
12	Mr. Sharad Mahendra – Non Executive Director (Upto 9 th June,20)
V	Other related parties with whom the company has entered into transactions during the year
1	JSW Steel Limited
2	Jindal Education Trust (Jindal Vidya Mandir and Jaypee Pvt ITI)
3	JSW IP Holdings Private Limited
4	JSW Global Business Solutions Limited
5	JSW Foundation
6	JSW Reality Infrastructure Private Limited
7	JSW Paints Limited
8	Jankalyan Electoral Trust

JSW HYDRO ENERGY LIMITED

(Formerly Known as Himachal Baspa Power Company Limited)

Notes to Standalone Financial Statements for the year ended 31st March, 2021

(₹ crore)

B	Transaction during the year	Current Year	Previous Year
1	Sale of power /Material		
	JSW Power Trading Company Limited	-	1.34
2	Sale of Assets		
	JSW Energy (Kutehr) limited	-	0.11
3	Interest on Debentures		
	JSW Energy Limited	-	23.18
4	Service Received		
	JSW Global Business Solutions Limited	2.02	2.99
5	Purchase of Fuel / Goods		
	JSW Steel Limited	-	1.64
	JSW Paints Limited	0.03	-
6	Advertisement/Sponsorship/Branding expense		
	JSW IP Holdings Private Limited	3.60	3.72
7	Reimbursement received from / (paid to) {net}:		
	JSW Energy Limited	(4.43)	(3.83)
	JSW Steel Limited	(1.44)	(1.42)
	JSW Power Trading Company Limited	(0.02)	(0.02)
	Jindal Education Trust (Jindal Vidya Mandir and Jaypee Private ITI)	(0.58)	(0.79)
	JSW Reality Infrastructure Private Limited	-	(0.00)
8	Donation/CSR Expenses		
	Jankalyan Electoral Trust	-	5.00
	JSW Foundation	3.00	1.17
9	Redemption of 13% non-convertible debentures:		
	JSW Energy Limited	-	384.50
10	Investment Equity Share Capital		
	JSW Energy Limited (Purchase of equity investment in JSW Energy (Kutehr) Limited	-	26.34
	JSW Energy (Kutehr) Limited	385.28	42.52
11	Debt Service Reserve Account Guarantee		
	JSW Energy Limited	(14.46)	-

JSW HYDRO ENERGY LIMITED

(Formerly Known as Himachal Baspa Power Company Limited)

Notes to Standalone Financial Statements for the year ended 31st March, 2021

		(₹ crore)	
C	Closing Balances	As at 31 st March, 2021	As at 31 st March, 2020
1	Trade (Payables) / Receivables		
	JSW Energy Limited	(0.17)	(1.70)
	JSW Steel Limited	(0.09)	(0.32)
	JSW IP Holdings Private Limited	(0.33)	-
2	Deposit With		
	JSW IP Holdings Private Limited	0.07	0.07
3	Equity Share Capital		
	JSW Energy Limited	1,250.05	1,250.05
4	Loan and Advances		
	JSW IP Holdings Private Limited	-	0.02
	JSW Global Business Solutions Limited	0.07	
5	Other receivable		
	JSW Energy (Kutehr) Limited	-	0.11
6	Equity Share Capital		
	JSW Energy (Kutehr) Limited	454.15	68.86

D. The Remuneration to Key Managerial Personnel During the year was as follows:

		(₹ crore)	
SI No	Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
1	Short term benefits	1.76	1.74
2	Post –Employment benefits	0.05	0.05
3	Sitting fees	0.04	0.13

Note:

- 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 during the year, except as discussed above
- ii) Related party relationships have been identified by the management and relied upon by the Auditors
- iii) Related party transactions have been disclosed on basis of value of transactions in terms of the respective contracts.
- iv) Terms and conditions of sales and purchases: the sales and purchases transactions among the related parties are in the ordinary course of business based on normal commercial terms, conditions, market rates and memorandum of understanding signed with the related parties. For the year ended 31st March, 2020 & 31st March, 2021, the Company has not recorded any loss allowances for transactions between the related parties.

JSW HYDRO ENERGY LIMITED

(Formerly Known as Himachal Baspa Power Company Limited)

Notes to Standalone Financial Statements for the year ended 31st March, 2021**Note 41. Disclosure under Micro, Small and Medium Enterprises Development Act**

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)			
Sl. No.	Particulars	As at 31 st March, 2021	As at 31 st March, 2020
1	Principal amount outstanding to MSME*	3.41	0.55
2	Principal amount due and remaining unpaid	-	-
3	Interest due on (2) above and the unpaid interest	-	-
4	Interest paid on all delayed payments under the MSMED Act.	-	-
5	Payment made beyond the appointed day during the year	-	-
6	Interest due and payable for the period of delay other than (4) above	-	-
7	Interest accrued and remaining unpaid	-	-
8	Amount of further interest remaining due and payable in succeeding years	-	-

*Amounts unpaid to MSM vendors on account of retention money have not been considered for the purpose of interest calculation.

Note 42. Remuneration to Auditors (excluding GST)

(₹ crore)			
	Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
1	Services as statutory auditors (including quarterly limited reviews)	0.39	0.36
2	Tax Audit Fees	0.06	0.06
3	Certification Fees	0.01	0.01
4	Reimbursement of out of pocket Expenses	0.01	0.01
	Total	0.47	0.44

JSW HYDRO ENERGY LIMITED

(Formerly Known as Himachal Baspa Power Company Limited)

Notes to Standalone Financial Statements for the year ended 31st March, 2021

Note 43. Project Status

The Group has awarded all the major works of 240 MW hydro power project at Kutehr, Himachal Pradesh ("the project") and the work is in progress. The carrying amounts related to the project as at 31st March, 2021 comprise property, plant and equipment of ₹ 13.00 crore, capital work in progress of ₹ 378.51 crore and capital advance of ₹ 138.29 crore.

For and on behalf of Board of Directors

Gyan Bhadra Kumar

Whole Time Director

[DIN:03620109]

Prashant Jain

Chairman

[DIN: 01281621]

Sanjeev Kango

Company Secretary &

Chief Financial officer

JSW HYDRO ENERGY LIMITED
(Formerly known as Himachal Baspa Power Company Limited)
Consolidated Balance Sheet as on 31st March, 2021

(₹ Crore)

Particulars		Note No.	As at 31st March, 2021	As at 31st March, 2020
A	ASSETS			
1	Non-current assets			
	(a) Property, plant and equipment	4	5,982.48	6,355.02
	(b) Capital work-in-progress	5	401.54	285.71
	(c) Other Intangible assets	6	747.57	784.34
	(d) Financial assets			
	(i) Other financial assets	7	120.91	173.95
	(e) Income tax assets (net)	7A	36.53	34.05
	(f) Other non-current assets	8	164.06	45.08
	Total non - current assets		7,453.09	7,678.15
2	Current assets			
	(a) Inventories	9	11.66	11.46
	(b) Financial assets			
	(i) Investments	10	472.22	203.84
	(ii) Trade receivables	11	51.26	183.97
	(iii) Cash and cash equivalents	12	115.08	1.43
	(iv) Bank balances other than (iii) above	12	40.15	31.85
	(v) Other financial assets	7	128.02	174.96
	(c) Other current assets	8	33.55	33.21
	Total current assets		851.94	640.72
	Total Assets (1+2)		8,305.03	8,318.87
B	EQUITY AND LIABILITIES			
1	Equity			
	(a) Equity share capital	13	1,250.05	1,250.05
		14	733.03	584.08
	Total equity		1,983.08	1,834.13
	Liabilities			
2	Non-current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	15	4,838.08	5,140.30
	(ii) Other financial liabilities	16	452.22	194.80
	(b) Provisions	17	6.98	4.68
	Total non - current liabilities		5,297.28	5,339.78
3	Current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	15	30.00	-
	(ii) Trade payables			
	(a) Total outstanding dues of micro and small enterprises	18	3.41	0.55
	(b) Total outstanding dues of creditors other than micro and small enterprises	18	22.56	74.58
	(iii) Other financial liabilities	16	964.01	1,065.55
	(b) Other current liabilities	19	2.95	2.89
	(c) Provisions	17	1.74	1.39
	Total current liabilities		1,024.67	1,144.96
	Total liabilities		6,321.95	6,484.74
	Total Equity and Liabilities (1+2+3)		8,305.03	8,318.87

See accompanying notes to the consolidated financial statements

As per our attached report of even date

For Shah Gupta & Co

Chartered Accountants

Firm Registration No.: 109574W

For and on behalf of Board of Directors

Vipul K Choksi

Partner

M No. 37606

Gyan Bhadra Kumar

Whole Time Director

[DIN: 03620109]

Prashant Jain

Chairman

[DIN: 01281621]

Place: Mumbai

Date: 24th June, 2021

Sanjeev Kango

Company Secretary &
Chief Financial Officer

JSW HYDRO ENERGY LIMITED
(Formerly known as Himachal Baspa Power Company Limited)
Consolidated Statement of Profit and Loss for the year ended 31st March,2021

(₹ Crore)

Particulars	Note No.	For the year Ended 31st March, 2021	For the year Ended 31st March, 2020
I Revenue from operations	20	1,222.62	1,263.69
II Other income	21	38.85	11.58
III Total income (I + II)		1,261.47	1,275.27
IV Expenses			
(a) Employee benefits expense	22	54.58	51.43
(b) Finance costs	23	451.36	550.00
(c) Depreciation and amortisation expenses	24	443.03	433.91
(d) Other expenses	25	104.52	138.03
Total expenses (IV)		1,053.49	1,173.37
V Profit before exceptional item and tax (III-IV)		207.98	101.90
VI Exceptional items		-	-
VII Profit before tax (V - VI)		207.98	101.90
VIII Tax Expense	26		
Current tax		59.22	18.39
Deferred tax		(38.14)	(15.42)
IX Deferred Tax (recoverable)/adjustable in future tariff		38.14	15.42
		59.22	18.39
X Profit for the year (VII-VIII-IX)		148.76	83.51
XI Other comprehensive income		(0.08)	(0.45)
(i) Items that will not be reclassified to profit or loss			
Remeasurements of the net defined benefit plan		(0.12)	(0.55)
(ii) Income tax relating to items that will not be reclassified to profit or loss		0.04	0.10
XII Total comprehensive income for the year (X + XI)		148.68	83.06
XIII Earnings per equity share of ₹ 10 each :			
Basic ₹	35	1.19	0.67
Diluted ₹		1.19	0.67

See accompanying notes to the consolidated financial statements

As per our attached report of even date

For Shah Gupta & Co

Chartered Accountants

Firm Registration No.: 109574W

For and on behalf of Board of Directors

Vipul K Choksi

Partner

M No. 37606

Gyan Bhadra Kumar

Whole Time Director

[DIN: 03620109]

Prashant Jain

Chairman

[DIN: 01281621]

Place: Mumbai

Date: 24th June,2021

Sanjeev Kango

Company Secretary &

Chief Financial Officer

JSW HYDRO ENERGY LIMITED
(Formerly known as Himachal Baspa Power Company Limited)

Consolidated Statement of changes in equity for the year ended 31st March, 2021

Balance at the 1st April, 2019	1,250.05
Changes in equity share capital during the FY 2019-20	-
Balance at the 31st March, 2020	1,250.05
Changes in equity share capital during the FY 2020-21	-
Balance at the 31st March, 2021	1,250.05

(₹ Crore)

b. Other equity

Particulars	Reserves & surplus				Capital Contribution by parent company	Total
	Equity-settled employee benefits reserve	Debenture redemption reserve	Capital Reserve	Retained earnings		
Balance as at 1st April, 2020	0.45	-	2.50	424.99	156.14	584.08
Profit for the year	-	-	-	148.76	-	148.76
Recognition of Share based payment	0.27	-	-	-	-	0.27
Other comprehensive income for the year, net of income tax	-	-	-	(0.08)	-	(0.08)
Balance as at 31st March 2021	0.72	-	2.50	573.67	156.14	733.03

(₹ Crore)

Particulars	Reserves & surplus				Capital Contribution by parent company	Total
	Equity-settled employee benefits reserve	Debenture redemption reserve	Capital Reserve	Retained earnings		
Balance at 1st April, 2019	0.24	38.45	-	306.32	156.14	501.15
Additions through Business Combination	-	-	2.50	(2.84)	-	(0.34)
Profit for the year	-	-	-	83.51	-	83.51
Recognition of Share based payment	0.21	-	-	-	-	0.21
Transfer from Debenture redemption reserve	-	(38.45)	-	38.45	-	-
Other comprehensive income for the year, net of income tax	-	-	-	(0.45)	-	(0.45)
Balance as at 31st March 2020	0.45	-	2.50	424.99	156.14	584.08

See accompanying notes to the consolidated financial statements

As per our attached report of even date

For Shah Gupta & Co

Chartered Accountants

Firm Registration No.: 109574W

For and on behalf of Board of Directors

Vipul K Choksi

Partner

M No. 37606

Gyan Bhadra Kumar

Whole Time Director

[DIN: 03620109]

Prashant Jain

Chairman

[DIN: 01281621]

Place: Mumbai

Date :24th June, 2021

Sanjeev Kango

Company Secretary &

Chief Financial Officer

JSW HYDRO ENERGY LIMITED
(Formerly known as Himachal Baspa Power Company Limited)
Consolidated Statement of Cash Flows for the Year ended 31st March, 2021

(₹ Crore)

Particulars		For the year ended 31st March, 2021		For the year ended 31st March, 2020	
I	CASH FLOW FROM OPERATING ACTIVITIES				
	Profit before Tax		207.98		101.90
	Adjusted for:				
	Depreciation and amortisation	443.03		433.91	
	Interest income earned on financial assets that are not designated as at FVTPL	(5.64)		(2.41)	
	Net Gain from current investments	(12.04)		(6.33)	
	Excess provision no longer required written back	(18.00)		(0.17)	
	(Gain) / Loss on sale / discard of property, plant and equipment	(0.05)		-	
	Share based payments	0.27		0.21	
	Finance costs	451.36		550.00	10.00
	Property ,Plant and equipment written off	5.11		-	
			864.04		975.21
	Operating profit before working capital changes		1072.01		1077.11
	Adjustment for movement in working capital :				
	Decrease / (Increase) in Trade and other receivables	132.37		16.19	
	Increase/ (Decrease) in Trade payables & Other Liabilities	131.38		611.01	
	Decrease / (Increase) in Current & non-current assets	(16.19)		(139.50)	
	Decrease / (Increase) in Inventories	(0.20)		(0.48)	
			247.36		487.22
	Cash generated from operations		1319.38		1564.33
	Direct taxes paid		(61.70)		(19.21)
	NET CASH GENERATED FROM OPERATING ACTIVITIES		1257.68		1545.12
II	CASH FLOW FROM INVESTING ACTIVITIES				
	Purchase of property, plant & equipment including CWIP and capital advances		(154.62)		(321.38)
	Bank deposits not considered as cash and cash equivalent		(6.30)		(1.77)
	Interest received		5.64		1.45
	Net Gain from current investments		12.04		6.33
	NET CASH USED IN INVESTING ACTIVITIES		(143.24)		(315.37)
III	CASH FLOW FROM FINANCING ACTIVITIES				
	Borrowings taken / repaid		(258.24)		(642.12)
	Payment of Lease liabilities		(1.44)		(2.96)
	Finance costs paid		(472.73)		(532.60)
	NET CASH USED IN FINANCING ACTIVITIES		(732.41)		(1,177.68)
	NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS (I+II+III)		382.03		52.07
	CASH AND CASH EQUIVALENTS - At the beginning of the Year		205.27		153.20
	CASH AND CASH EQUIVALENTS - At the end of Year		587.30		205.27
	1) Balances with Banks		115.03		1.42
	2) Cash on hand		0.05		0.01
	3) Investments in mutual funds		472.22		203.84
	Total		587.30		205.27

See accompanying notes to the consolidated financial statements

Note:

The Statement of cash flows has been prepared under the indirect method as set out in Indian Accounting standard (Ind AS 7) Statement of cash flows.

As per our attached report of even date

For Shah Gupta & Co

Chartered Accountants

Firm Registration No.: 109574W

For and on behalf of Board of Directors

Vipul K Choksi

Partner

M No. 37606

Gyan Bhadra Kumar

Whole Time Director

[DIN: 03620109]

Prashant Jain

Chairman

[DIN: 01281621]

Sanjeev Kango

Company Secretary &

Chief Financial Officer

Place: Mumbai

Date :24th June,2021

JSW HYDRO ENERGY LIMITED

(Formerly Known as Himachal Baspa Power Company Limited)

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

Note 1: General information

- a) JSW Hydro Energy Limited (Formerly Known as Himachal Baspa Power Company Limited) ("the holding company") is a public limited Company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. It is 100% subsidiary of M/s JSW Energy Limited. The registered office of the Company is located at Sholtu Colony, P.O. Tapri, Dist. Kinnaur, 172104 (HP).
- b) JSW Energy (Kutehr) Limited ("Subsidiary") is a public limited Company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. It is 100% subsidiary of the company (together the holding company and Subsidiary is referred as "the Group")
- c) The Group is primarily engaged in the business of generation and sale of power.
- d) The Group has continued its operations during lockdown due to outbreak of COVID-19 as the electricity generation is considered as one of the essential services by the Government. The Group substantial generation capacities are tied up under long term power purchase agreements, which insulates revenue of the company under such contracts. The notices of applying force majeure clause under the power supply agreements from some of the customers have been appropriately responded under legal advice that the prevailing situation is outside the ambit of force majeure clause. This position is further supported by clarification from Ministry of Power that the DISCOMS will have to comply with obligation to pay fixed capacity charges as per the power purchase agreement. Based on initial assessment, the Management does not expect any medium to long-term impact on the business of the Group. The Group has evaluated the possible effects on the carrying amounts of property, plant and equipment, inventory, loans, receivables and debt covenants basis the internal and external sources of information and determined, exercising reasonable estimates and judgements, that the carrying amounts of these assets are recoverable. Having regard to above, and the Group's liquidity position, there is no uncertainty in meeting financial obligations over the foreseeable future.

Note 2.1: Statement of compliance

- a) These consolidated financial statements have been prepared in accordance with the Indian accounting standards (referred to as "Ind AS") prescribed under section 133 of the Company Act, 2013 read with the Companies (India Accounting Standards) rules as amended from time to time.
- b) The Consolidated Financial Statements were approved for issue by the Board of Directors on 24th June, 2021

Note No. 2.2 - Applicability of new Indian Accounting Standards ('Ind AS'), amendments and interpretations:

The Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2020, has notified the following major amendments, which became applicable with effect from 1st April, 2020.

JSW HYDRO ENERGY LIMITED

(Formerly Known as Himachal Baspa Power Company Limited)

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

Amendments to Ind AS 103- Business combinations

The Group has adopted the amendments to Ind AS 103 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1st April, 2020.

The adoption of these amendments has not had any impact on the disclosures or reported amounts in these financial statements.

Amendments to Ind AS 116 – Leases

The Group has adopted the amendments to Ind AS 116 for the first time in the current year. The amendments provide practical relief, subject to certain conditions, to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to Ind AS 116. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying Ind AS 116 if the change were not a lease modification.

The adoption of this amendments has not had any impact on the disclosures or reported amounts in these financial statements.

Amendment to Ind AS 109 and Ind AS 107 – Interest Rate Benchmark Reform

These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms. The adoption of these amendments has not had material impact on the disclosures or reported amounts in these financial statements.

Amendment to Ind AS 1 and Ind AS 8 – Definition of “Material”

The Group has adopted the amendments to Ind AS 1 and Ind AS 8 for the first time in the current year. The amendments make the definition of material in Ind AS 1 easier to understand and are not intended to alter the underlying concept of materiality in Ind ASs. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

JSW HYDRO ENERGY LIMITED

(Formerly Known as Himachal Baspa Power Company Limited)

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in Ind AS 8 has been replaced by a reference to the definition of material in Ind AS 1. In addition, the MCA amended other Standards that contain the definition of 'material' or refer to the term 'material' to ensure consistency.

The adoption of these amendments did not have any material impact on its evaluation of materiality in relation to the consolidated financial statements.

New and revised Ind ASs in issue but not yet effective:

At the date of approval of these consolidated financial statements, the Group has not applied the following new and amendments to ASs that have been issued but are not yet effective.

Amendment to Ind AS:

The Ministry of Corporate Affairs (MCA) vide Notification dated 18th June, 2021 has issued new Companies (Indian Accounting Standard) Amendment Rules, 2021. These rules are applicable with immediate effect from the date of the said notification. Major amendments notified in the notification are provided below:

- (a) Ind AS 116 | Leases – The amendment extends the benefits of the COVID 19 related rent concession that were introduced in the previous year (which allowed lessees to recognize COVID 19 related rent concessions as income rather than as lease modification) from 30th June, 2021 to 30th June, 2022.
- (b) Ind AS 109 | Financial Instruments – The amendment provides a practical expedient for assessment of contractual cash flow test, which is one of the criteria for being eligible to measure a financial asset at amortized cost, for the changes in the financial assets that may arise as a result of Interest Rate Benchmark Reform. An additional temporary exception from applying hedge accounting is also added for Interest Rate Benchmark Reform.
- (c) Ind AS 101 | Presentation of Financial Statements – The amendment substitutes the item (d) mentioned in paragraph BI as 'Classification and measurement of financial instruments'. The term 'financial asset' has been replaced with 'financial instruments'.
- (d) Ind AS 102 | Share-Based Payment – The amendments to this standard are made in reference to the Conceptual Framework of Financial Reporting under Ind AS in terms of defining the term 'Equity Instrument' which shall be applicable for the annual reporting periods beginning on or after 1st April, 2021.
- (e) Ind AS 103 | Business Combinations – The amendment substitutes the definition of 'assets' and 'liabilities' in accordance with the definition given in the framework for the Preparation and Presentation of Financial Statements in accordance with Ind AS for qualifying the recognition criteria as per acquisition method.
- (f) Ind AS 104 | Insurance Contracts – The amendment covers the insertion of certain paragraphs in the standard in order to maintain consistency with IFRS 4 and also incorporates the guidance on accounting treatment for amendments due to Interest Rate Benchmark Reform.
- (g) Ind AS 105 | Non-current assets held for sale and discontinued operations – The amendment substitutes the definition of – "fair value less costs to sell" with "fair value less costs of disposal".

JSW HYDRO ENERGY LIMITED

(Formerly Known as Himachal Baspa Power Company Limited)

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

- (h) Ind AS 106 | Exploration for and evaluation of mineral resources – The amendment has been made in reference to the Conceptual Framework for Financial Reporting under Indian Accounting Standards in respect of expenditures that shall not be recognized as exploration and evaluation assets.
- (i) Ind AS 107 | Financial Instruments: Recognition, Presentation and Disclosure – The amendment clarifies the certain additional disclosures to be made on account of Interest Rate Benchmark Reform like the nature and extent of risks to which the entity is exposed arising from financial instruments subject to interest rate benchmark reform; the entity's progress in completing the transition to alternative benchmark rates, and how the entity is managing the transition.
- (j) Ind AS 111 | Joint Arrangements – In order to maintain consistency with the amendments made in Ind AS 103, respective changes have been made in Ind AS 111.
- (k) Ind AS 114 | Regulatory Deferral Accounts – The amendment clarifies that an entity may only change its accounting policies for the recognition, measurement, and impairment & derecognition of regulatory deferral account balances if the change makes the financial statements more relevant to the economic decision-making needs of users and no less reliable.
- (l) Ind AS 115 | Revenue from Contracts with Customers – Certain amendments have been made in order to maintain consistency with number of paragraphs of IFRS 15.
- (m) Ind AS 8 | Accounting Policies, Changes in Accounting Estimates and Errors – In order to maintain consistency with the amendments made in Ind AS 114 and to substitute the word 'Framework' with the 'Conceptual Framework of Financial Reporting in Ind AS', respective changes have been made in the standard.
- (n) Ind AS 16 | Property, Plant and Equipment –The amendment has been made by substituting the words "Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use" with "Recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use".
- (o) Ind AS 34 | Interim Financial Reporting –The amendments to this standard are made in reference to the conceptual framework of Financial Reporting in Ind AS.
- (p) Ind AS 37 | Provisions, Contingent Liabilities and Contingent Assets – The amendment substitutes the definition of the term 'Liability' as provided in the Conceptual Framework for Financial Reporting under Indian Accounting Standards.
- (q) Ind AS 38 | Intangible Assets – The amendment substitutes the definition of the term 'Asset' as provided in the Conceptual Framework for Financial Reporting under Indian Accounting Standards.

The Group is evaluating the impact of these amendments

II. Amendment to Schedule III of the Companies Act, 2013:

On 24th March, 2021, MCA through a notification, amended Schedule III of the Companies Act, 2013, with effect from 1st April, 2021. Key amendments relevant for the Group are:

- (a) Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- (b) Current maturities of long-term borrowings should be disclosed separately within borrowings instead of earlier disclosure requirement under Other Financial Liabilities.

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- (c) Certain additional disclosures in the statement of changes in equity due to prior period errors and restated balances at the beginning of the current reporting period.
- (d) Specified format for disclosure of shareholding of promoters.
- (e) Specified format for ageing schedule of trade receivables, trade payables, capital work-in progress and intangible asset under development.
- (f) Additional disclosures relating to Corporate Social Responsibility, undisclosed income and crypto or virtual currency.
- (g) Disclosure of specified ratios along with explanation for items included in numerator and denominator and explanation for change in any ratio is excess of 25% compared to preceding year.
- (h) If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- (i) Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel and related parties and details of benami property held.

The Group is evaluating the impact of these amendments.

Note 3: Significant accounting policies

3.1 Basis of preparation and consolidation of Consolidated Financial Statements:

- a) In accordance with the notification issued by the Ministry of Corporate Affairs, the Group is required to prepare its Financial Statements as per the Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Accounting Standards) Amendment Rules, 2016 with effect from 1st April, 2016. Accordingly, the Group has prepared these Consolidated Financial Statements which comprise the Consolidated Balance Sheet as at 31st March, 2021, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year ended 31st March, 2021, and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as "Consolidated Financial Statements").
- b) The Consolidated Financial Statements incorporate the Financial statements of the Group and Subsidiary. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group company gains control until the date when the Group ceases to control the subsidiary.
- c) The Consolidated Financial Statements of the Group company are prepared in accordance with the Indian Generally Accepted Accounting Principles (GAAP) on the accrual basis of accounting and historical cost convention except for certain material items that have been measured at fair value as required by the relevant Ind AS and explained in the ensuing policies below.

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- d) The Consolidated Financial Statements are presented in Indian Rupees ('INR') and all values are rounded to the nearest crore, except otherwise indicated.
- e) Current and non-current classification
The Group presents assets and liabilities in the balance sheet passed on current / non-current classification.

An assets is classified as current when it satisfies any of the followings criteria:

- it is expected to be realised in, or is intended for sale or consumption in, the Group's normal operating cycle, it is held primarily for the purpose of being traced:
- it is expected to be realised within 12 months after the reporting date: or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as non-current.

A liability is classified as current when it satisfies any of the followings criteria:

- it is expected to be settled in the Group's normal operating cycle:
- it is held primarily for the purpose of being traced.
- It is due to be settled within 12 months after the reporting date ;or the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Term of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current only.

3.2 Use of estimates & judgements

- a) The preparation of the Consolidated Financial Statements requires that the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the Financial Statements and the reported amounts of revenue and expenses during the reporting period. The recognition, measurement, classification or disclosure of an item or information in the Consolidated Financial Statements is made relying on these estimates.
- b) The estimates and judgements used in the preparation of the Consolidated Financial Statements are continuously evaluated by the Group and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Group believes to be reasonable under the existing circumstances. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods. The critical accounting judgements and key estimates followed by the Group for preparation of Consolidated Financial Statements is described in note 27.

3.3 Property, plant and equipment

- a) The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant

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borrowing costs for qualifying assets and any expected costs of decommissioning. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to statement of profit and loss in the period in which the costs are incurred.

- b) An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.
- c) Assets in the course of construction are capitalised in the assets under construction account. At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences.
- d) Property, plant and equipment except freehold land held for use in the production, supply or administrative purposes, are stated in the consolidated balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold or Leasehold land is stated at historical cost.

3.4 Other Intangible assets

- a) Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.
- b) Certain computer software costs are capitalized and recognized as Intangible assets based on materiality, accounting prudence and significant benefits expected to flow therefrom for a period longer than one year.
- c) An intangible assets is derecognised on disposal, or when no further economic benefits are expected from use or disposal. Gain / (loss) on de-recognition are recognized in profit or loss.

3.5 Depreciation and Amortisation

- a) Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values as per the provisions of Part B of Schedule II of the Companies Act, 2013 based on the useful life, rate and residual value notified for accounting purposes by CERC Tariff regulation 2014.
- b) Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.
- c) Assets held under Service concession arrangement are amortised over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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- d) Post 100% tie up of Karcham Wangtoo HEP from 1st April, 2018 with state discoms, the Group provided depreciation on tangible assets as per the provisions of Part B of Schedule II of the Companies Act, 2013 based on the rates, useful life and residual value notified for accounting purposes by CERC Tariff regulation 2014. Earlier the group was providing depreciation based on technical evaluation of useful life and residual value as per the provision of part A of schedule II of the Companies Act 2013.
- e) Depreciation is being calculated annually based on straight line method and at rates specified below which are as per CERC Tariff regulation 2014. Provided that the remaining depreciable value as on 31st March of the year closing after a period of twelve years from the effective date of commercial operation of the station shall be spread over the balance useful life of the assets.

Rate of depreciation are given below:

Particulars	Depreciation rate (Per Annum)
Plant & Machinery	5.28%
Lease hold Land	3.34%
Buildings	3.34%
Furniture's & Fixtures	6.33%
Vehicles	9.50%
Office equipment's	6.33%
Computer & Software	15.00%

3.6 Impairment of tangible and intangible assets

- a) At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.
- b) Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.
- c) Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.
- d) If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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- e) When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.7 Borrowing costs

- a) Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.
- b) All other borrowing costs are recognised in profit or loss in the period in which they are incurred.
- c) The Group determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets, to the extent that an entity borrows funds specifically for the purpose of obtaining a qualifying asset. In case if the Group borrows generally and uses the funds for obtaining a qualifying asset, borrowing costs eligible for capitalisation are determined by applying a capitalisation rate to the expenditures on that asset.

The Group suspends capitalisation of borrowing costs during extended periods in which it suspends active development of a qualifying asset.

3.8 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and demand deposits with an original maturity of three months or less and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

3.9 Revenue recognition

Sale of Power

The Group primarily generates revenue from contracts with customers for supply of power generated from power plants including from allocating the capacity of the plant under the long term power purchase agreements, from sale of power on merchant basis including under short term contracts

Revenue from capacity charges (other than from contracts classified as lease) under the long term power supply agreements is recognised over a period of time as the capacity of the plant is made available under the terms of the contracts. Electricity charges are recognised on supply of power under such power supply agreements. Revenue from sale of power on merchant basis is recognised when power is supplied to the customers.

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Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Interest or Surcharge on delayed payments on overdue trade receivables is recognised when significant certainty as to measurability or realisability exists.

3.10 Foreign currency transactions

The functional currency of the Group is determined on the basis of the primary economic environment in which it operates. The functional currency of the Group is Indian National Rupee (INR).

In preparing the Consolidated Financial Statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on transactions entered into in order to hedge certain foreign currency risks

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3.11 Employee benefits

The Group has following post-employment plans:

a) Defined-benefit plan - gratuity

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of defined benefit obligations at the end of the reporting period less fair value of plan assets. The defined benefit obligation is calculated annually by actuaries through actuarial valuation using the projected unit credit method.

The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- service cost comprising current service costs, past-service costs, gains and losses on curtailment and non-routine settlements
- net interest expense or income

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and fair value of plan assets. This cost is included in employee benefit expenses in the statement of the profit & loss.

Re-measurement comprising of actuarial gains and losses arising from

- (a) Re-measurement of Actuarial (gains) / losses
- (b) Return on plan assets, excluding amount recognized in effect of asset ceiling
- (c) Re-measurement arising because of change in effect of asset ceiling are recognised in the period in which they occur directly in Other comprehensive income. Re-measurement is not reclassified to profit or loss in subsequent periods.

Ind AS 19 requires the exercise of judgment in relation to various assumptions including future pay rises, inflation and discount rates and employee and pensioner demographics. The Group determines the assumptions in conjunction with its actuaries, and believes these assumptions to be in line with best practice, but the application of different assumptions could have a significant effect on the amounts reflected in the income statement, other comprehensive income and balance sheet. There may be also interdependency between some of the assumptions.

b) Defined-contribution plan – provident fund

Under defined contribution plans, provident fund, the Group pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. Defined Contribution plan comprise of contributions to the employees' provident fund set up as trust or Regional Provident Fund Commissioner and certain state plans like Employees' State Insurance. The Group's payments to the defined contribution plans are recognised as expenses during the period in which the employees perform the services that the payment covers.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

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C) Short-term and other long-term employee benefits

Short Term employee benefits:

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

Long-term employee benefits:

Compensated absences which are not expected to be availed or encashed within twelve months after the end of the period in which the employee renders the related service are recognised as a liability as at the Balance Sheet date on the basis of actuarial valuation using projected unit credit method.

3.12 Share-based payment arrangements

- a) Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.
- b) The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Statement of Profit and Loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

3.13 Taxation

- i) Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

- a) Current tax

Current tax is the amount of tax payable based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

- b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the

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accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiary, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets relate to the same taxable entity and same taxation authority.

ii) Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income-tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the statement of profit and loss. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Group will pay normal income-tax during the specified period.

iii) Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3.14 Earnings per share

Basic earnings per share is computed by dividing the profit/(loss) for the year by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for treasury shares, bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

Diluted earnings per share is computed by dividing the profit/(loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

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3.15 Provisions, contingencies and commitments

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A disclosure for contingent liabilities is made when there is

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- (b) a present obligation that arises from past events but is not recognized because:
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting period.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting the future obligations under the contract.

3.16 Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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Financial assets

(i) Initial recognition and measurement:

All financial assets are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition of financial assets, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Purchase and sale of financial assets are recognised using trade date accounting.

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instruments. Financial assets other than trade receivables are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Statement of Profit and Loss.

(ii) Subsequent measurement:

Financial assets, other than equity instruments, are subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

- (a) the entity's business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

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Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Investments in equity instruments at FVTOCI

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in profit or loss are included in the 'Other income' line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation

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eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

- a) The Group recognises a loss allowance for Expected Credit Losses (ECL) on financial assets that are measured at amortised cost and at FVOCI. The credit loss is difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. This is assessed on an individual or collective basis after considering all reasonable and supportable including that which is forward-looking.
- b) The Group's trade receivables or contract revenue receivables do not contain significant financing component and loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e. expected cash shortfall, being simplified approach for recognition of impairment loss allowance.
- c) Under simplified approach, the Group does not track changes in credit risk. Rather it recognizes impairment loss allowance based on the lifetime ECL at each reporting date right from its initial recognition. The Group uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables.
- d) The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.
- e) For financial assets other than trade receivables, the Group recognises 12-month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition. If, in a subsequent period, credit quality of the instrument improves such that there is no longer significant increase in credit risks since initial recognition, then the Group reverts to recognizing impairment loss allowance based on 12 months ECL. The impairment losses and reversals are recognised in Statement of Profit and Loss. For equity instruments and financial assets measured at FVTPL, there is no requirement for impairment testing.

Derecognition of financial assets

- a) The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither

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transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

- b) On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.
- c) On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3.17 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by an entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities

All Financial liabilities are measured at amortized cost using effective interest method or fair value through profit and loss. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

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Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Group that are designated by the Group as at fair value through profit or loss are recognised in profit or loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

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The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Reclassification of financial assets and liabilities

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in the business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

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The following table shows various reclassifications and the how they are accounted for:

Original Classification	Revised Classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in statement of profit and loss.
FVPTL	Amortised cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new gross carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new gross carrying amount. No other adjustment is required.
FCTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to statement of profit and loss at the reclassification date.

For assets and liabilities that are recognised in the Consolidated Financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained below.

Financial assets/ financial liabilities	
Fair value hierarchy	Valuation technique(s) and key input(s)
Level 1	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2	Valuation Techniques for which the lowest level input that is significant to the fair Value measurement is directly or indirectly observable.
Level 3	Valuation Techniques for which the lowest level input that is significant to the fair Value measurement is unobservable.

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3.18 Leases

- a) As per requirement of Ind AS 116 Group defines a lease as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration
- b) Accounting for arrangements that contains Finance lease

As per Ind AS 116 Group using a single lessee accounting model which requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Lease liability is initially recognised and measured at an amount equal to the present value of minimum lease payments during the lease term. Right of use asset is recognised and measured at cost, consisting of initial measurement of lease liability plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, initial estimate of the restoration costs and any initial direct costs incurred. The Group has made election for leases for which the underlying asset is of low value on lease-by-lease basis.

- c) The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments (discounted at the interest rate implicit in the lease or at the entity's incremental borrowing rate). For the purpose of impairment testing the recoverable amount (i.e. the higher of the fair value less cost to sale and the value in use) is determined on an individual assets basis unless the assets does not generate cash flows that are largely independent of does from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the assets belongs.

The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

The Group accounts for each lease component within the contract as a lease separately from non-lease components in the contract, unless it is practically expedient to do so.

All leases other than finance lease is operating Lease. Lease payments under an operating lease is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

The Group has exposure to leases which have not yet commenced contractually but to which holding company is committed and is making provision for rentals.

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3.19 Service concession arrangements

Under Appendix C to Ind AS 115 – Service Concession Arrangements (revenue from contract with customer) applies to public-to-private service concession arrangements if:

- a) the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; AND
- b) the grantor controls—through ownership, beneficial entitlement or otherwise—any significant residual interest in the infrastructure at the end of the term of the arrangement; AND
- c) Is the infrastructure constructed or acquired by the operator from a third party for the purpose of the service arrangement OR is the infrastructure existing infrastructure of the grantor to which the operator is given access for the purpose of the service arrangement?

Infrastructure used in a public-to-private service concession arrangement for its entire useful life (whole of life assets) is within the scope of this Appendix if the conditions in 'a') above are met.

These arrangements are accounted on the basis of below mentioned models depending on the nature of consideration and relevant contract law.

Financial asset model:

The Financial asset model is used when the Group, being an operator, has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. Unconditional contractual right is established when the grantor contractually guarantees to pay the operator:

- (a) specific or determinable amount;
- (b) the shortfall, if any, between amounts received from the users of the public services and specified or determinable amounts.

Intangible asset model:

The intangible asset model is used to the extent that the Group, being an operator, receives a right (a license) to charge users of the public service. A right to charge users of a public services is not an unconditional right to receive cash because the amounts are contingent on to the extent that public uses the services. Both type of arrangements may exist within a single contract to the extent that the grantor has given an unconditional guarantee of payment for the construction and the operation i.e. considered as a Financial asset and to the extent that the operator has to rely on the public using the service in order to obtain payment, the operation has an intangible asset. If the Group (being an operator) performs more than one service (i.e., construction or upgrade services and operation services) under a single contract or arrangement, consideration received or receivable is allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

The Group manages concession arrangements which include power supply from one of its hydro power plant. The Group maintains and services the infrastructure during the concession period. These concession arrangements set out rights and obligations related to the infrastructure and the services to be provided.

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The right to consideration gives rise to an intangible asset and financial receivable and accordingly, both the intangible asset and financial receivable models are applied.

Income from the concession arrangements earned under the intangible asset model consists of the (i) Fair Value of the contract revenue, which is deemed to be fair value of consideration transferred to acquire the asset; and (ii) payments actually received from the users. The intangible asset is amortized over its expected useful life in a way that reflects the pattern in which the asset's economic benefits are consumed by the Group, starting from the date when the right to operate starts to be used. Based on these principles, the intangible asset is amortized in line with the actual usage of the specific public facility, with a maximum of the duration of the concession.

Financial receivable is recorded at a fair value of guaranteed residual value to be received at the end of the concession period. This receivable is subsequently measured at amortised cost.

Any asset carried under concession arrangements is derecognised on disposal or when no future economic benefits are expected from its future use or disposal or when the contractual rights to the financial asset expire.

3.20 Inventories

Cost of inventories includes cost of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Inventories of stores, spare parts, fuel and loose tools are stated at the lower of weighted average cost and net realizable value. Net realisable value represents the estimated selling price for inventories in the ordinary course of business less all estimated costs of completion and estimated costs necessary to make the sale.

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Note 4. Property, plant & equipment

(₹ Crore)

Description of Assets	Land - Freehold	Land - Leasehold	Buildings	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Right of Use Assets	Total
I. Gross carrying value									
Balance as at 1st April, 2020	89.14	-	33.73	7,510.88	5.07	1.34	3.64	34.35	7,678.15
Additions	0.29	-	1.99	33.76	0.84	0.11	0.66	0.05	37.70
Disposals/Discard	(0.03)	-	(0.71)	-	-	-	(0.01)	-	(0.75)
Balance as at 31st March, 2021	89.40	-	35.01	7,544.64	5.91	1.45	4.29	34.40	7,715.10
II. Accumulated depreciation and impairment for the year 2020-21									
Balance as at 1st April, 2020	-	-	4.17	1,312.09	3.62	0.29	1.55	1.41	1,323.13
Depreciation expense for the year	-	-	1.11	406.28	0.36	0.09	0.33	1.41	409.58
Eliminated on Disposals/discards	-	-	(0.09)	-	-	-	(0.00)	-	(0.09)
Balance as at 31st March, 2021	-	-	5.19	1,718.37	3.98	0.38	1.88	2.82	1,732.62
Net carrying value as at 31st March, 2021 (I-II)	89.40	-	29.82	5,826.27	1.93	1.07	2.41	31.58	5,982.48

(₹ Crore)

Asstes Description	Land - Freehold	Land - Leasehold	Buildings	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Right of Use Assets	Total
I. Gross carrying value									
Balance as at 1st April, 2019	77.40	8.77	33.73	7,509.95	4.39	1.21	3.67	-	7,639.12
Additions	11.74	-	-	0.93	0.68	0.13	0.21	34.35	48.04
Disposals/Discard	-	(8.77)	-	-	-	-	(0.24)	-	(9.01)
Balance as at 31st March, 2020	89.14	-	33.73	7,510.88	5.07	1.34	3.64	34.35	7,678.15
II. Accumulated depreciation and impairment for the year 2019-20									
Balance as at 1st April, 2019	-	1.23	3.05	915.00	3.14	0.20	1.40	-	924.02
Additions	-	-	1.12	397.09	0.48	0.09	0.29	1.41	400.48
Eliminated on Disposals/discards	-	(1.23)	-	-	-	-	(0.14)	-	(1.37)
Balance as at 31st March, 2020	-	-	4.17	1,312.09	3.62	0.29	1.55	1.41	1,323.13
Net carrying value as at 31st March, 2020 (I-II)	89.14	-	29.56	6,198.79	1.45	1.05	2.09	32.94	6,355.02

Note:

- a) Refer note 15 for the details in respect of certain property , plant and equipment hypothecated/mortgaged as security against borrowing
b) The right-of-use assets related to land refer to Note 36

Note 5. Capital work in progress

Capital work in progress & pre operative expenditure during construction period (pending allocation) relating to property, plant & equipment

(₹ Crore)

Balance as at 31st March, 2020	285.71
Balance as at 31st March, 2021	401.54

Footnote:

- 1) Amount transferred to property plant and equipment during the year ₹ 3.63 crore (for the year ended 31st March 2020: ₹ 14.48 Crore)

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Note 6. Intangible assets

(₹ Crore)

Description of Assets	Computer Software	Service Concession Arrangement Intangibles	Total
At Cost/deemed cost			
I. Gross Carrying Value			
Balance as at 1st April, 2020	1.42	935.82	937.24
Disposals or classified as held for sale	-	(5.07)	(5.07)
Additions	-	1.20	1.20
Balance as at 31st March, 2021	1.42	931.95	933.37
II. Accumulated amortisation and impairment for the year 2020-21			
Balance as at 1st April, 2020	0.42	152.48	152.90
Amortisation expense for the year	0.19	33.26	33.45
Eliminated on disposal of assets	-	(0.55)	(0.55)
Balance as at 31st March, 2021	0.61	185.19	185.80
Net carrying value as at 31st March, 2021 (I-II)	0.81	746.76	747.57

(₹ Crore)

Description of Assets	Computer Software	Service Concession Arrangement intangibles	Total
At Cost/deemed cost			
I. Gross Carrying Value			
Balance as at 1st April, 2019	1.03	932.74	933.77
Additions	0.39	3.08	3.47
Balance as at 31st March, 2020	1.42	935.82	937.24
II. Accumulated amortisation and impairment for the year 2019-20			
Balance as at 1st April, 2019	0.26	119.17	119.43
Amortisation expense for the year	0.16	33.31	33.47
Balance as at 31st March, 2020	0.42	152.48	152.90
Net carrying value as at 31st March, 2020 (I-II)	1.00	783.34	784.34

Refer Note 31 for Service concession arrangement

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Note 7. Other financial assets

(₹ Crore)

Particulars	As at 31st March, 2021			As at 31st March, 2020		
	Current	Non- Current	Total	Current	Non- Current	Total
(a) Service concession receivable *	51.53	119.83	171.36	45.45	171.35	216.80
(b) Security Deposits	-	-	-	-	-	-
- Government/Semi-Government Authorities	-	0.96	0.96	-	0.49	0.49
- Others	-	0.10	0.10	-	0.10	0.10
	-	1.06	1.06	-	0.59	0.59
(c) Revenue Receivable						
- Unbilled revenue	75.51	-	75.51	129.51	-	129.51
- Interest accrued on deposits	0.98	-	0.98	-	-	-
Sub Total	76.49	-	76.49	129.51	-	129.51
(d) Other bank balances						
-Bank Deposits with Original maturity more than Twelve Months	-	0.02	0.02	-	-	-
-Fixed deposits / Margin money for security	-	-	-	-	2.01	2.01
	-	0.02	0.02	-	2.01	2.01
Total	128.02	120.91	248.93	174.96	173.95	348.91

*Refer Note 31

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Note 7A. Income Tax (net)**(₹ Crore)**

Particulars	As at 31st March,2021		As at 31st March,2020	
	Current	Non-current	Current	Non-current
Advance Tax and deducted at sources (Net of provision for Tax)	-	36.53	-	34.05
		36.53		34.05

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Note 8. Other non-current and current assets

(₹ Crore)

Particulars	As at 31st March, 2021			As at 31st March, 2020		
	Current	Non- Current	Total	Current	Non- Current	Total
(a) Capital Advances	-	143.52	143.52	-	24.38	24.38
Less: provision for doubtful advance	-	(4.80)	(4.80)	-	(4.80)	(4.80)
(b) Prepayments	30.89	0.34	31.23	9.46	0.50	9.96
(c) Deposit with Government/Semi Government *	-	25.00	25.00	-	25.00	25.00
(d) Entry tax receivable	-	-	-	19.88	-	19.88
(e) GST Input Tax	0.10	-	0.10	-	-	-
(f) Advances to Vendor	2.55	-	2.55	2.91	-	2.91
(g) Others	0.01	-	0.01	0.96	-	0.96
Total	33.55	164.06	197.61	33.21	45.08	78.29

*Refer Note 39

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Note 9. Inventories

(₹ Crore)

Particulars	As at 31st March, 2021	As at 31st March, 2020
(a) Stores and spares	11.54	11.46
(b) Others	0.12	-
Total	11.66	11.46

Cost of inventories recognised as expense

Particulars	As at 31st March, 2021	As at 31st March, 2020
(a) Stores and spares	20.83	18.58
(b) Others	0.49	-
Total	21.32	18.58

Basis of valuation: Refer note 3.20 (Inventories)

Refer Note 15 for Inventories hypothecated as security against certain bank borrowings.

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Notes to the Consolidated financial statements as at and for the year ended 31st March, 2021

Note 10. Investments

(₹ Crore)

Particulars	As at 31st March, 2021			As at 31st March, 2020		
	Current	Non- Current	Total	Current	Non- Current	Total
Investments carried at fair value through Profit and Loss						
Investment in mutual funds						
i) Aditya Birla Sunlife Liquid Growth	272.10	-	272.10	4.25	-	4.25
ii) HDFC Liquid Fund Regular Growth	-	-	-	23.31	-	23.31
iii) SBI premier Liquid Fund- Regular plan - Growth	200.12	-	200.12	-	-	-
iv) Aditya Birla Sunlife Overnight Regular Growth	-	-	-	84.40	-	84.40
v) Kotak Overnight Fund Growth	-	-	-	34.15	-	34.15
vi) HDFC Overnight Fund	-	-	-	57.73	-	57.73
Total	472.22	-	472.22	203.84	-	203.84

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Notes to the Consolidated financial statements as at and for the year ended 31st March, 2021

Note 11. Trade receivables

(₹ Crore)

Particulars	As at 31st March, 2021			As at 31st March, 2020		
	Current	Non- Current	Total	Current	Non- Current	Total
(i) Trade Receivables considered good - Secured;	48.99	-	48.99	156.59	-	156.59
(ii) Trade Receivables considered good - Unsecured;	2.27	-	2.27	27.38	-	27.38
	51.26	-	51.26	183.97	-	183.97
Unsecured, Credit impaired	-	-	-	-	-	-
Less: Loss allowance for doubtful receivables	-	-	-	-	-	-
Total	51.26	-	51.26	183.97	-	183.97

The credit period allowed to customers is 60 days in Karcham plant and 30 days in Baspa plant. Current applicable interest rate is 15% and 15.90% per annum respectively for Karcham and Baspa plants as per their respective agreements.

Refer Note 15 for trade receivables hypothecated as security for borrowings.

Refer Note 30 for credit terms, ageing analysis and other relevant details related to trade receivables.

JSW HYDRO ENERGY LIMITED**(Formerly known as Himachal Baspa Power Company Limited)**

Notes to the Consolidated financial statements as at and for the year ended 31st March, 2021

Note 12. Cash and cash equivalents and other bank balances**(₹ Crore)**

Particulars	As at 31st March, 2021	As at 31st March, 2020
Cash and cash equivalents		
(a) Balances with banks		
-In Current accounts	115.03	1.42
(b) Cash on hand	0.05	0.01
Total	115.08	1.43

Particulars	As at 31st March, 2021	As at 31st March, 2020
Bank balances other than above		
(a) Balances with banks		
-In deposit accounts (maturity more than 3 months at Inception)	40.14	-
(b) Earmarked balances with banks		
-Margin money for Security / Entry Tax	0.01	31.85
Total	40.15	31.85

JSW HYDRO ENERGY LIMITED
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Notes to the Consolidated financial statements as at and for the year ended 31st March, 2021

Note 13. Equity share capital

(₹ Crore)

Particulars		As at 31st March, 2021		As at 31st March, 2020	
		No. of shares	Amount	No. of shares	Amount
Authorised:					
Equity shares of ₹ 10 each with voting rights		1,250,050,000	1,250.05	1,250,050,000	1,250.05
Issued, Subscribed and Fully Paid:					
Equity shares of ₹ 10 each with voting rights		1,250,050,000	1,250.05	1,250,050,000	1,250.05
		1,250,050,000	1,250.05	1,250,050,000	1,250.05
a) Reconciliation of the number of shares outstanding at the beginning and end of the Year:					
Particulars		As at 31st March, 2021		As at 31st March, 2020	
		No. of Shares		No. of Shares	
Balance as at the beginning of the year		1,250,050,000		1,250,050,000	
Issued during the year		-		-	
Balance as at the end of the Period		1,250,050,000		1,250,050,000	
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.					
(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) Details of shareholding more than 5% shares in the company are set out below :					
Particulars		No. of Shares		No. of Shares	
1	JSW Energy Limited & its nominees	1,250,050,000		1,250,050,000	
		100%		100%	

JSW HYDRO ENERGY LIMITED**(Formerly known as Himachal Baspa Power Company Limited)**

Notes to the Consolidated financial statements as at and for the year ended 31st March, 2021

Note 14. Other Equity**(₹ Crore)**

Particulars	As at 31st March, 2021	As at 31st March, 2020
Equity-settled employee benefits reserve	0.72	0.45
Capital Reserve	2.50	2.50
Retained earnings	573.67	424.99
Capital contribution by parent company	156.14	156.14
Total comprehensive income	733.03	584.08

Notes:**(1) Equity -settled employee benefit reserve**

The Company offers ESOP under which options to subscribe for the Company's share have been granted to certain employees and senior management. The share based payment reserve used to recognise the value of equity settled share based payments provided as part of the ESOP scheme.

(2) Capital Reserve

This reserve is created on acquisition of control in JSW Energy (Kutehr) Limited from JSW Energy Limited .

(3) Retained earnings

Retained earnings comprises balance of accumulated (undistributed) profit and loss at each year end.

(4) Capital contribution by parent company

Waiver of interest by the parent company, JSW Energy Limited (JSWEL) on the debenture issued by the company to JSWEL is considered as the ' Capital contribution by parent company' as per the provisions of Ind AS.

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Notes to the Consolidated financial statements as at and for the year ended 31st March, 2021

Note 15. Borrowings

(₹ Crore)

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Current	Non-Current	Current	Non-Current
Borrowings at amortised cost				
Secured Borrowings:				
(i) Term loans				
From Banks *	306.74	4,865.40	288.24	5,172.13
	306.74	4,865.40	288.24	5,172.13
Less: Unamortised Borrowing Cost	4.52	27.32	4.79	31.83
Less: Current Maturities of Long term debt	302.22	-	283.45	-
(included in note no 16)				
	-	4,838.08	-	5,140.30
(ii) Short Term Borrowings(WCDL) from Bank**	30.00			
Total	30.00	4,838.08	-	5,140.30

(i) Term of Repayment of Rupee Term Loans :

Particulars	As at 31st March, 2021	As at 31st March, 2020
From Banks :		
> 1 Year	306.74	288.24
2 - 3 Years	684.73	639.93
4 - 5 Years	309.39	501.51
6 - 10 Years	3,871.28	834.20
Above 10 Year	-	3,196.49
Unamortised upfront fees on borrowings	(31.84)	(36.62)
Current maturities of long-term debt	(302.22)	(283.45)
Total Borrowings from Banks	4,838.08	5,140.31

Reconciliation of the borrowings outstanding at the beginning and end of the year:

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balance as at the beginning of the year(including current maturities)	5,423.75	6060.83
Cash flows (repayment)/proceeds	(258.24)	(642.12)
Non Cash Changes		
Amortised borrowings cost	4.79	5.04
Balance as at the end of the year (including current maturities)	5,170.30	5,423.75

(ii) Details of Security :

Rupee term loan aggregating to ₹ 4,789.78 (Previous Year : ₹ 5,034.52) are secured on a pari passu basis by first ranking charge by way of legal mortgage on immovable property and first ranking charge by way of hypothecation of movable assets of Karcham-Wangtoo HEP (both present and future) situated at Kinnaur Dist., Himachal Pradesh.

Rupee term loan aggregating to ₹ 382.35 (Previous Year : ₹ 425.85) are secured on a pari passu basis by first charge on immovable and movable assets of Baspa II HEP (both present and future) project of the Company situated at Kinnaur Dist., Himachal Pradesh.

* The Company opted to avail moratorium for term loans on payment of all installments (principal and interest component) falling due between 1st March, 2020 to 31st May, 2020, from respective banks on account of Covid 19 under the RBI guidelines, and accordingly, principal and interest accrued as on 31st March, 2020 was paid during the year ended 31st March, 2021.

* The Company has raised ₹ 5,162.87 crore [US\$ 707 million] on 18th May, 2021, by issuing of US\$ denominated senior secured "Green Bonds" (also referred as the notes) pursuant to Rule 144A of the U.S. Securities Act, 1933, as amended, and applicable Indian regulations, for the repayment of its existing green project related rupee-denominated indebtedness. The notes are listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

** Short term loan (WCDL) aggregating to Rs.30.00 crore is secured by way of pari-passu first ranking charge on all movable and immovable assets of the company.

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Notes to the Consolidated financial statements as at and for the year ended 31st March, 2021

Note 16. Other financial liabilities

(₹ Crore)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Non-Current		
(a) Deposits received	0.02	0.02
(b) Lease Liabilities **	26.25	26.52
(c) Other payable	425.95	168.26
	452.22	194.80
Current		
(a) Current maturities of long-term debt*	302.22	283.45
(b) Interest accrued but not due on borrowings	21.76	43.13
(c) Lease Liabilities **	0.28	0.17
(d) Payable for capital supplies/services	140.03	279.21
(e) Other payable	499.72	459.59
	964.01	1,065.55
Total	1,416.23	1,260.35

Particulars	As at 31st March, 2021	As at 31st March, 2020
Opening Lease liabilities as per Ind AS 116	26.69	26.82
Add: Interest Expense on Lease liabilities	2.40	2.41
Less: Cash Outflow	2.56	2.53
Balance as at the end of the Year	26.53	26.69

* Refer Note 15 for the details of borrowings repayment terms and security charge.

** Refer Note 36

JSW HYDRO ENERGY LIMITED
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Notes to the Consolidated financial statements as at and for the year ended 31st March, 2021

Note 17. Provisions

(₹ Crore)

Particulars	As at 31st March, 2021			As at 31st March, 2020		
	Current	Non- Current	Total	Current	Non- Current	Total
Provision for employee benefits						
(i) Provision for gratuity*	1.17	3.47	4.64	1.17	2.54	3.71
(ii) Provision for compensated absence*	0.57	3.51	4.08	0.22	2.14	2.36
Total	1.74	6.98	8.72	1.39	4.68	6.07

* Refer Note 34 (Employee benefit plans)

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Notes to the Consolidated financial statements as at and for the year ended 31st March, 2021

Note 18. Trade payables

(₹ Crore)

Particulars	As at 31st March, 2021			As at 31st March, 2020		
	Current	Non- Current	Total	Current	Non- Current	Total
Trade Payables*						
(a) Total outstanding dues of micro and small enterprises**	3.41	-	3.41	0.55	-	0.55
(b) Total outstanding dues of creditors other than above (a)	22.56	-	22.56	74.58	-	74.58
Total	25.97	-	25.97	75.13	-	75.13

* Trade payables are normally settled within 30 days.

** Refer Note 41 (Disclosure under Micro, Small and Medium Enterprises Development Act)

JSW HYDRO ENERGY LIMITED**(Formerly known as Himachal Baspa Power Company Limited)**

Notes to the Consolidated financial statements as at and for the year ended 31st March, 2021

Note 19. Other current liabilities**(₹ Crore)**

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Current	Total	Current	Total
(a) Advances received from customers	1.04	1.04	-	-
(b) Employee recoveries and employer contributions	0.52	0.52	0.41	0.41
(c) Statutory dues	1.39	1.39	2.48	2.48
Total	2.95	2.95	2.89	2.89

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Notes to the Consolidated financial statements as at and for the year ended 31st March, 2021

Note 20. Revenue from operations

(₹ Crore)

Particulars	For the year Ended 31st March, 2021	For the year Ended 31st March, 2020
Disaggregation of revenue from contract with customers:		
(1) Sale of power (Own generation)	1197.83	1,236.00
Total revenue from contract with customers (A)	1,197.83	1,236.00
(2) Income from service concession arrangement	24.79	27.69
Income from service concession arrangement (B)	24.79	27.69
Total (A) + (B)	1,222.62	1,263.69

(a) Details of revenue from contract with Customer

Particulars	For the year Ended 31st March, 2021	For the year Ended 31st March, 2020
Total Revenue from contract with customers as above	1,197.83	1,236.00
Add: Rebate on prompt payment	21.44	9.79
Less: Incentive	94.23	78.21
Total Revenue from contract with customers as per contracted price	1,125.04	1,167.58

*The Company primarily generates revenue from contracts with customers for supply of power generated from power plants from allocating the capacity of the plant under the long term power purchase agreements.

Revenue from capacity charges (other than from contracts classified as lease and service concession arrangements) under the long term power supply agreements is recognised over a period of time as the capacity of the plant is made available under the terms of the contracts. Electricity charges are recognised on supply of power under such power supply agreements. Revenue from sale of power on merchant basis is recognised when power is supplied to the customers.

Significant changes in the contract liability balance during the year are as follows:

Particulars	For the year Ended 31st March, 2021	For the year Ended 31st March, 2020
Opening Balance	-	-
Less: Revenue recognised during the year from balance at the beginning of the year	-	-
Add: Advance received during the year not recognized as revenue	1.04	-
Closing Balance	1.04	-

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Notes to the Consolidated financial statements as at and for the year ended 31st March, 2021

Note 21. Other income

(₹ Crore)

Particulars	For the year Ended 31st March, 2021	For the year Ended 31st March, 2020
a) Interest Income earned on financial assets that are not designated as at FVTPL		
i On Bank deposits	2.18	2.40
ii Other Financial Assets	3.46	0.01
b) Other non-operating income		
i Net Gain on sale of current investments designated as at FVTPL	12.04	6.33
ii Net Gain on disposal of property, plant and equipment	0.05	0.01
iii Net gain on foreign currency transaction *	-	0.00
iv Domestic Scrap Sales	0.17	0.01
v Sale of Carbon credit	2.09	2.07
vi Provision no longer required written back	18.00	0.17
vii Miscellaneous income	0.86	0.58
Total	38.85	11.58

* Less than 50,000

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Notes to the Consolidated financial statements as at and for the year ended 31st March, 2021

Note 22. Employee benefits expense**(₹ Crore)**

Particulars	For the year Ended 31st March, 2021	For the year Ended 31st March, 2020
(a) Salaries and wages	48.28	45.55
(b) Contribution to provident and other funds *	3.31	3.63
(c) Share based payment **	0.27	0.30
(d) Staff welfare expenses	2.72	1.95
Total	54.58	51.43

* Refer note 34 (Employee benefit plans) for the details of defined benefit plan and defined contribution plan of the Company.

** Refer note 35 (Employee share base payment plan)for the details of share base payment

JSW HYDRO ENERGY LIMITED**(Formerly known as Himachal Baspa Power Company Limited)**

Notes to the Consolidated financial statements as at and for the year ended 31st March, 2021

Note 23. Finance costs**(₹ Crore)**

Particulars	For the year Ended 31st March, 2021	For the year Ended 31st March, 2020
(a) Interest expense		
i Interest on Debentures	-	23.18
ii Interest on Term Loan	440.80	515.02
iii Interest on cash credit	0.08	0.05
(b) Unwinding of interest on Financial liabilities carried at Amortised cost	4.61	4.61
(c) Other borrowing costs	3.47	4.73
(d) Interest on lease liabilities	2.40	2.41
Total	451.36	550.00

JSW HYDRO ENERGY LIMITED**(Formerly known as Himachal Baspa Power Company Limited)**

Notes to the Consolidated financial statements as at and for the year ended 31st March, 2021

Note 24. Depreciation and amortisation expense**(₹ Crore)**

Particulars	For the year Ended 31st March, 2021	For the year Ended 31st March, 2020
(a) Depreciation on property, plant and equipment	409.58	400.44
(b) Amortization on Intangible assets	33.45	33.47
Total	443.03	433.91

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Notes to the Consolidated financial statements as at and for the year ended 31st March, 2021

Note 25. Other expenses

(₹ Crore)

Particulars	For the year Ended 31st March, 2021	For the year Ended 31st March, 2020
(a) Stores and spares consumed	20.83	18.58
(b) Power & Water	4.54	4.81
(c) Rent including lease rentals	2.06	2.15
(d) Repairs and maintenance	30.83	42.82
(e) Royalty	0.06	0.04
(f) Rates and taxes	0.47	0.48
(g) Insurance	20.57	19.43
(h) Net loss / (gain) on foreign currency transactions net off **	0.00	(0.00)
(i) Legal and other professional charges	4.56	2.67
(j) Travelling Expenses	0.65	1.51
(k) Donation	0.05	5.00
(l) Corporate Social Responsibility Expenses*	3.00	3.45
(m) Open Access Charges	0.06	0.07
(n) Other General Expenses	4.90	5.38
(o) Provision for doubtful debts	-	18.89
(p) Provision for doubtful advance	-	4.80
(q) Safety and Security	1.21	1.24
(r) Branding Expenses	3.60	3.72
(s) Shared Service Charges	2.02	2.99
(t) Property ,Plant and equipment written off	5.11	-
Total	104.52	138.03

* Refer note 37 Details of Corporate Social Responsibility (CSR) expenditure

** Less than 50,000.

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Note 26. Tax expense

(₹ Crore)

Particulars	For the year Ended 31st March, 2021	For the year Ended 31st March, 2020
Current Tax	59.22	18.39
Deferred tax	(40.72)	(45.72)
Minimum Alternate Tax (MAT) credit availed	2.58	30.30
Deferred tax (recoverable)/adjustable in future tariff	38.14	15.42
Total	59.22	18.39

A reconciliation of income tax expenses applicable to accounting profit / (loss) before tax at the statutory income tax rate to recognised income tax expenses for the year indicated are as follows:

(₹ Crore)

Particulars	For the year Ended 31st March, 2021	For the year Ended 31st March, 2020
Profit before tax	207.98	101.90
Enacted tax rate	34.94%	34.94%
Expected tax expense at statutory tax rate	72.67	37.32
Tax effect due to tax holiday	(68.26)	(48.06)
Effect due to non deductible expenses	1.17	4.51
Deferred tax / tax credit recognised from earlier year	(0.63)	-
Effect of taxes (recoverable)/payable in future tariff	38.14	15.42
Impact due to reduced rate of tax during the year	15.82	15.32
Impact due to reduced rate of tax on opening	-	(6.22)
Others	0.27	0.10
OCI Tax	0.04	-
Tax expenses for the year	59.22	18.39

Deferred tax assets / (liabilities)

Significant components of deferred tax assets / (liabilities) ,deductible temporary differences and unused tax losses recognised in the Consolidated Financial Statements are follows:

(₹ Crore)

Particulars	As at 31st March,2020	Recognised / (reversed) through profit or loss/ OCI / equity	As at 31st March,2021
Property plant & equipment	25.42	52.25	77.67
MAT credit	2.58	(2.58)	-
Recoverable / (payable) in future tariff	(25.93)	(38.14)	(64.07)
Others	(2.07)	(11.53)	(13.60)
Total	-	-	-

(₹ Crore)

Particulars	As at 31 st March,2019	Recognised / (reversed) through profit or loss/ OCI / equity	As at 31st March,2020
Property plant & equipment	(25.34)	50.76	25.42
MAT credit	32.88	(30.30)	2.58
Recoverable / (payable) in future tariff	(10.51)	(15.42)	(25.93)
Others	2.97	(5.04)	(2.07)
Total	-	-	-

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Notes to Consolidated Financial Statements for the year ended 31st March, 2021

Note 27. Critical accounting judgements and key sources of estimation uncertainty

In the course of applying the policies outlined in all notes under section 3 above, the Group is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period, if the revision affects current and future periods.

Critical judgements in applying accounting policies**Service concession arrangements**

The Management has assessed applicability of Appendix C of Ind AS 115: Service Concession Arrangements (revenue from contract with customer) with respect to its power plant and transmission assets portfolio. In assessing the applicability, they have exercised significant judgment in relation to the underlying ownership of the assets, terms of implementation agreements and power purchase agreements entered with the grantor, ability to determine prices, useful lives of the assets, assessment of right to guaranteed cash etc. Based on detailed evaluation, the Management has determined that arrangement in relation to the Group's Baspa power plant (300 MW) meets the criterion for recognition as service concession arrangements.

Revenue recognition

- a) In case of BASPA, revenue from sale of power is accounted for on the basis of billing to Himachal Pradesh State Electricity Board Limited (HPSEBL) as per Tariff approved by Himachal Pradesh Electricity Regulatory Commission (HPERC) in accordance with the provisions of the Long Term Power Purchase Agreement (LTPPA) dated 4th June, 1997. Amendment No. 1 dated 7th January, 1998 executed between the Group and HPSEBL.
- b) In case of KARCHAM Wangtoo , revenue from sale of power is accounted as under :
 - i) The long term PPA sales are accounted on the basis of applicable CERC regulations and respective Tariff orders/ Tariff petition as filled with Central Electricity Regulatory Commission for determining the tariff of Karcham Wangtoo plant
 - ii) Sale of power under Short Term through the Power Exchange is accounted for on the basis of billing as per the agreed rate.

Evaluation of arrangements to determine whether it contains lease arrangements:

The management has critically evaluated the terms of the contract (including by obtaining independent legal advice) with respect to Karcham Wangtoo Hydro Plant to determine whether the contract is, in substance, with a customer or with multiple state electricity utility companies, and the customer is merely acting as an intermediary/facilitator. Based on such evaluation, it was concluded that the arrangement is not in the nature of lease in terms of Ind AS 116.

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Key sources of estimation uncertainties

Impairment of property plant and equipment

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on anticipated commodity prices, market demand and supply, economic and regulatory environment, discount rates and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact the carrying value of assets.

Provisions and contingent liabilities

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Group. Potential liabilities that are possible but not probable of crystallising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognised. Potential liabilities that are remote are neither recognised nor disclosed as contingent liability. The management decides whether the matters needs to be classified as 'remote,' 'possible' or 'probable' based on expert advice, past judgements, terms of the contract, regulatory provisions etc.

Fair value measurements

When the fair values of financial assets or financial liabilities recorded or disclosed in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility.

Defined benefit plans

The cost of defined benefit plan and other post-employment benefits and the present value of such obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual development in the future. These include the determination of the discount rate, future salary escalations and mortality rates etc. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Tax

The Group is subject to tax, principally in India. The amount of tax payable in respect of any period is dependent upon the interpretation of the relevant tax rules. Whilst an assessment must be made of deferred tax position of the entity, these matters are inherently uncertain until the position of the entity is agreed with the relevant tax authorities.

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Notes to Consolidated Financial Statements for the year ended 31st March, 2021**Note 28. Financial Instruments:****(a) Financial Instruments by category****(₹ Crore)**

As at 31st March, 2021	Carrying amount	Fair value	Level 1	Level 2	Level 3
<u>Financial assets</u>					
Financial assets carried at fair value through profit or loss (FVTPL)					
Investment in mutual fund units	472.22	472.22	-	472.22	-
Financial assets carried at amortised cost					
Security deposits	1.06	1.06	-	-	1.06
Trade receivables #	51.26	51.26	-	-	-
Receivables-Service concession agreement	171.36	185.50	-	-	185.50
Cash and cash equivalents and other bank balances #	155.25	155.25	-	-	-
Unbilled revenue	75.51	75.51	-	-	-
Interest Receivable	0.98	0.98			
Total Financial assets	927.64	941.78	-	472.22	186.56
<u>Financial liabilities</u>					
Financial Liabilities carried at amortised cost					
Borrowings	5,140.30	5,140.30	-	-	5,140.30
Short term Borrowings (WCDL)	30.00	30.00			30.00
Rent and Other Deposits #	0.02	0.02	-	-	-
Trade Payables #	25.97	25.97	-	-	-
Payable for capital projects#	140.03	140.03	-	-	-
Other payable#	925.67	925.67	-	-	-
Lease Liability	26.53	26.53	-	-	26.53
Interest accrued but not due on borrowings	21.76	21.76	-	-	-
Total Financial liabilities	6,310.28	6,310.28	-	-	5,196.83

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(₹ Crore)

As at 31 st March, 2020	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Financial assets carried at fair value through profit or loss (FVTPL)					
Investment in mutual fund units	203.84	203.84	-	203.84	-
Financial assets carried at amortised cost					
Security deposits	0.59	0.59	-	-	0.59
Trade receivables #	308.15	308.15	-	-	-
Receivables-Service concession agreement	216.80	236.96	-	-	236.96
Cash and cash equivalents and other bank balances #	35.29	35.29	-	-	-
Unbilled revenue	5.33	5.33			
Total Financial assets	770.00	790.16	-	203.84	237.55
Financial liabilities					
Financial Liabilities carried at amortised cost					
Borrowings	5,423.75	5,423.75	-	-	5,423.75
Rent and Other Deposits #	0.02	0.02	-	-	-
Trade Payables #	75.13	75.13	-	-	-
Payable for capital projects#	279.21	279.21	-	-	-
Other payable#	670.98	670.98			
Lease Liability	26.69	26.69			26.69
Total Financial liabilities	6,475.78	6,475.78	-	-	5,450.44

#The carrying amounts of ancillary borrowing cost, trade receivables, unbilled revenue, other receivables, trade payables, capital creditors, cash and cash equivalents and other bank balances, rent and other deposits are considered to be the same as their fair values, due to their short term nature. The fair values of the financial assets and financial liabilities included in the level 2 are based on NAV and in level 3 based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

ii) Fair Value Hierarchy:

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are

(a) recognised and measured at fair value and

(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

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To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into three levels prescribed under the accounting standard.

Financial assets and liabilities measured at fair value

The carrying amount of investment in unquoted equity instrument measured at fair value (which are not disclosed below) is considered to be the same as it's fair values.

Particulars	As at s1st Marc,2021	As at 31st March,2020	Level	Valuation Technique
Financial assets				
Investment in mutual fund units	472.22	203.84	2	Cost is considered as per NAV as on 31 st March,2021/31 st March,2020

Fair value of financial assets and liabilities measured at amortised cost

The carrying amount of current investments, Trade Receivable, Unbilled revenue, Trade Payable, Capital Creditors, Cash & Cash Equivalents, other bank balances, Other Financial assets and other financial liabilities (Other than those specifically disclosed) are to be considered to be the same as fair values, due to their short term nature.

Particulars	As at s1st March,2021		As at 31st March,2020		Level	Valuation Technique
	Carrying Value	Fair Value	Carrying Value	Fair Value		
Financial assets						
Service Concession receivable	171.36	185.50	216.80	236.96	3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.
Security deposits	1.06	1.06	0.59	0.59	3	
	172.42	186.56	217.39	237.55		
Financial Liabilities						
Borrowings (Long Term)	5140.30	5140.30	5,423.75	5,423.75	3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.
Lease Liability	26.53	26.53	26.69	26.69	3	
	5,166.83	5,166.83	5,450.44	5,450.44		

Financial risk management objectives

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the

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Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilizing forward foreign exchange contracts and currency options.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are **NIL**.

Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The following table provides a break-up of the Group's fixed and floating rate borrowings:
(₹ Crore)

As at March,2021	Net Balance	Unamortised Transaction Cost	Gross Balance
Floating rate borrowings	5,170.30	31.84	5,202.14
Total	5,170.30	31.84	5,202.14

As at March,2020	Net Balance	Unamortised Transaction Cost	Gross Balance
Floating rate borrowings	5,423.75	36.62	5,460.37
Total	5,423.75	36.62	5,460.37

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit (PBT) for the year ended 31st March, 2021 would decrease/increase by ₹ 26.38 crore (for the year ended 31st March,2020:

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decrease/increase by ₹ 27.92 crore). This is mainly attributable to the Group's exposure to interest rates on its floating rate borrowings.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

In addition, the Group is exposed to credit risk in relation to financial guarantees given to banks provided by the Group. The Group's maximum exposure in this respect is the maximum amount the Group could have to pay

if the guarantee is called on. No amount has been recognised in the financial position as financial liabilities

The state electricity distribution companies (Government companies) and related parties are the major customer of the Group and accordingly, credit risk is minimal.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-term, medium-term and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

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The table below provides details regarding the remaining contractual maturities of financial liabilities as at reporting date

(₹ Crore)

As at 31st March, 2021				
Particulars	< 1 year	1-5 years	> 5 years	Total
<u>Non-current financial liabilities</u>				
Long term borrowings	-	1,171.95	3,666.13	4,838.08
<u>Other long-term liabilities</u>				
Rent and other Deposits	-	0.02	-	0.02
Lease payable	-	1.65	24.60	26.25
Other Payable	-	425.95	-	425.95
Total Non-Current financial Liabilities	-	1,599.57	3,690.73	5,290.30
<u>Current financial Liabilities</u>				
Trade payables	25.97	-	-	25.97
Current maturities of long-term debt	302.22	-	-	302.22
Short Term Borrowings(WCDL)	30.00	-	-	30.00
Payable for capital project	140.03	-	-	140.03
Other payable	499.72	-	-	499.72
Interest accrued but not due on borrowings	21.76	-	-	21.76
Lease payable	0.28	-	-	0.28
Total current financial liabilities	1,019.98	-	-	1,019.98
Total Financial Liabilities	1,019.98	1,599.57	3,690.73	6,310.28
<u>Non-current Financial assets</u>				
<u>Long term loans and advances</u>				
Security deposits	-	0.01	1.05	1.06
Ancillary Borrowing cost	-	-	-	-
Service concession – arrangements	-	119.48	0.35	119.83
Other advances	-	0.02	-	0.02
Investment in Equity			-	-
Total Non-current financial Assets	-	119.51	1.40	120.91
<u>Current financial assets</u>				
Trade receivables	51.26	-	-	51.26
Cash and cash equivalents	115.08	-	-	115.08
Bank Balances other than above	40.15	-	-	40.15
Service concession – arrangements	51.53	-	-	51.53
Investments in mutual fund	472.22	-	-	472.22
Other Financial Assets	75.51	-	-	75.51
Interest Receivable	0.98	-	-	0.98
Total current financial assets	806.73	-	-	806.73
Total Financial Assets	806.73	119.51	1.40	927.64

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(₹ Crore)

As at 31 st March, 2020				
Particulars	< 1 year	1-5 years	> 5 years	Total
<u>Non-current financial liabilities</u>				
Long term borrowings	-	1,125.18	4,015.12	5,140.30
<u>Other long-term liabilities</u>				
Rent and other Deposits	-	0.02	-	0.02
Lease payable	-	1.44	25.08	26.52
Other payable	-	168.26	-	168.26
Total Non-Current financial Liabilities	-	1,294.90	4,040.20	5,335.10
<u>Current financial Liabilities</u>				
Trade payables -	75.13	-	-	75.13
Current maturities of long-term debt	283.45	-	-	283.45
Payable for capital project	279.21	-	-	279.21
Other payable	459.59			459.59
Interest accrued but not due on borrowings	43.13	-	-	43.13
Lease payable	0.17			0.17
Total current financial liabilities	1,140.68	-	-	1,140.68
Total Financial Liabilities	1,140.68	1,294.90	4,040.20	6,475.78
<u>Non-current Financial assets</u>				
<u>Long term loans and advances</u>				
Security deposits	-	0.01	0.58	0.59
Ancillary Borrowing cost	-	-	-	-
Service concession – arrangements	-	171.00	0.35	171.35
Other advances	-	2.01	-	2.01
Total Non-current financial Assets	-	173.02	0.93	173.95
<u>Current financial assets</u>				
Trade receivables	308.15	-	-	308.15
Cash and cash equivalents	1.43	-	-	1.43
Bank Balances other than above	31.85	-	-	31.85
Investments in mutual fund	203.84	-	-	203.84
Service concession – arrangements	45.45	-	-	45.45
Other Financial Assets	5.33	-	-	5.33
Total current financial assets	596.05	-	-	596.05
Total Financial Assets	596.05	173.02	0.93	770.00

The Group has hypothecated part of its trade receivables, loans, short term investments and cash and cash equivalents in order to fulfil certain collateral requirements for the banking facilities extended to the Group. There is obligation to release the hypothecation on these securities to the Group once these banking facilities are surrendered. (Refer Note 15)

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Notes to Consolidated Financial Statements for the year ended 31st March, 2021**Note 29 Capital management**

The Group being in a capital intensive industry, its objective is to maintain a strong credit rating, healthy capital ratios and establish a capital structure that would maximise the return to stakeholders through optimum mix of debt and equity.

The Group's capital requirement is mainly to fund its capacity expansion, repayment of principal and interest on its borrowings and strategic acquisition. The principal source of funding of the Group has been, and is expected to continue to be, cash generated from its operations supplemented by funding from bank borrowings and the capital markets. The Group is not subject to any externally imposed capital requirements.

The Group regularly considers other financing and refinancing opportunities to diversify its debt profile, reduce interest cost and align maturity profile of its debt commensurate with life of the asset and closely monitors its judicious allocation amongst competing capital expansion projects and strategic acquisitions, to capture market opportunities at minimum risk.

Gearing ratio

The Group monitors its capital using gearing ratio, which is net debt divided to total equity as given below:

Particulars	(₹ Crore)	
	As at 31 st March, 2021	As at 31 st March, 2020
Debt (i)	5,170.30	5,423.75
Cash and bank balances (including current investment in liquid fund) (ii)	587.30	205.27
Net debt (i-ii)	4,583.00	5,218.48
Total equity (iii)	1,983.08	1,834.13
Net debt to equity ratio	2.31	2.85

(i) Debt includes long term and short term borrowings (refer note No-15)

(ii) Includes cash and cash equivalents balance in bank deposits (other than earmarked deposits) and investments in mutual fund.

(iii) Includes equity share capital and other equity.

Note 30. Credit Risk

The average credit period on sales of power is 60 and 30 days respectively for Karcham Wangtoo HEP and Baspa II HEP.

Trade receivables include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Allowances for doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

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Particulars	(₹ Crore)	
	As at 31 st March, 2021	As at 31 st March, 2020
Within the credit period	89.16	203.14
1-30 days past due	0.24	22.95
31-60 days past due	15.04	25.94
61-90 days past due	1.39	10.29
91-180 days past due	0.65	-
>180 days past due	20.28	45.83
Total	126.76	308.15

*Above mentioned Customer's balance Includes unbilled revenue of Rs.75.51 Crore (Previous year ₹ 129.51 Crore.)

Note 31. Service concession arrangement**(a) Description of the concession arrangement:**

On 1st October, 1992, a service concession agreement was entered into with the Government of Himachal Pradesh ("the Government") to establish, own, operate and maintain 300 MW Hydro Electric power plant at Baspa, Kuppa, Himachal Pradesh ("the power plant") for supply of power to Himachal State Electricity Board. Pursuant to the above, a power purchase agreement was entered with Himachal Pradesh State Electricity Board ("the PPA").

(b) Significant terms of the concession arrangement:

Term	Particulars
Period of arrangement	40 years from date of commissioning of the power plant and extendable for 20 years at the option of the Government
Commissioning of the power plant	June 8, 2003
Tariff	Approved by Himachal Pradesh Electricity Regulatory Commission (HPERC) having regard to the tariff entitlement under the PPA
Option to purchase	After the expiry of the agreement period, the Government has the option to purchase all the assets and works of the power plant, at mutually agreed terms.
Free power	12 % free power of the electricity generated is to supplied to the Government

(c) Obligation for overhaul:

Under the concession agreement, the Group has to manage, operate, maintain and repair the power plant entirely at its own cost.

(d) Renewal /Termination options:

Termination of the concession agreement can happen before expiry date under the force majeure events and default by either parties of the concession agreement.

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Notes to Consolidated Financial Statements for the year ended 31st March, 2021**(e) Classification of service concession arrangement in the Consolidated Financial Statements:**

Particulars	(₹ Crore)	
	As at 31st March, 2021	As at 31st March, 2020
Intangible asset - Rights under service concession receivable (refer note 6)	747.57	784.34
Financial asset – Receivable under service concession arrangement (refer note 7)	171.36	216.80

Note 32. Operating segment

The Chairman of the Group has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments. The CODM evaluates the Group's performance and allocates resources based on an analysis of various performance indicators, however the Group is primarily engaged in only one segment viz., "Generation and Sale of power" and that most of the operations are in India. Hence the Group has single reportable Segments as per Indian Accounting Standard 108 "Operating Segments".

The information regarding the revenue from customers of it's single reportable Segment has been disclosed below

Customer contributing more than 10% of revenue

Revenue from operations includes revenue aggregating to ₹1,210.18 crore (previous year : ₹1,251.87 crore) from two (previous year : two) major customers having more than 10% of total revenue from operations of the Group.

Note 33. Earnings per share

Particulars	For the Year ended 31 st March, 2021	For the Year ended 31 st March, 2020
Profit for the year ((₹ crore) - (A)	148.76	83.51
Weighted average number of equity shares for basic & diluted EPS - (B)	1,25,00,50,000	1,25,00,50,000
Earnings Per Share (₹ crore) – Basic and Diluted (C)- (A/B)	1.19	0.67
Nominal value of an equity share (₹ crore)	10	10

Note 34. Employee benefit Plans:**(a) Defined contribution plans – Provident fund:**

The employer's contribution for the period from 1st Apr 2020 to 31st December 2020, were deposited with the employer established provident fund trust maintained by the Company. Further, the said trust was surrendered to the provident fund authorities w.e.f 1st January 2021 and correspondingly, the employees provident fund balances lying with the provident fund trust were transferred to the respective employee's accounts with provident fund authorities. The monthly employer's contributions from January 21 onwards are being deposited with regional provident fund authorities.

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The Company's contribution to provident fund recognized in Consolidated Statement of Profit and Loss of ₹ 2.22 crore (Previous year ₹ 2.23 crore) (Included in note 17)

(b) National pension scheme:

The Group's contribution to National Pension Scheme (NPS) recognized in consolidated statement of profit and loss of ₹ 0.15 crore (Year ended 31st March, 2020 : ₹ 0.13 crore) (included in Note 22)

(c) Defined benefits plans - Gratuity:

The Group provides for gratuity for employees as per the Payment of Gratuity Act, 1972. The amount of gratuity shall be payable to an employee on the termination of his employment after he has rendered continuous service for not less than five years, or on their superannuation or resignation. However, in case of death of an employee, the minimum period of five years shall not be required. The amount of gratuity payable on retirement / termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied by the number of years of service completed. The gratuity plan is a funded plan administered by a separate fund that is legally separated from the entity and the Group makes contributions to the insurer (LIC). The Group does not fully fund the liability and maintains a target level of funding to be maintained over period of time based on estimations of expected gratuity payments.

Under the compensated absences plan, leave encashment upto a maximum accumulation of 120 days is payable to all eligible employees on separation of the Group due to death, retirement, superannuation or resignation, at the rate of daily salary.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to market yields at the end of the reporting period on government bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities and debt instruments.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.
Asset Liability matching risk	The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.
Mortality risk	Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.
Concentration risk	Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

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The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at 31st March, 2021 by M/S K A Pandit, Consultants & Actuaries. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

Changes in the present value of the defined benefit obligation are, as follows:

(₹ Crore)	
Defined benefit obligation as at 1st April, 2019	4.35
Interest cost	0.33
Current service cost	0.52
Benefits paid	(0.46)
Actuarial (Gains)/Loss	0.52
Defined benefit obligation as at 31 March, 2020	5.27
Interest cost	0.36
Current service cost	0.58
Liabilities Transferred In / Acquisition	0.22
Liabilities Transferred out / Divestment	(0.25)
Benefits paid	(0.33)
Actuarial (Gains)/Loss	(0.03)
Defined benefit obligation as at 31 March, 2021	5.82

Changes in the defined benefit obligation and fair value of plan assets as at 31st March, 2021

(₹ Crore)				
Particulars		Defined Benefit Obligation	Fair Value of Plan assets	(Benefit)/ Liability
Gratuity cost charged to profit or loss	Opening Balance as on 1st April, 2020	5.27	1.56	3.71
	Current Service cost	0.58	-	0.58
	Net interest expense /(Income)	0.36	0.10	0.26
	Liability Transferred in/Acquisitions	0.22		0.22
	(Liability Transferred out/Divestments)	(0.25)		(0.25)
	Sub-total included in profit or loss	0.91	0.10	0.81
Re-measurement gains / (losses) in other comprehensive income	Benefits paid	(0.33)	(0.33)	-
	Return on plan assets (excluding amounts included in net interest expense)		(0.15)	0.15
	Actuarial changes arising from changes in financial/Demographic assumptions	0.18	-	0.18
	Experience adjustments	(0.21)	-	(0.21)
	Sub-total included in OCI	(0.03)	(0.15)	0.12
	Contributions by employer	-	-	-
	Closing Balance as on 31st March, 2021	5.82	1.18	4.64

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Changes in the defined benefit obligation and fair value of plan assets as at 31st March, 2020

		(₹ Crore)		
Particulars		Defined Benefit Obligation	Fair Value of Plan assets	(Benefit)/ Liability
Gratuity cost charged to profit or loss	Opening Balance as on 1st April, 2019	4.35	1.90	2.45
	Current Service cost	0.52	-	0.52
	Net interest expense	0.33	0.15	0.19
	Sub-total included in profit or loss	0.86	0.15	0.71
Re-measurement gains / (losses) in other comprehensive income	Benefits paid	(0.46)	(0.46)	-
	Return on plan assets (excluding amounts included in net interest expense)		(0.03)	0.03
	Actuarial changes arising from changes in financial assumptions	0.40	-	0.40
	Experience adjustments	0.12	-	0.12
	Sub-total included in OCI	0.52	(0.03)	0.55
	Contributions by employer	-	-	-
	Closing Balance as on 31st March, 2020	5.27	1.56	3.71

The actual return on plan assets (including interest income) was ₹ 0.04 Crore (previous year ₹0.12 crore).

The major categories of plan assets of the fair value of the total plan assets are as follows:

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Insurer Managed Funds	100%	100%

In the absence of detailed information regarding plan assets which is funded with insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has been not been disclosed.

The principal assumptions used in determining gratuity for the Group's plans are shown below:

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Discount rate:	6.44%	6.84%
Future salary increases:	6%	6%
Rate of Employee Turnover	3%	3%
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

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Notes to Consolidated Financial Statements for the year ended 31st March, 2021**Sensitivity Analysis:**

Significant actuarial assumptions for the determination of the defined benefit obligation are discounted rate, expected salary increase and mortality. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period. While holding all other assumptions constant.

Particulars	As at 31st March, 2021	As at 31st March, 2020
Delta Effect of +1% Change in Rate of Discounting	(0.44)	(0.40)
Delta Effect of -1% Change in Rate of Discounting	0.51	0.46
Delta Effect of +1% Change in Rate of Salary Increase	0.51	0.46
Delta Effect of -1% Change in Rate of Salary Increase	(0.45)	(0.41)
Delta Effect of +1% Change in Rate of Employee Turnover	0.01	0.02
Delta Effect of -1% Change in Rate of Employee Turnover	(0.01)	(0.03)

The following are the maturity analysis of projected benefit obligations:

(₹ Crore)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Within the next 12 months (next annual reporting period)	0.64	0.40
Between 2 and 5 years	1.34	1.51
Between 5 and 10 years	2.47	2.22
Above 10 years	6.46	6.24
Total expected payments	10.91	10.37

Each year an assets-liability-matching study is performed in which the consequences of the strategic investment policies are analysed in term of risk and return profiles.

The Group expects to contribute ₹ 1.51 crore (previous year ₹ 1.17 crore) to its gratuity plan for the next year. The weighted average duration of the defined benefit plan is 10 years (previous year 10 year)

Compensated Absences

The Group has a policy on compensated absences with provisions on accumulation and encashment by the employees during employment or on separation from the Group due to death, retirement or resignation. The expected cost of compensated absence is determined by actuarial valuation performed by an independent actuary at the balance sheet date using projected unit credit method.

Social Security Code

The Code on Social Security, 2020 ('the Code') received presidential assent on September 28, 2020. However, the date on which the Code will come into effect has not yet been notified. The Company will assess the impact of the Code on its books of account in the period(s) in which the provisions of the Code becomes effective.

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Notes to Consolidated Financial Statements for the year ended 31st March, 2021**Note 35. Employee share based payment plan:****i) JSWEL EMPLOYEES STOCK OWNERSHIP PLAN – 2016**

- a) The Group has the share option plan schemes for permanent employees of the Group in the identified grades of employees for respective plans / schemes including any director except promoter or independent directors, nominee directors and non-executive directors or a director who either himself or through relatives or through anybody directly or indirectly holds more than 10% of the outstanding equity shares of the parent Company.
- b) The award value shall be determined as percentage of Total Fixed Pay. The grant shall be at such price as may be determined by the ESOP Committee and shall be specified in the Grant letter. The option shall not be transferable and can be exercised only by the employees of the Group.
- c) The number of options to be granted to each eligible employees is determined by dividing the Award Value (amount equivalent to percentage of Annual Fix Pay) by the Fair Value of option provided. The Fair Value of option on the date of each grant is determined by using Black Scholes model.

The following table illustrates the number movements in share option during the year:

ESOP 2016 (Grant Date: 19th May, 2017)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Outstanding at 1 April	73,211	73,211
Granted during the year	-	-
Exercised During the Year	36,606	-
Expired during the year	-	-
Outstanding at 31 st March,	36,606	73,211
Exercisable at 31 st March	36,606	73,211

ESOP 2016 (Grant Date: 1st Nov, 2018)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Outstanding at 1 April	2,19,428	2,19,428
Granted during the year	-	-
Exercised During the Year	-	-
Expired during the year	-	-
Outstanding at 31 st March,	2,19,428	2,19,428
Exercisable at 31 st March	2,19,428	2,19,428

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The Method of settlement for above grants are as below:

Particulars	Grant date	
	19th May, 2017	1st Nov,2018
Vesting period	3/4 years	3/4 years
Method of settlement	Equity	Equity
Exercise price₹	51.80	51.96
Fair value₹	28.88	37.99
Dividend Yield(%)	20%	20%
Expected Volatility(%)	44.50% / 45.16%	42.57% / 43.53%
Risk free Interest rate (%)	6.90%/6.98%	7.78%/7.84%
Expected Life of Share options (years)	5/6 Years	5/6 Years
Weighted Average exercise price₹	51.80	51.96

Pricing formula	Exercise Price determined at ₹ 51.80 per share was at a discount of 20% to the closing market price of parent Company's share i.e. ₹ 64.75 at the close of 18th May,2017 at exchange having highest trading volume.	Exercise Price determined at ₹ 51.96 per share was at a discount of 20% to the closing market price of parent Company's share i.e. ₹ 64.95 at the close of 31st Oct,2018 at exchange having highest trading volume.
Expected option Life	The expected option life is assumed to be mid-way between the option vesting and expiry. Since the vesting period and contractual term of each tranche is different, the expected life of each tranche will be different. The expected option life is calculated as (year to vesting Contractual Option item) / 2.	
Expected volatility	Volatility was calculated using standard deviation of daily change in stock price. The historical period considered for volatility match the expected life of the option.	
How Expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility: and	The followings factors have been considered: (a) Share price (b) Exercise price (c) Historical volatility (d) Expected option life (e) Dividend Yield	
Whether and how any other features of the option grant were incorporated in to the measurement of fair value, such as market condition.		
Model used	Black-Scholes Method	

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

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Notes to Consolidated Financial Statements for the year ended 31st March, 2021**Note 36. Operating Lease****Financial Year 2020-21: -****(₹ Crore)**

Particulars	For the year Ended 31st March, 2021
Depreciation	1.41
Interest expenses on lease liabilities	2.40

Particulars	Future lease rentals	Interest	Present Value
Within one year	2.66	2.38	0.28
After one year but not more than five years	13.16	11.51	1.65
More than five years	48.78	24.18	24.60
Total	64.60	38.07	26.53

Financial Year 2019-20: -**(₹ Crore)**

Particulars	For the year Ended 31st March, 2020
Depreciation	1.41
Interest expenses on lease liabilities	2.40

Particulars	Future lease rentals	Interest	Present Value
Within one year	2.57	2.40	0.17
After one year but not more than five years	13.09	11.65	1.44
More than five years	51.50	26.42	25.08
Total			26.69

Note 37. Details of Corporate Social Responsibility (CSR) Expenditure:**(₹ Crore)**

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Amount required to be spent as per Section 135 of the Act	3.00	3.45
Amount spent during the year on:		
(i) Construction / acquisition of an asset	1.21	1.04
(ii) On purpose other than (i) above	1.79	2.41
Total	3.00	3.45

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Notes to Consolidated Financial Statements for the year ended 31st March, 2021**Note 38. Commitments**

(₹ Crore)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Estimated amount of Capital contracts remaining to be executed to the extent not provided for (net of advances)	1,389.84	1,123.22
Total	1,389.84	1,123.22

Note 39. Contingent liabilities

(₹ Crore)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
(a) Claims against the Group not acknowledged as debt*	127.84	127.84
(b) Other claims not acknowledged as debt	0.07	0.07
(c) Income tax Demand for AY 2016-17	34.72	34.72
Total	162.63	162.63

* Himachal Pradesh State Electricity Board Limited (HPSEBL) has made a claim against JPVL, as seen in its letter dated November 6, 2012, for expenditures incurred for a survey and investigation work in connection with the Baspa II Project amounting to Rs 127.84 Crore the company has filed an application with the High Court of Himachal Pradesh to restrain HPSEBL from recovering the claimed amount from the energy bills of the company. The court has accepted the plea and directed the Company to deposit Rs.25.00 Crore as security deposit. Accordingly, the company has deposited Rs. 25.00 Crore with HPSEBL. (Refer Note 8)

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Notes to Consolidated Financial Statements for the year ended 31st March, 2021**Note 40. Related party disclosure**

A)	List of Related Parties
	Related parties with whom the Group has entered into transactions during the year:
I	Holding Company
1	JSW Energy Ltd.
II	Fellow Subsidiaries
1	JSW Power Trading Company Ltd.
III	Key Managerial Personnel
1	Mr. Prashant Jain – Chairman
2	Mr.Pritesh Vinay - Non Executive Director (From 16th Sep,20)
3	Mr.Sunil Goyal - Independent Director (From 25th March,21)
4	Mr. Jyoti Kumar Agarwal – Non Executive Director (Upto 15th Sep,20)
5	Mr. Gyan Bhadra Kumar - Whole Time Director
6	Mr. Sanjeev Kango - Chief Financial Officer
7	Mr. Sanjeev Kango - Company Secretary
8	Ms. Sheila Sangwan-Woman & Independent Director (Upto 07th Sep,20)
9	Mr. Rakesh Nath- Independent Director (Upto 07th Sep,20)
10	Mr. Nirmal Kumar Jain - Non Executive Director (Upto 20th May,20)
11	Ms. Seema Jajodia- Woman Director
12	Mr. Sharad Mahendra – Non Executive Director (Upto 9 th June,20)
IV	Other related parties with whom the company has entered into transactions during the year
1	JSW Steel Limited
2	Jindal Education Trust (Jindal Vidya Mandir and Jaypee Pvt ITI)
3	JSW IP Holdings Private Limited
4	JSW Global Business Solutions Limited
5	JSW Foundation
6	South West Mining Limited
7	JSW Reality Infrastructure Private Limited
8	JSW Paints Limited
9	JSW Ispat Products Limited
10	Jankalyan Electoral Trust

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Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(₹ crore)

B	Transaction during the year	Current Year	Previous Year
1	Sale of power /Material		
	JSW Power Trading Company Limited	-	1.34
2	Interest on Debentures		
	JSW Energy Limited	-	23.18
3	Interest on Advances		
	South West Mining Limited	-	0.05
	JSW Energy Limited	-	0.01
4	Service Received		
	JSW Global Business Solutions Limited	2.02	2.99
5	Purchase of Fuel / Goods		
	JSW Steel Limited	2.81	2.37
	JSW Paints Limited	0.04	-
	JSW Ispat Products Limited	0.56	-
6	Advertisement/Sponsorship/Branding expense		
	JSW IP Holdings Private Limited	3.60	3.72
7	Reimbursement received from / (paid to) {net}:		
	JSW Energy Limited	(4.43)	(3.85)
	JSW Steel Limited	(1.44)	(1.42)
	JSW Power Trading Company Limited	(0.02)	(0.02)
	Jindal Education Trust (Jindal Vidya Mandir and Jaypee Pvt ITI)	(0.58)	(0.79)
	JSW Reality Infrastructure Pvt Ltd	-	(0.00)
8	Donation/CSR Expenses		
	Jankalyan Electoral Trust	-	5.00
	JSW Foundation	3.09	1.17
9	Redemption of 13% non-convertible debentures:		
	JSW Energy Limited	-	384.50
10	Advances Received		
	South West Mining Limited	-	7.00
11	Purchase of Equity Share Capital In JSWEKL		
	JSW Energy Limited	-	26.35
12	Advance Repaid		
	JSW Energy Limited	-	2.30
13	Debt Service Reserve Account Guarantee		
	JSW Energy Limited	(14.46)	-

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Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(₹ crore)			
C	Closing Balances	As at 31st March, 2021	As at 31st March, 2020
1	Trade (Payables) / Receivables		
	JSW Energy Limited	(0.17)	(1.70)
	JSW Steel Limited	2.93	(0.20)
	JSW Ispat Products Limited	2.14	-
	JSW IP Holdings Private Limited	(0.33)	-
2	Deposit With		
	JSW IP Holdings Private Limited	0.07	0.07
3	Equity Share Capital		
	JSW Energy Limited	1,250.05	1,250.05
4	Loan and Advances		
	JSW IP Holdings Private Limited	-	0.02
	JSW Global Business Solutions Limited	0.07	-
5	Financial Liabilities		
	South West Mining Limited	-	7.00
	JSW Energy Limited	80.00	(220.02)

D. The Remuneration to Key Managerial Personnel During the year was as follows:

(₹ crore)			
	Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
1	Short term benefits	1.76	1.74
2	Post –Employment benefits	0.05	0.05
3	Sitting fees	0.04	0.13

Note:

- 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 during the year, except as discussed above
- ii) Related party relationships have been identified by the management and relied upon by the Auditors
- iii) Related party transactions have been disclosed on basis of value of transactions in terms of the respective contracts.
- iv) Terms and conditions of sales and purchases: the sales and purchases transactions among the related parties are in the ordinary course of business based on normal commercial terms, conditions, market rates and memorandum of understanding signed with the related parties. For the year ended 31st March, 2020 & 31st March, 2021, the Group has not recorded any loss allowances for transactions between the related parties.

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Notes to Consolidated Financial Statements for the year ended 31st March, 2021**Note 41. Disclosure under Micro, Small and Medium Enterprises Development Act**

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 Group are as under:

(₹ crore)			
Sl. No.	Particulars	As at 31 st March, 2021	As at 31 st March, 2020
1	Principal amount outstanding to MSME*	3.41	0.55
2	Principal amount due and remaining unpaid	-	-
3	Interest due on (2) above and the unpaid interest	-	-
4	Interest paid on all delayed payments under the MSMED Act.	-	-
5	Payment made beyond the appointed day during the year	-	-
6	Interest due and payable for the period of delay other than (4) above	-	-
7	Interest accrued and remaining unpaid	-	-
8	Amount of further interest remaining due and payable in succeeding years	-	-

*Amounts unpaid to MSM vendors on account of retention money have not been considered for the purpose of interest calculation.

Note 42. Remuneration to Auditors (excluding GST)

(₹ crore)			
Sl No	Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
1	Services as statutory auditors (including quarterly limited reviews)	0.39	0.36
2	Tax Audit Fees	0.06	0.06
3	Certification Fees	0.01	0.01
4	Reimbursement of out of pocket Expenses	0.01	0.01
	Total	0.47	0.44

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Note 43. Project Status

The Group has awarded all the major works of 240 MW hydro power project at Kutehr, Himachal Pradesh ("the project") and the work is in progress. The carrying amounts related to the project as at 31st March, 2021 comprise property, plant and equipment of ₹ 13.00 crore, capital work in progress of ₹ 378.51 crore and capital advance of ₹ 138.29 crore.

For and on behalf of Board of Directors**Gyan Bhadra Kumar**

Whole Time Director
[DIN:03620109]

Prashant Jain

Chairman
[DIN: 01281621]

Sanjeev Kango

Company Secretary &
Chief Financial officer