



**JSW Hydro Energy Limited (JSWHEL)**

**Compliance Certificate**

**30<sup>th</sup> September, 2021**



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## **Introduction**

JSW Hydro Energy Limited (JSWHEL) is a wholly-owned subsidiary of JSW Energy Limited, and operates two hydroelectric power plants (HEPs) located in the state of Himachal Pradesh, India. Karcham Wangtoo Hydro Electric Project (Karcham HEP) has an installed capacity of 1,091 MW and Baspa II Hydro Electric Project (Baspa HEP) has an installed capacity of 300 MW. On 18<sup>th</sup> May, 2021 JSW Hydro Energy Limited issued a USD 707 million 10-year green note (4.125% p.a. Senior Secured Notes due 2031, herein referred to as Notes) to refinance its existing term loan denominated in Indian Rupees (Rs). Summary of the Notes is as per following details: -

CUSIP Regulation S Notes: Y4S71YAA2

Rule 144A Notes: 46653YAA6

ISIN Regulation S Notes: USY4S71YAA27

As per clause 4.3 of Schedule 4 of the Trust Deed, a compliance certificate and a business update is required to be provided within 90 days of closure of each six-month period ending September and March respectively of each year starting 30<sup>th</sup> September, 2021. This report is the first such report being provided in compliance with the same.

## **Executive Summary of Power Sector in India<sup>1</sup>**

- Power demand in the country in H1FY22 grew by 12.7% YoY. This was driven by a strong pickup in economic activity along with a low base effect, as last year during H1 demand had declined by 8.7% due to Covid-19 led restrictions and lockdowns
  - Sustained economic growth in the country over the last two decades has driven power demand in the country: The correlation between growth in GDP and Power Demand over the long term (between FY03 to FY 20) is 0.7x
  - Going forward, unlocking of demand from increased rural electrification and rapid urbanisation will contribute towards power demand growth
- In tandem with demand, overall generation grew by 12.8% YoY in H1FY22. This was driven by a strong generation in Thermal (+16.3%) and Renewable (+19.0%) segments. Within renewables, solar generation grew by 17.2% and wind generation grew by 23.6% YoY.
- As on 30<sup>th</sup> Sept, 2021, the total Installed Capacity in the country stood at 388.8 GW. Total Renewable energy capacity in India (excluding large hydro) crossed the mile-stone of 100 GW in the month of Aug-21. India's renewable energy capacity stood at 102 GW (excl. large hydro) and at 148 GW (incl. large hydro) at the end of Sep-21.

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<sup>1</sup> Source: Central Electricity Authority (CEA)



- Over the last four years, capacity addition in the country has been driven by Renewable Energy segment. The trend continued in H1FY22, as on a net basis<sup>2</sup> ~6.7 GW was added, driven by Renewable Energy segment (+7.1 GW).

## **Executive Summary of Business Performance**

Business performance is highlighted across two time periods, namely

- a. 1<sup>st</sup> April, 2020 to 31<sup>st</sup> March, 2021
- b. 1<sup>st</sup> April, 2021 to 30<sup>th</sup> September, 2021

### **Key Highlights— FY2020-21 (12-month period from 1<sup>st</sup> April, 2020 to 31<sup>st</sup> March, 2021)**

#### **Operational performance**

- Plant operations at both locations continued to run smoothly while adhering to all Covid-19 related protocols
- Overall Plant Availability Factor (PAF) at 97% remained well above the normative PAF of 90%
- Overall Gross Generation stood at 5,673 million units (MU), lower by 5.5 % on a YoY basis due to lower water flow in the Sutlej basin. However gross generation was higher by 6.1% compared to the aggregate Gross Design Energy of 5,344 MU
- Overall Net Generation stood at 5,629 MU, lower by 5.4% in FY 21 vs FY 20
- Overall Plant Load Factor (PLF) stood at 50 % in FY21 vs 53% in FY20

#### **Financial performance**

- Revenue from Operations stood at Rs 1,223 Crore<sup>3</sup>, lower by 3% YoY primarily due to lower generation and a higher one-off other income in FY20
- EBITDA was higher by 1% YoY at Rs 1,102 Crore primarily due to lower O&M expenses
- Profit after tax stood at Rs 149 Crore, higher by 69% YoY, primarily due to lower finance cost
- Receivable Days declined to 38 days at the end of Mar-21 from 89 days at the end of Mar-20. This has been the lowest debtor days witnessed since JSW Energy Ltd took over the company from financial year FY 2015-16. This underpins the continuing cost competitiveness of the power supplied from these hydro power stations for the procuring power distribution companies (DISCOMs), incentivizing the five DISCOMs to prioritize offtake and payments

### **Key Highlights – H1FY2021-22 (6-month period from 1<sup>st</sup> April, 2021 to 30<sup>th</sup> September, 2021)**

#### **Operational performance**

- Plant operations at both locations continued to run smoothly while adhering to all Covid-19 related protocols
- Overall PAF at 100% remained well above the normative PAF of 90%

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<sup>2</sup> Including retirement of thermal capacity

<sup>3</sup> 1 Crore = 10 million



- Overall Gross and Net Generation stood at 4,322 MU and 4,289 MU respectively, both lower by 5.6% YoY due to lower water flow in the Sutlej basin
- Overall Plant Load Factor stood at 75% in H1FY22 vs 80% in H1FY21

### **Financial performance**

- Revenue from Operations stood at Rs 805 Crore and EBITDA at Rs 767 Crore, both lower by 8% YoY primarily due to lower generation and the two-part tariff impact (due to debt repayments) under the regulatory mechanism
- Profit after tax was lower by 63% at Rs 97 Crore v/s Rs 261 Crore in H1FY21. This was primarily due to the non-cash one-off expenses related to the prepayment of Rupee term loans paid from the proceeds of the Notes and other unamortized finance costs aggregating to Rs 92 Crore.
- Receivable Days declined to 128 days at the end of Sep-21 from 167 days at the end of Sep-20. The increase in debtor days vis-à-vis Mar-21 is due to the seasonality in generation as the first half of any financial year are the peak months of generation and sales.

### **Other Key Business Highlights**

- Received CEA<sup>4</sup> approval for uprating of Karcham HEP Capacity by 91 MW to 1,091 MW, in a phased manner, in April-21
  - 1,045 MW in the first phase for two monsoon seasons in CY 2021 and CY 2022, and to 1,091 MW thereafter without any additional capex, subject to fulfillment of certain conditions
- Commenced Operations of 45 MW uprated capacity at Karcham HEP in July-21
  - Operational capacity increased to 1,045 MW from 1,000 MW, providing a boost to the earnings potential of the asset over its residual life.
- Credit Rating:
  - Rating on USD Note of JSWHEL: International - Moody's (Ba1 Outlook – Stable), Fitch (BB+ Outlook – Stable)
  - Short Term Rating of JSWHEL: Domestic - India Ratings & Research (IND A1+)
- Summary of Covenants: For the 12-month Calculation period from 1<sup>st</sup> October, 2020 to 30<sup>th</sup> Sept, 2021

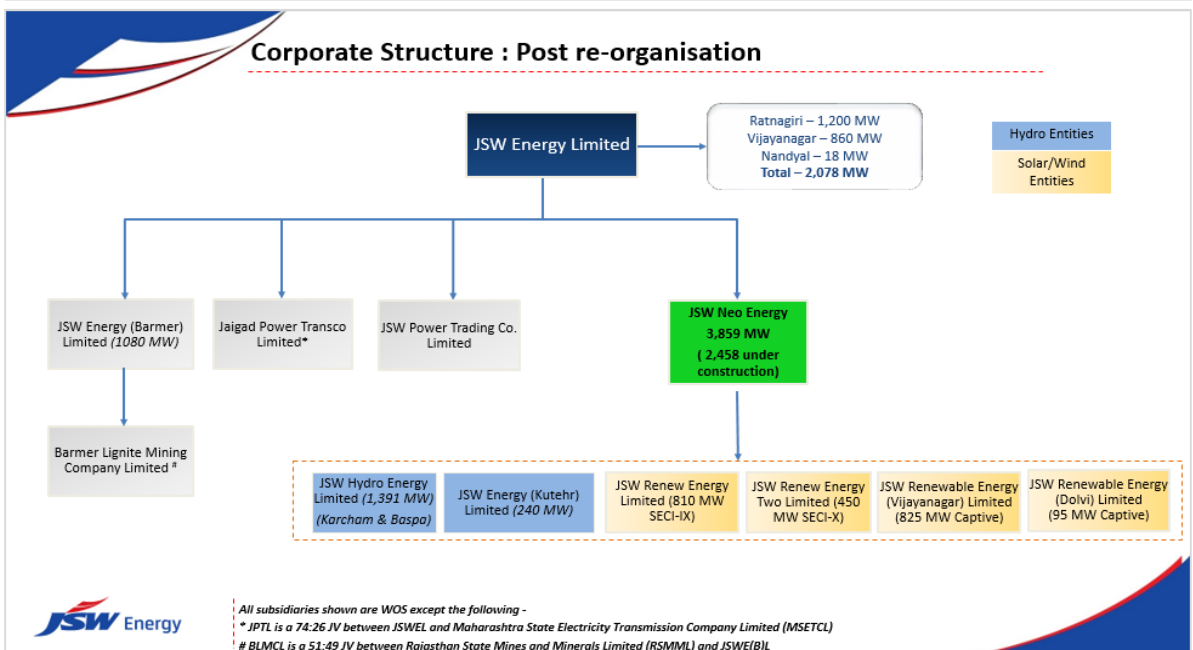
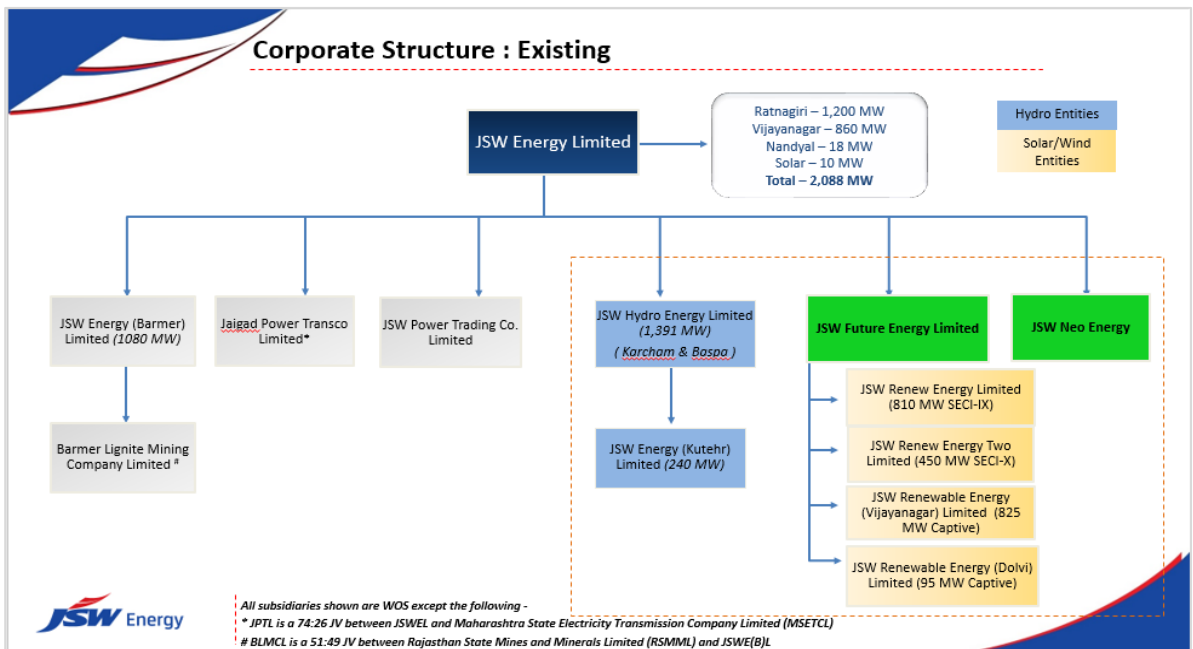
<b>Particulars</b>	<b>As on 30<sup>th</sup> Sep, 2021</b>
Debt Service Coverage Ratio (DSCR) <a href="#">(Annexure 1)</a>	2.78
FFO/Net Debt <a href="#">(Annexure 2)</a>	14.40%

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<sup>4</sup> Central Electricity Authority



- Re-organization of JSW Energy Ltd.'s (JSWEL) Green (Renewable) and Grey (Thermal) Businesses:
  - On 25th Nov, 2021, JSW Energy Limited received an approval from its Board of Directors for the re-organization of its Green (Renewable) Business and Grey (Thermal) Business, subject to all required approvals. The primary objectives of this proposed re-organization are to facilitate growth of the Renewable Energy business by carving its own identity and in the process unlocking value for the shareholders. The renewable energy business is proposed to be domiciled under 'JSW Neo Energy Limited', a wholly owned subsidiary of JSWEL, while the thermal businesses are proposed to continue to be domiciled in JSWEL and its existing subsidiaries. As part of this re-organization:
    - 100% of the equity shares held by JSW Hydro Energy Limited in JSW Energy (Kutehr) Limited will be transferred to JSW Neo Energy Limited
    - 100% of the equity shares held by JSW Energy Limited in JSW Hydro Energy Limited will be transferred to JSW Neo Energy Limited
  - Exhibits below represent the broad corporate structure, pre and post re-organization





## **Information on Compliance Certificate and Its Workings**

Date: December 16, 2021

To:

DB Trust (Hong Kong) Limited (the “Note Trustee”)

Note Holders for U.S.\$ 707,000,000 Senior Secured Notes Due 2031

From:

JSW Hydro Energy Limited

Dear Sirs,

### **JSW Hydro Energy Limited (the “Issuer”) – Note Trust Deed dated May 18, 2021 (the “Note Trust Deed”)**

We refer to the Note Trust Deed. This is a Compliance Certificate given in respect of the Calculation Date occurring on 30<sup>th</sup> September 2021. Terms used in the Note Trust Deed shall have the same meaning in this Compliance Certificate.

The Certificate is based on the following documents:

- (a) Unaudited Financial Statements for the 6-month period ended on 30<sup>th</sup> September, 2021
- (b) The Cash Flow Waterfall Mechanism as detailed in the Note Trust Deed
- (c) Working annexures



**A. Computation of Operating Account Waterfall stipulated in the Note Trust Deed**  
*Period from 18<sup>th</sup> May, 2021 (Closing Date) to 30<sup>th</sup> Sept, 2021 (Calculation Date)*

We hereby make the Operating Account Waterfall Calculation:

Sr No.	Particulars (in Rs Crore)	May 18, 2021 to September 30, 2021
A	Inflows	
	Operating Revenue	630.56
	Working capital Debt	-
	New injection proceeds	-
	Total Inflows	630.56
B	Less: Statutory dues & Taxes	(25.06)
C	Less: O&M Expense	(66.15)
D	Less: Payments to Trustee, Agents & TRA Bank for cost & liability	(66.15)
E	Less:	
	a) Coupon payment	-
	b) CC/WC interest/Cost	-
	c) Hedge Premium payments	(46.45)
F	Less:	
	a) WC debt repayment (no obligated principal under bond)	-
	b) Hedge related settlement payments	-
G	Less: MCS payment	-
H	Less: Funds available for earmarking towards stipulated DSRA	(193.38)
	<b>Net Cash available for earmarking towards ensuing coupon, Hedge Premium and MCS payments as on 30.09.2021</b>	<b>233.38</b>

## **B. Actual performance v/s stipulated covenants**

Particulars	As on 30 <sup>th</sup> Sept, 2021	Covenant Construct
Debt Service Coverage Ratio (DSCR) <a href="#">(Annexure 1)</a>	2.78	1) DSCR > 1.50x –100% distribution permitted 2) DSCR ≤ 1.50x –60% distribution permitted 3) DSCR ≤ 1.40x –50% distribution permitted 4) DSCR ≤ 1.30x –No Distribution 5) DSCR < 1.10x –Event of Default
FFO/Net Debt <a href="#">(Annexure 2)</a>	14.40%	FFO/Net Debt ≥ 6% for cash release

For the period ending 30<sup>th</sup> September, 2021, there was NIL amount transferred to distribution account, hence NIL amount distributed from distribution account.

## **C. Status of Post-Closing compliances stipulated as per the Note Trust Deed**

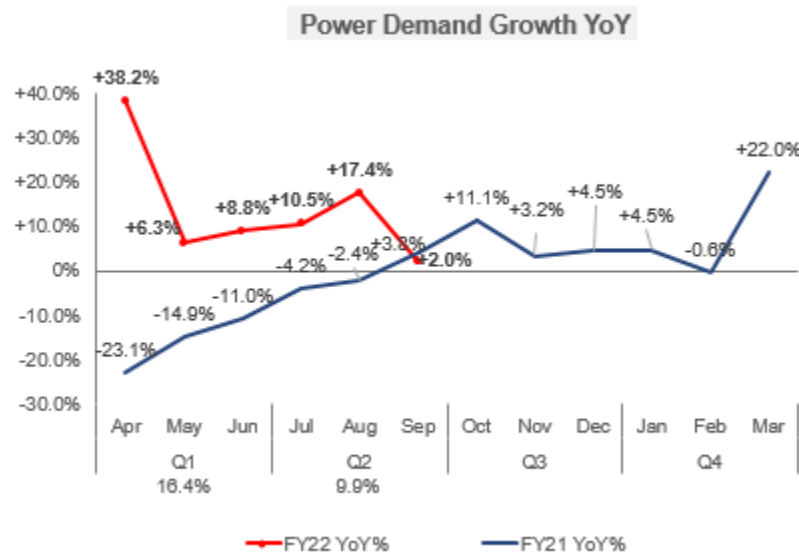
1. Status of Security Creation:  
The Company has created all stipulated security as per the term sheet. Security Compliance Certificate is annexed in Appendix-3
2. Status of creation of waterfall mechanism:  
The Company has put in place the waterfall mechanism for movement of funds as per the Note Trust Deed Dated May 18, 2021
3. Status of opening of Project Accounts:  
After execution of Trust & Accounts Deed with IDBI Bank, appointing them as Trust & Accounts Bank, the Company has opened all Project Accounts as per the Note Trust Deed Dated May 18, 2021
4. Status of Hedging arrangement  
The Company has entered into Hedging contracts for hedging the forex exposure under Notes of the Company
5. Status of movement of cash balances as of Closing Date i.e. May 18, 2021

Particulars	Rs Crore
Opening Cash Balance as on Closing Date i.e. 18.05.2021	534.10
Less: Prepayment of Existing Term Loan Indebtedness	(90.08)
Less: Transfer to True-Up Reserve Account	(200.00)
Amount transferred to Distribution Account	244.02

## Sector Updates

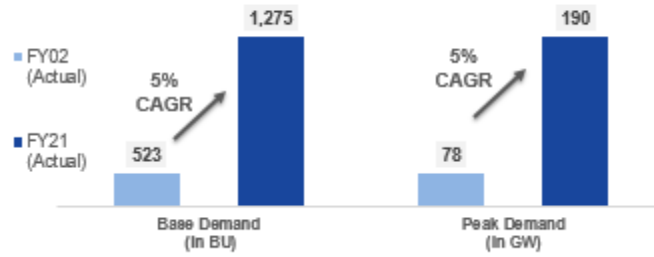
### Power Demand

- Power demand in the country in H1FY22 grew by 12.7% YoY. This was driven by a strong pickup in economic activity along with a low base effect, as last year during H1 demand had declined by 8.7% due to Covid-19 led restrictions and lockdowns
- Peak power demand in India for the first time exceeded 200 GW on 7<sup>th</sup> July, 2021
  - This is a strong positive sign for the sector. In fact, earlier, in June '21, Jan'21 and Dec'20, peak demand had reached all-time highs of ~197 GW, ~186 GW and ~183 GW respectively, indicating the power demand growth in the country

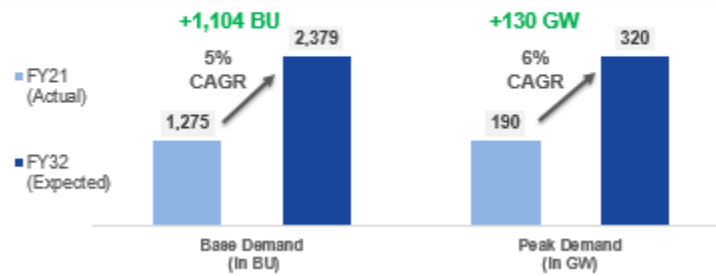


- Sustained economic growth in the country over the last two decades has driven power demand: Correlation between growth in GDP and Power Demand between FY03-20 is 0.7x. Going forward, unlocking of demand from increased rural electrification and rapid urbanization will contribute towards power demand growth

**Historically, Power demand has grown at a CAGR of ~5%**



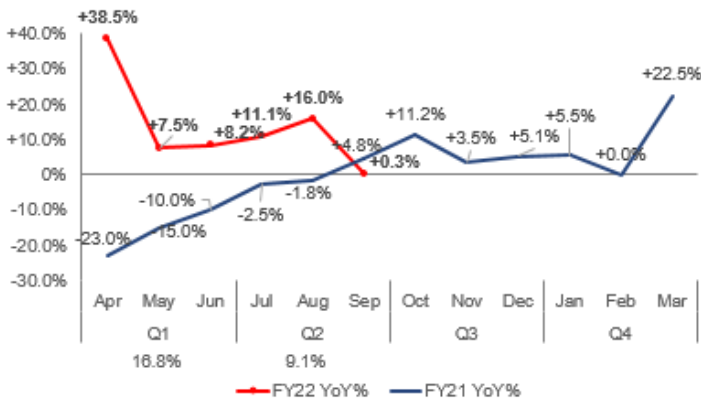
**Similar growth expected over next decade**



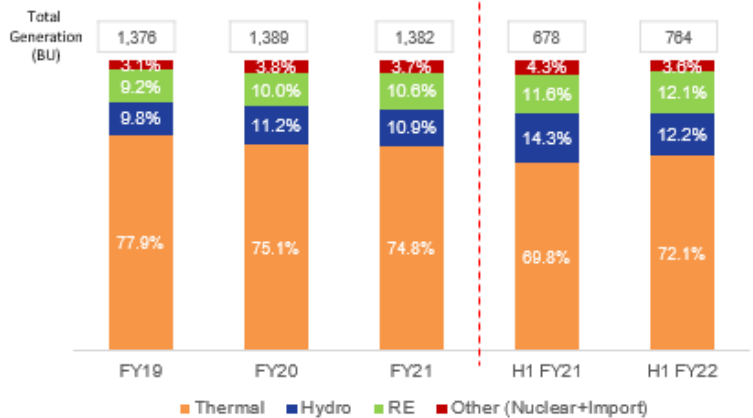
**Power Generation**

- In tandem with demand, overall generation grew by 12.8% YoY. This was driven by strong generation in Thermal (+16.3%) and Renewable Energy (+19.0%) segments. Within renewables, solar generation grew 17.2% and wind grew 23.6% YoY.

**Power Generation Growth YoY**



**Segment-wise Share in Generation**



In H1, Generation increased 12.7% YoY led by RE (+19.0%) and Thermal (+16.3%) segments

Share of Thermal and Renewables increased, while that of Hydro declined in H1 YoY

## Power Capacity

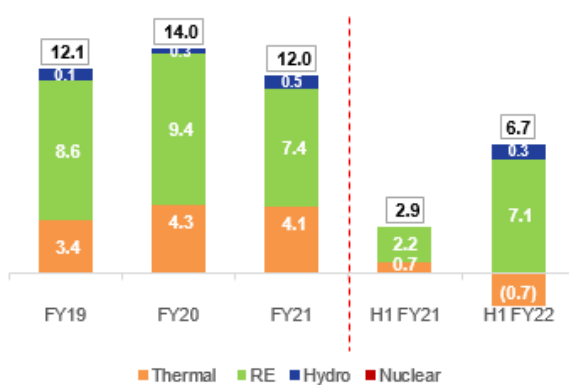
- As on 30<sup>th</sup> September, 2021, the total Installed Capacity in the country stood at 388.8 GW
- Total Renewable energy capacity in India (excluding large hydro) crossed the mile-stone of 100 GW in the month of Aug-21. India's renewable energy capacity stood at 102 GW (excl. large hydro) and at 148 GW (incl. large hydro) at the end of Sep-21.

Mode-wise	GW	%
Thermal	234.0	60%
Nuclear	6.8	2%
Hydro	46.5	12%
Renewable	101.5	26%
Small Hydro	4.8	1%
Wind	39.9	10%
BM/Cogen/Waste	10.6	3%
Solar	46.3	12%
<b>TOTAL</b>	<b>388.8</b>	<b>100%</b>

Sector-wise	GW	%
State	103.7	27%
Private	187.5	48%
Central	97.6	25%
<b>TOTAL</b>	<b>388.8</b>	<b>100%</b>

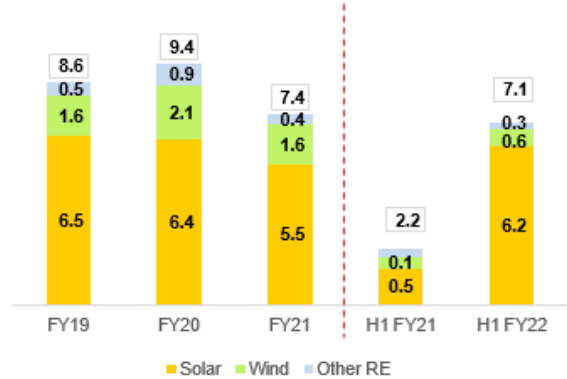
- Over the last four years, capacity addition in the country has been driven by Renewable Energy segment. The trend continued in H1FY22, as on a net basis<sup>5</sup> ~6.7 GW was added, driven by Renewable Energy segment (7.1 GW)

Overall Segment-wise Net Capacity Addition (GW)



Renewable energy driving capacity addition

RE Segment-wise Net Capacity Addition (GW)



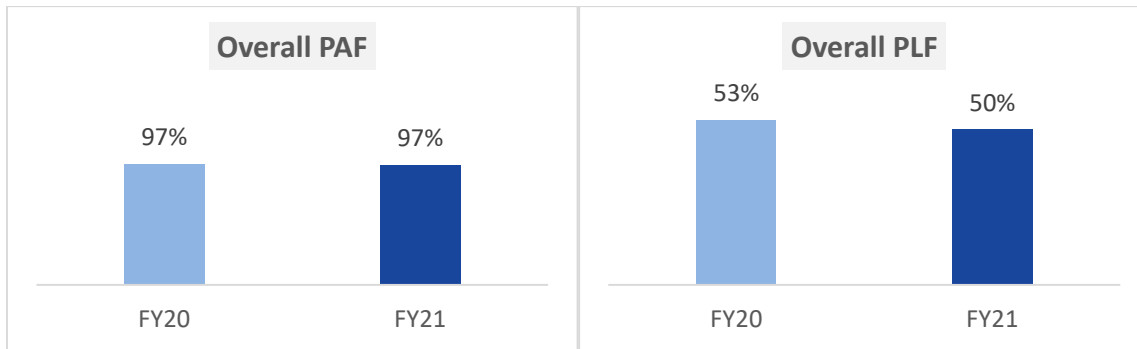
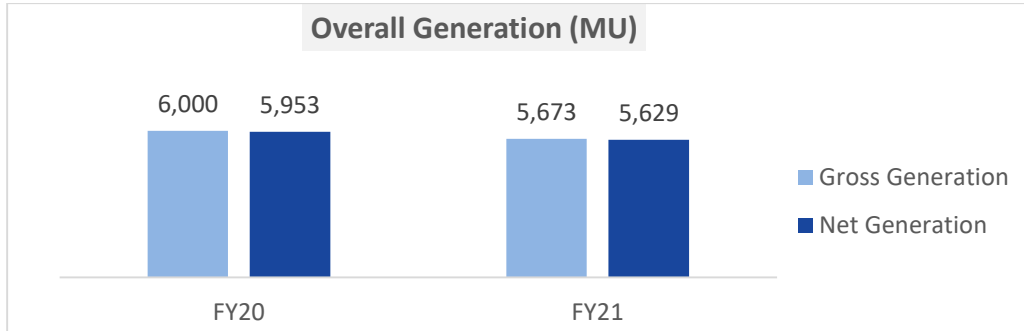
7.1 GW RE capacity added in H1 FY22 driven by solar segment

<sup>5</sup> Including retirement of thermal capacity

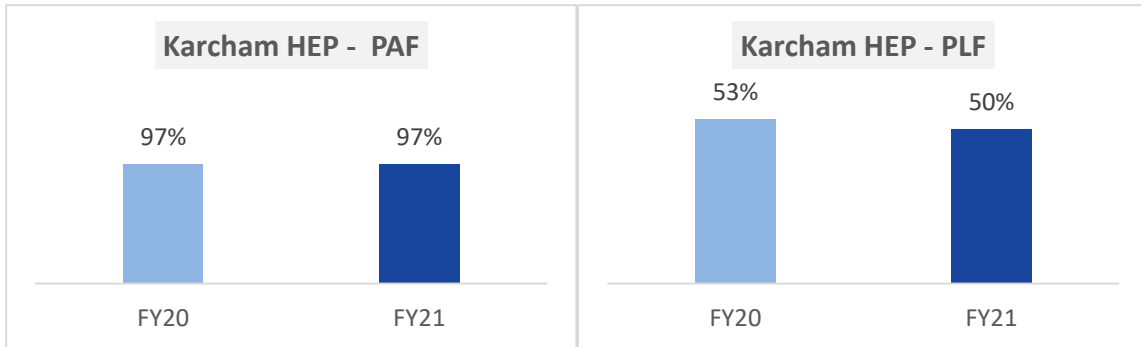
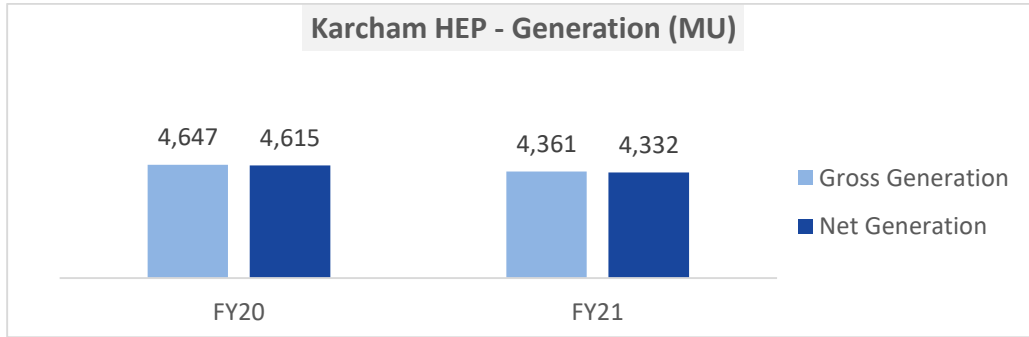


## Operational Performance

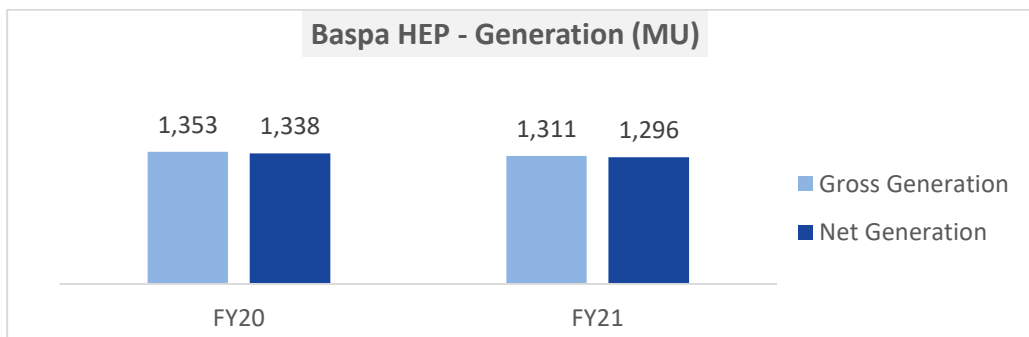
**FY21 (12-month period from 1<sup>st</sup> April, 2020 to 31<sup>st</sup> March, 2021):**

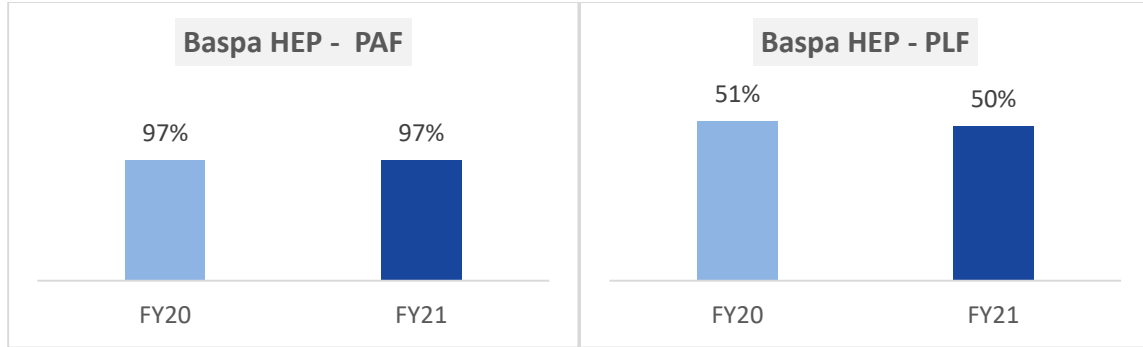


Generation & Sales: JSWHEL						
Figures in MU	Gross Design Energy (DE)	Gross generation	Gross Generation as % of DE	Net Generation	Net Saleable Energy	Saleable Design Energy
<b>FY21</b>	5,344	5,673	106%	5,629	4,953	4,642
<b>FY20</b>	5,344	6,000	112%	5,953	5,239	4,642



Generation & Sales: Karcham HEP						
Figures in MU	Gross Design Energy (DE)	Gross generation	Gross Generation as % of DE	Net Generation	Net Saleable Energy	Saleable Design Energy
<b>FY21</b>	4,131	4,361	106%	4,332	3,813	3,592
<b>FY20</b>	4,131	4,647	112%	4,615	4,061	3,592





Generation & Sales: Baspa HEP						
Figures in MU	Gross Design Energy (DE)	Gross generation	Gross Generation as % of DE	Net Generation	Net Saleable Energy	Saleable Design Energy
<b>FY21</b>	1,213	1,311	108%	1,296	1,141	1,050
<b>FY20</b>	1,213	1,353	112%	1,338	1,178	1,050

- **Plant Availability**

- The Annual Revenue Requirement (ARR) of the two projects depends on ensuring a technical Plant Availability Factor (PAF) vis-à-vis the normative level of 90%. Against this, Karcham HEP has recorded a PAF of 97% and Baspa HEP a PAF of 97% for the aforesaid period. At the company level, the PAF was recorded at 97%. Hence, both plants were eligible for availability based incentives apart from the recovery of the fixed costs and ROE based on approved capital cost discovered through the Annual Revenue Requirement under the Multi-Year Tariff mechanism of 5 year blocks

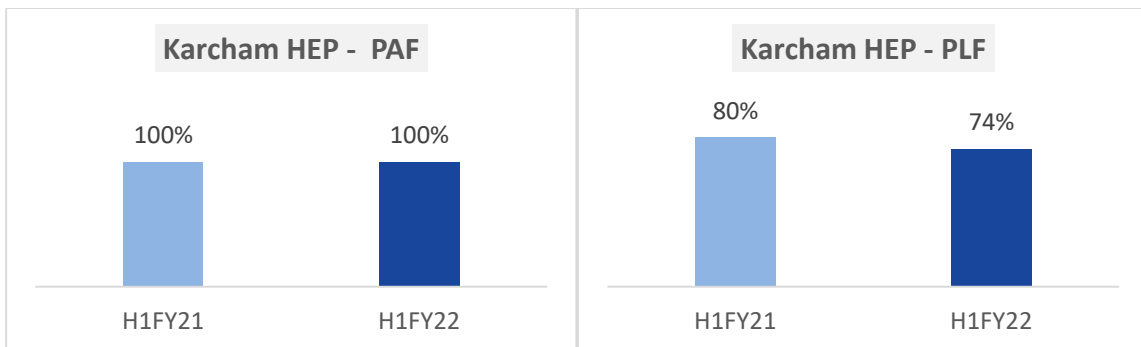
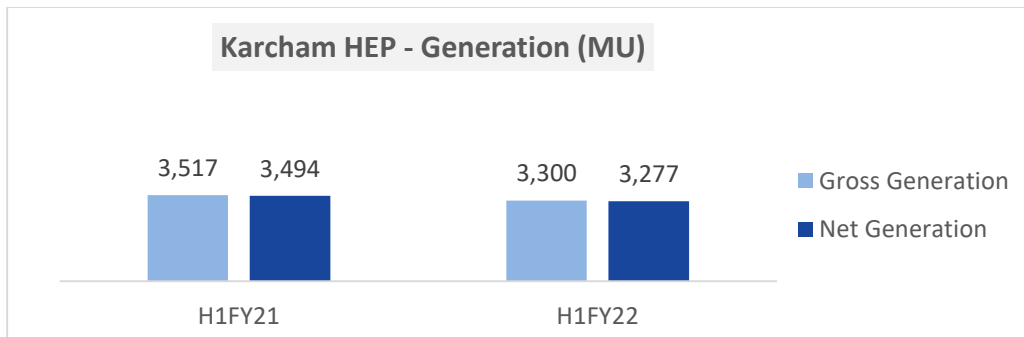
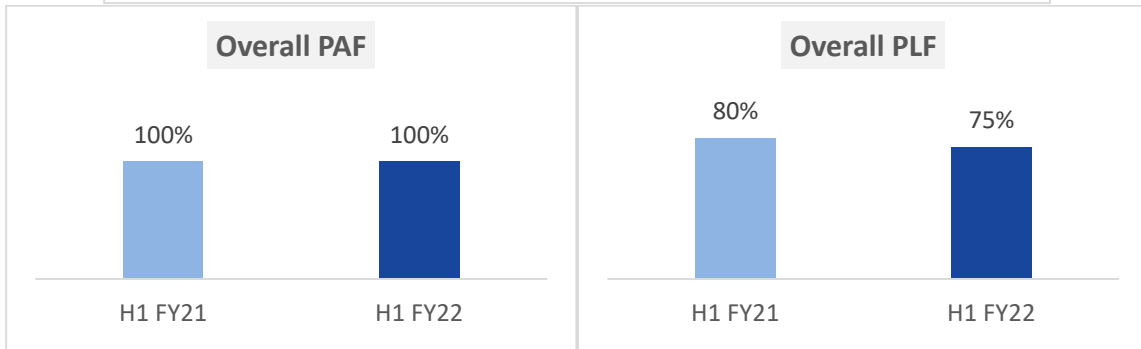
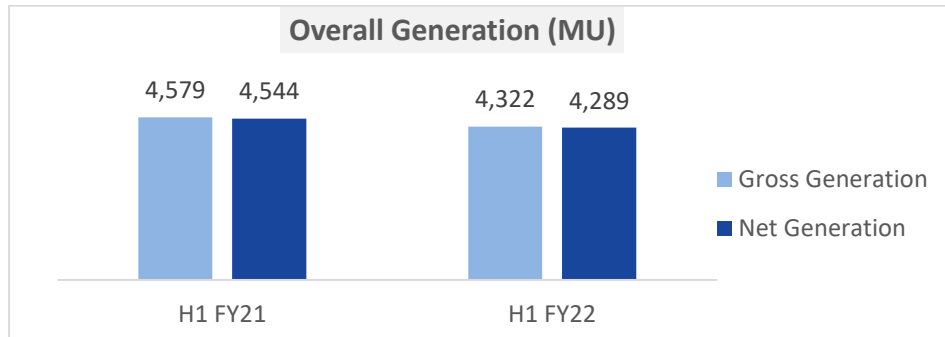
- **Generation Profile**

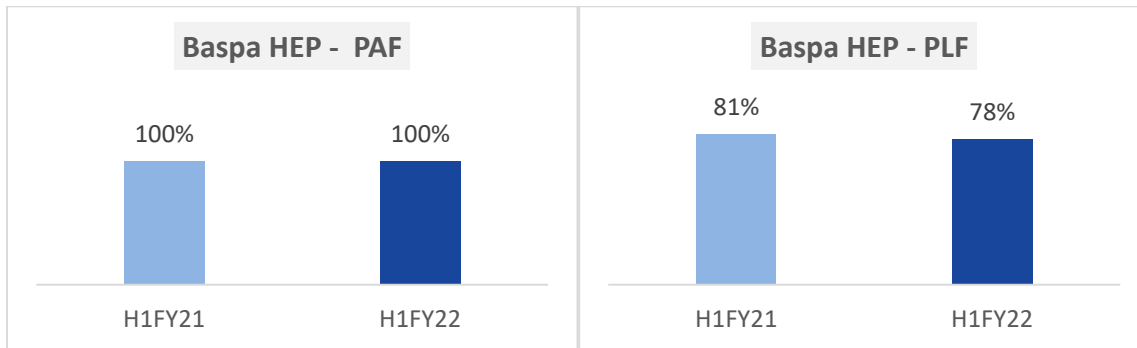
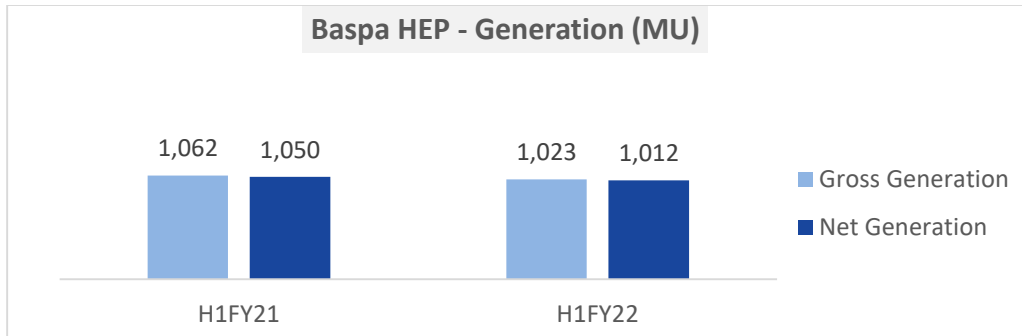
- For Karcham HEP, Gross generation at 4,361 MU and Net generation at 4,332 MU were both lower by 6.1% YoY. Consequently, the plant has operated at a PLF of 50% in FY21 vis-à-vis 53% in FY20
- For Baspa HEP, Gross generation at 1,311 MU and Net generation at 1,296 MU were both lower by 3.1% YoY. Consequently, the plant has operated at a PLF of 50% in FY21 vis-à-vis 51% in FY20
- At an aggregate company level, the Gross generation at 5,673 MU and Net generation at 5,629 MU were both lower by 5.5%. Consequently, at a company-wide level, average PLF was at 50% in FY21 vis-à-vis 53% in FY20

The primary reason for the lower generation in both projects was the lower volume of water flow in the Sutlej and Baspa river basins.



**H1FY21 (6-month period from 1<sup>st</sup> April, 2021 to 30<sup>th</sup> September, 2021):**





- **Plant Availability**

- The Annual Revenue Requirement (ARR) of the two projects which covers the amortized fixed costs and return on equity depends on ensuring a technical Plant Availability Factor (PAF) vis-à-vis the normative level of 90%. Against this, Karcham HEP has recorded a PAF of 100%, Baspa HEP a PAF of 100% and at the company wide level PAF was 100% for the aforesaid period. However, it may be noted that the measurement of PAF for the purposes of incentive income is determined by the performance on PAF on an annual basis for Baspa HEP and on a monthly basis for Karcham HEP.

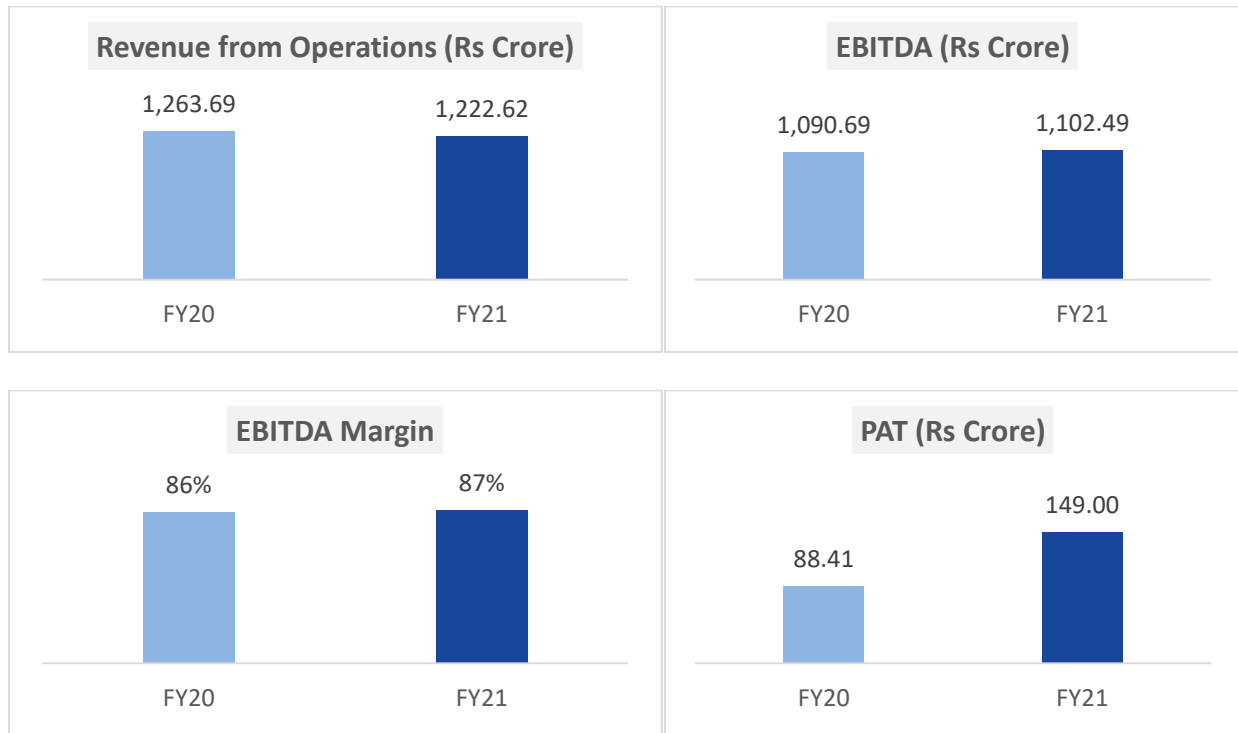
- **Generation Profile**

- For Karcham HEP, Gross generation at 3,300 MU and Net generation at 3,277 MU were both lower by 6.2% YoY. Consequently, the plant has operated at a PLF of 74% in H1-FY22 vis-à-vis 80% in H1-FY21.
- For Baspa HEP, Gross generation at 1,023 MU and Net generation at 1,012 MU were both lower by 3.7% YoY. Consequently, the plant has operated at a PLF of 78% in H1-FY22 vis-à-vis 81% in H1-FY21.
- At an aggregate company level, the Gross generation at 4,322 MU and Net generation at 4,289 MU were both lower by 5.6%. Consequently, both plants operated at an average PLF of 75% in H1-FY22 vis-à-vis 80% in H1-FY21.

The primary reason for the lower generation in both projects was the lower volume of water flow in the Sutlej and Baspa river basins. It is observed that in the months of October 21 and November 21, the generation has been higher on a YOY basis, partially making up for the lower performance on generation in H1-FY22.

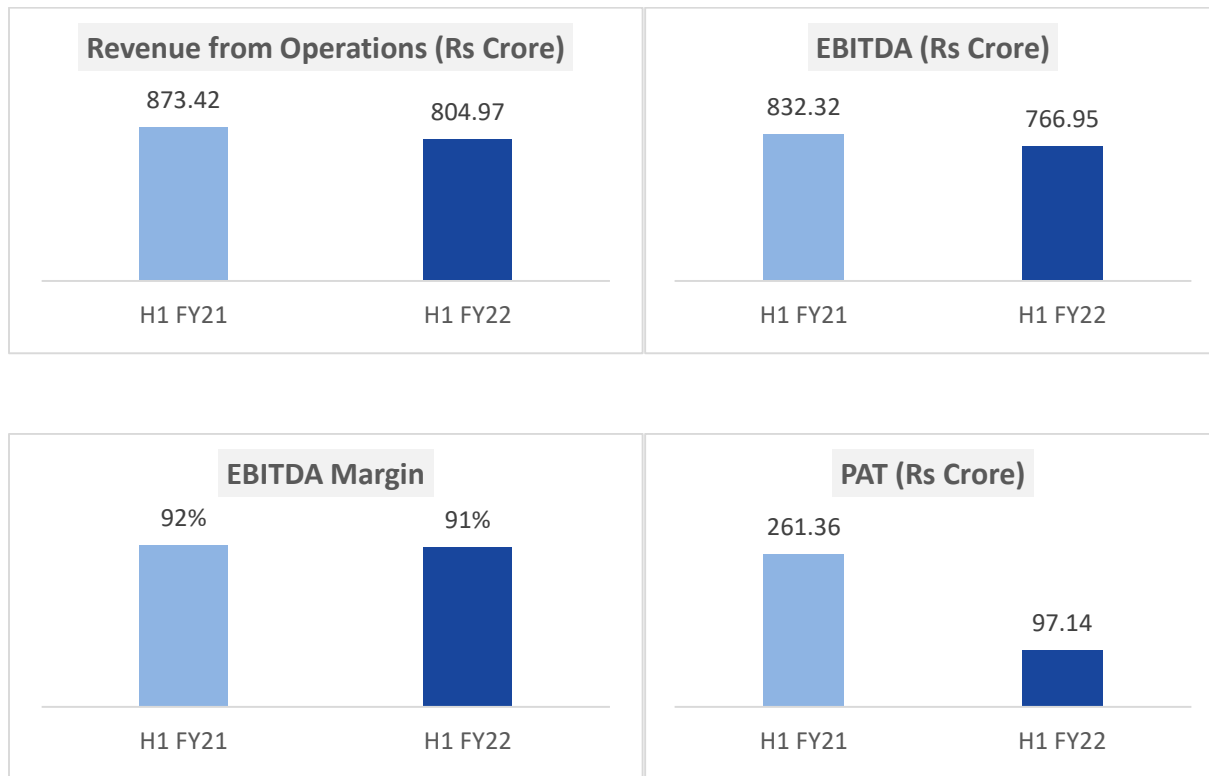
## Financial Performance

**FY21 (12-month period from 1st April, 2020 to 31st March, 2021):**



- Revenue from operations declined by 3.3% to Rs 1,222.62 Crore compared to Rs 1,263.69 Crore on a YoY basis due to a one-off other income in FY20 and lower generation. However, both plants remain insulated from any impact on a base level of revenue and earnings due to weaker hydrology since shortfalls in ARR are recoverable in the subsequent financial year, as long as the PAF remains above the normative level of 90% for the full year. The PAF was registered at 97% for FY21 entitling the plant to some incentive income also apart from the base ARR.
- EBITDA was higher by 1.1 % on a YoY basis at Rs 1,102.49 Crore in FY21 vs Rs 1,090.69 Crore in FY20, mainly due to lower Operations and Maintenance (O&M) expenditure.
- PAT increased 69% YoY to Rs 149.00 Crore in FY21 from Rs 88.41 Crore in FY20 primarily due to a decline in finance cost YoY by 18%.

**H1FY21 (6-month period from 1<sup>st</sup> April, 2021 to 30<sup>th</sup> September, 2021):**



- Revenue from operations declined by 7.8% on a YoY basis to Rs 804.97 Crore from Rs 873.42 Crore in H1FY21 on the back of a lower gross and net generation. This is because of the billing methodology wherein a certain proportion of the ARR is paid as a fixed component on a monthly basis and the other is a component linked to the actual generation. However, both plants remain insulated from any impact on revenue and earnings due to weaker hydrology with any such shortfalls in ARR being recoverable in the subsequent financial year as long as the PAF remains above the normative level of 90%.
- EBITDA reduced by 7.9% on a YoY to Rs 766.95 Crore from Rs 832.32 Crore mainly due to the lower generation. However, the same rationale for revenue applies to EBDITA also. EBITDA margins remained stable at around the 91% level indicating adequate control on Operations and Maintenance (O&M) expenditure.
- Profit after tax stood at Rs 97 Crore vs Rs 261 Crore in H1FY21. This was primarily due to the non-cash one-off expenses related to prepayment of Rupee term loans paid from the proceeds of the Green Bond and other unamortized finance cost aggregating to Rs 92 Crore.



## Receivable Position

In Days	Sep-21	Mar-21	Sep-20
Receivable Days	128	38	167

- Mar-21: Debtor days reduced to 38 days from 89 days at the end of Mar-20. This has been the lowest debtor days witnessed since JSW Energy Ltd took over the company from financial year FY16
- Sep-21: Increase in Receivable position from Mar-21 due to seasonal nature of business with the first half of any financial year typically accounting for close to 70%-75% of the annual generation and sales. Even on a YoY basis, debtor days of 128 days as on 30<sup>th</sup> Sept, 2021 was lower than the 167 days as on 30<sup>th</sup> Sept, 2020



## Appendix - 1

### Form of Compliance Certificate

**DB Trust (Hong Kong) Limited** (the “**Note Trustee**”)

Level 60, International Commerce Centre,  
1 Austin Road West, Kowloon  
Hong Kong

Date: December 16, 2021

Dear Ladies and Gentlemen

#### **JSW HYDRO ENERGY LIMITED U.S.\$707,000,000 4.125% Senior Secured Notes due 2031**

In accordance with clause 4.3 of the note trust deed dated May 18, 2021(as amended or supplemented from time to time, the “**Note Trust Deed**”) made between (1) JSW Hydro Energy Limited and (2) the Note Trustee, we hereby certify and confirm below on behalf of the issuer, that:

- (a) as at the Calculation Date, the aggregate amount for transfer to the Distribution Account in accordance with the Operating Accounts Waterfall was: **NIL**
- (b) in accordance with the workings set out in Annexure I, the Debt Service Cover Ratio for the Calculation Period ending on the relevant Calculation Date was: **2.78**
- (c) in accordance with the workings set out in Annexure II, the Fund From Operations to the Net Debt Ratio for the Calculation Period ending on the relevant Calculation Date was: **14.40%**
- (d) the amount received by the issuer pursuant to an Equity Cure, details of the Debt Service Cover Ratio for the Calculation Period ending on the relevant Calculation Date was:
- (i) without taking into account the Equity Cure: **2.78**
  - (ii) after taking into account the Equity Cure: **no equity cure received**
- (e) the amounts spent by the Issuer by way of Capital Expenditure, details of the amount utilized, the use of proceeds of such amounts, whether such amounts were funded by funds in the Distribution Account was: **NIL**
- (f) the cash balance in each of the Project Accounts as at the relevant Calculation Date was:

Nature of Account	Amount in Rs Crore	Remarks
Operating Accounts	418.29	Including amounts invested in Mutual Funds
True Up Reserve Account	200.00	Including amounts invested in Mutual Funds
Distribution Account	114.02	Including amounts invested in Mutual Funds
<b>Total</b>	<b>732.31</b>	



(g) the MCS amount paid by the Issuer up to (and including) the relevant Calculation Date, and the amounts (if any) of shortfall in the payment of any MCS Amount was: **NIL**

(h) New Injection amounts received for the purposes of paying any MCS Amount due was: **NIL**

(i) the amounts paid in respect of True-Up Liabilities, details of the amount utilized and the timing of any amounts utilized: **NIL**

(j) to the best of our knowledge having made due enquiry, no Default subsists.

Terms not defined herein shall have the same meanings as provided in the Note Trust Deed and the Conditions.

Yours Faithfully,  
For JSW Hydro Energy Limited

A handwritten signature in blue ink, consisting of a stylized 'S' and 'K' with a diagonal line through them.

Name: Mr. Sanjeev Kango  
Chief Financial Officer

## Annexure 1

Working for Calculation of Debt Service Coverage Ratio (A/B)		1 <sup>st</sup> Oct 2020 to 31 <sup>st</sup> Sep 2021
		In Rs Crore
"Debt Service Cover Ratio" means in relation to a Calculation period ending on the relevant Calculation Date (A/B)		2.78
"Cash flow Available for Debt Service" means, in respect of any period, (i) the aggregate amount of CFADS Operating Revenue for such period (which, for the avoidance of doubt, shall include interest revenue accrued by the Issuer on all Project Accounts (including the Distribution Account, to the extent any such interest is transferred to the Operating Accounts) to the extent not already included in CFADS Operating Revenue) and (ii) the amount of proceeds received by the Issuer from any New Injection made in such period and designated by the Issuer as an Equity Cure, less:		1,199.45
a) Operating Expenses (other than any Costs or fees payable, written-off or amortized in connection with the Existing Indebtedness, the Senior Secured Documents and any Costs or break fees payable as a consequence of the repayment or prepayment of the Existing Indebtedness) and petty expenses, if any, in each case paid in such period and funded by amounts withdrawn from a Project Account in accordance with these Conditions and the Trust and Accounts Deed;		(162.32)
b) Taxes (other than where any such Taxes have been paid by the Issuer from funds in the Distribution Account related to the write back of True-Up Liabilities) paid by the Issuer in such period; and		(61.34)
c) costs paid by the Issuer to the Trustee,		(0.09)
in each case for (b) and (c) of this definition, without double counting. Amounts received as a New Injection and designated by the Issuer as an Equity Cure in accordance with these Conditions and the Trust and Accounts Deed will be counted in Cash flow Available for Debt Service for the Calculation Period in which the Compliance Certificate is being provided but not for any subsequent period, without double counting, and solely for that specified period.		-
A) Total		975.71

"CFADS Operating Revenue" means Operating Revenue excluding (without double counting):		1,199.45
(a) non-recurring significant items which are not generated in the ordinary course of business (including, but not limited to, profits and losses on the disposal of assets outside the ordinary course of business);		Nil
(b) extraordinary items;		
(c) any other non-cash items (including, but not limited to, property revaluations); <i>provided</i> that such non-cash items shall not include "income from service concession arrangements";		Nil
(d) insurance proceeds, other than business interruption insurance proceeds or advance consequential loss of profit insurance proceeds or any proceeds applied towards reimbursement for repairs or reinstatement of an asset where the cost of the relevant repair or reinstatement is an Operating Expense;		Nil
(e) proceeds of any Finance Debt or equity; and		Nil
(f) any warranty claim or indemnity payment received under a PPA, other than any amounts calculated with respect to, or provided in lieu of, revenue or where the cost, liability or		Nil



	loss being compensated for or the subject of the relevant warranty or indemnity is an Operating Expense.	
--	--	--

B)	(ii) the aggregate amount of (x) interest in respect of the Notes accrued during such period, (y) interest in respect of any Working Capital Debt accrued during such period and (z) net payments accrued under any Currency Hedging Agreement or any Interest Rate Hedging Agreement during such period (without double counting); <i>provided</i> that for the Calculation Period ending on September 30, 2021, paragraph (i) shall be Cash flow Available for Debt Service for the 12-months ending September 30, 2021 and paragraph (ii) shall be the aggregate amount of (a) the scheduled principal repayments (to the extent not refinanced, prepaid or repaid and/or marked for refinancing) under the Existing Term Loan Indebtedness during such period, (b) interest payments to creditors of Existing Indebtedness and payments of any Costs (of recurring nature) to creditors in relation to Existing Indebtedness due or accrued during such period, (c) interest accrued in respect of the Notes during such period, (d) interest accrued in respect of any Working Capital Debt during such period and (e) net payments accrued under any Currency Hedging Agreement or any Interest Rate Hedging Agreement during such period.	351.26

## Annexure 2

Working for the Fund From Operations to Net Debt Ratio		1 <sup>st</sup> Oct 2020 to 31 <sup>st</sup> Sep 2021
		In Rs Crore
<b>Fund from Operations to Net Debt Ratio (A/B)</b>		<b>14.40%</b>
“Funds From Operations” means, for any period,		
a) EBITDA minus		1,037.13
b) cash Taxes paid on income		(61.34)
c) adjusted for any positive or negative adjustments in working capital		(38.10)
d) cash net interest.		(267.68)
A) <b>Total</b>		<b>670.01</b>

a) “Net Debt” means the total indebtedness of the Issuer (excluding any Subordinated Debt)		5,186.48
b) less: Cash balances		532.31
c) less any amounts held in the MCS Account,		-
d) less the Debt Service Reserve Account,		-
e) less the Restricted Surplus Account and		-
f) less the Restricted Debt Service Account.		-
B) <b>Total</b>		<b>4,654.17</b>



## **Appendix - 2**

### **Form of Certificate of Issuer**

**DB Trust (Hong Kong) Limited (the “Note Trustee”)**

Level 60, International Commerce Centre,  
1 Austin Road West, Kowloon  
Hong Kong

Date: December 16, 2021

Dear Ladies and Gentlemen

#### **JSW HYDRO ENERGY LIMITED U.S.\$707,000,000 4.125% Senior Secured Notes due 2031**

In accordance with clause 4.3 of the note trust deed dated May 18, 2021 (as amended or supplemented from time to time, the “**Note Trust Deed**”) made between (1) JSW Hydro Energy Limited and (2) the Note Trustee, I, as CFO of the Issuer, hereby confirm that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the issuer that as at date of this certificate

(a) as at December 16, 2021, no Event of Default or Potential Event of Default had occurred since May 18, 2021.

(b) From and including May 18, 2021 to and including December 16, 2021, issuer has complied in all respects with its obligations under the Note Trust Deed and the Notes.

Terms not defined herein shall have the same meaning as provided in the Note Trust Deed.

Yours faithfully,  
For JSW Hydro Energy Limited

Name: Mr. Sanjeev Kango  
Chief Financial Officer



## **Appendix – 3**

### **Security Compliance Certificate**

**DB Trust (Hong Kong) Limited (the “Note Trustee”)**

Level 60, International Commerce Centre,  
1 Austin Road West, Kowloon  
Hong Kong

Date: December 16, 2021

Dear Ladies and Gentlemen

#### **JSW HYDRO ENERGY LIMITED U.S.\$707,000,000 4.125% Senior Secured Notes due 2031**

In accordance with clause 4.3 of the note trust deed dated May 18, 2021 (as amended or supplemented from time to time, the “**Note Trust Deed**”) made between (1) JSW Hydro Energy Limited and (2) the Note Trustee, I, as CFO of the Issuer, hereby confirm that the details of Security created till the relevant Calculation Date are as follows:

- (a) a first ranking pari passu pledge over 51 per cent of equity shares of the Issuer (“Pledged Shares”) held by JSW Energy Limited and other shareholders and a negative pledge over the remaining 49 per cent of equity shares of the Issuer held by JSW Energy Limited and other shareholders (as part of the contractual undertaking in the share pledge agreement)
- (b) a first ranking pari passu charge over the Project Accounts (save and except for the Distribution Account);
- (c) a first ranking pari passu charge over all movable assets (tangible and intangible) and current assets of the Issuer, including, but not limited to, movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable properties of whatsoever nature both present and future, in relation to the Projects;
- (d) a first ranking pari passu charge overall revenues from the Projects including book debts and operating cash flows, both present and future; and
- (e) a first ranking pari passu charge over the rights, title and interest of the Issuer under the PPAs and clearances pertaining to the Projects (to the extent capable of assignment),
- (f) a first ranking pari passu mortgage over the leasehold and freehold land in respect of each Project by deposit of title deeds by the Issuer in favor of the Security Trustee; and
- (g) a first ranking pari passu charge over the rights, title, interest and benefits of the Issuer under the Implementation Agreements

Terms not defined herein shall have the same meaning as provided in the Note Trust Deed.

Yours faithfully,

For JSW Hydro Energy Limited

Name: Mr. Sanjeev Kango  
Chief Financial Officer



**Appendix - 4**

**Financial Statements of JSW Hydro Energy Limited  
(JSWHEL) for period ending September 30<sup>th</sup> 2021**



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

Registered Office : Sholtu Colony  
P.O. Tapri, Dist. Kinnaur (H.P.) - 172104  
CIN : U40101HP2014PLC000681

Consolidated Statement of Unaudited Financial Results for the Quarter and Six Month ended 30.09.2021

( ₹ Crore )

Sl.	Particulars	Quarter Ended			Six Month Ended		Year ended
		30.09.2021	30.06.2021	30.09.2020	30.09.2021	30.09.2020	31.03.2021
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
I	Revenue from Operations	513.67	291.30	539.10	804.97	873.42	1,222.62
II	Other Income	8.93	25.71	6.02	34.64	28.21	38.85
III	<b>Total Income (I+II)</b>	<b>522.60</b>	<b>317.01</b>	<b>545.12</b>	<b>839.61</b>	<b>901.63</b>	<b>1,261.47</b>
IV	<b>Expenses:</b>						
a)	Employee Benefits Expense	14.96	13.26	13.83	28.22	26.82	54.58
b)	Finance costs	100.96	199.21	110.58	300.17	233.76	451.36
c)	Depreciation and amortisation Expense	109.86	108.61	109.11	218.47	217.17	443.03
d)	Other Expenses	22.72	21.77	25.66	44.49	42.53	104.52
	<b>Total Expenses</b>	<b>248.50</b>	<b>342.85</b>	<b>259.18</b>	<b>591.35</b>	<b>520.28</b>	<b>1,053.49</b>
V	<b>Profit/(loss) before tax and deferred tax (recoverable from)/adjustable in future tariff (III - IV)</b>	<b>274.10</b>	<b>(25.84)</b>	<b>285.94</b>	<b>248.26</b>	<b>381.35</b>	<b>207.98</b>
VI	<b>Tax Expense</b>						
	- Current Tax	175.24	(23.96)	86.44	151.28	120.07	59.22
	- Deferred Tax	(101.32)	16.47	(50.65)	(84.85)	(72.91)	(38.14)
VII	<b>Deferred Tax (recoverable from) / adjustable in future tariff</b>	<b>101.32</b>	<b>(16.47)</b>	<b>50.65</b>	<b>84.85</b>	<b>72.91</b>	<b>38.14</b>
		<b>175.24</b>	<b>(23.96)</b>	<b>86.44</b>	<b>151.28</b>	<b>120.07</b>	<b>59.22</b>
VIII	<b>Net Profit / (Loss) for the Year (V - VI - VII)</b>	<b>98.86</b>	<b>(1.88)</b>	<b>199.50</b>	<b>96.98</b>	<b>261.28</b>	<b>148.76</b>
IX	<b>Other Comprehensive Income</b>						
A.	(i) Items that will not be reclassified to profit or loss	(0.03)	(0.03)	(0.14)	(0.06)	(0.28)	(0.12)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	0.01	0.01	0.05	0.02	0.10	0.04
B.	(i) Items that will be reclassified to profit or loss	23.64	(155.61)	-	(131.97)	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	(5.95)	39.16	-	33.21	-	-
	(iii) Deferred tax recoverable from / (adjustable in) future tariff	5.95	(39.16)	-	(33.21)	-	-
		<b>23.62</b>	<b>(155.63)</b>	<b>(0.09)</b>	<b>(132.01)</b>	<b>(0.18)</b>	<b>(0.08)</b>
X	<b>Total Comprehensive Income (VIII+IX)</b>	<b>122.48</b>	<b>(157.51)</b>	<b>199.41</b>	<b>(35.03)</b>	<b>261.10</b>	<b>148.68</b>
XI	<b>Paid-up Equity Share Capital</b> (Face Value of ₹ 10 per share)	1,250.05	1,250.05	1,250.05	1,250.05	1,250.05	1,250.05
XII	<b>Other Equity</b>	-	-	-	-	-	733.03
XIII	<b>Earnings per Share (not annualised)</b>						
	- Basic EPS ( ₹ )	0.79	(0.02)	1.60	0.78	2.09	1.19
	- Diluted EPS ( ₹ )	0.79	(0.02)	1.60	0.78	2.09	1.19



## Statement of Asset and Liabilities

( ₹ Crore )

Sl.	Particulars	As at	
		30.09.2021	31.03.2021
		Unaudited	Audited
<b>A</b>	<b>ASSETS</b>		
<b>1</b>	<b>Non-current assets:</b>		
	(a) Property, Plant and Equipment	5,802.06	5,982.48
	(b) Capital work-in-progress	545.04	401.54
	(c) Other Intangible assets	730.21	747.57
	(d) Financial assets		
	(i) Investment		
	(ii) Other financial assets	113.48	120.91
	(e) Income tax assets (net)	36.51	36.53
	(f) Other non-current assets	203.63	164.06
	<b>Total Non - Current Assets</b>	<b>7,430.93</b>	<b>7,453.09</b>
<b>2</b>	<b>Current assets:</b>		
	(a) Inventories	14.19	11.66
	(b) Financial Assets		
	(i) Investments	597.60	472.22
	(ii) Trade receivables	230.09	51.26
	(iii) Cash and cash equivalents	140.21	115.08
	(iv) Bank Balances other than (iii) above	67.06	40.15
	(v) Other financial assets	237.37	128.02
	(c) Other current assets	24.82	33.55
	<b>Total Current Assets</b>	<b>1,311.34</b>	<b>851.94</b>
	<b>Total Assets</b>	<b>8,742.27</b>	<b>8,305.03</b>
<b>B</b>	<b>EQUITY AND LIABILITIES</b>		
<b>1</b>	<b>Equity</b>		
	(a) Equity Share Capital	1,250.05	1,250.05
	(b) Other Equity	698.85	733.03
	<b>Total equity</b>	<b>1,948.90</b>	<b>1,983.08</b>
<b>2</b>	<b>LIABILITIES</b>		
	<b>Non-current liabilities</b>		
	(a) Financial Liabilities		
	(i) Borrowings	4,775.39	4,838.08
	(ii) Lease liabilities	26.13	26.25
	(iii) Other financial liabilities	623.96	425.97
	(b) Provisions	7.73	6.98
	<b>Total Non - Current Liabilities</b>	<b>5,433.21</b>	<b>5,297.28</b>
<b>3</b>	<b>Current liabilities</b>		
	(a) Financial Liabilities		
	(i) Borrowings	411.10	332.22
	(ii) Lease liabilities	0.26	0.28
	(iii) Trade payables		
	(a) Total outstanding dues of micro and small enterprises	1.15	3.41
	(b) Total outstanding dues of creditors other than micro and small enterprises	87.98	22.56
	(iv) Other financial liabilities	730.46	661.51
	(b) Other current liabilities	3.03	2.95
	(c) Provisions	1.74	1.74
	(d) Current tax liabilities (Net)	124.44	-
	<b>Total Current Liabilities</b>	<b>1,360.16</b>	<b>1,024.67</b>
	<b>Total liabilities</b>	<b>6,793.37</b>	<b>6,321.95</b>
	<b>Total Equity and Liabilities</b>	<b>8,742.27</b>	<b>8,305.03</b>



Statement of Cash Flows		( ₹ Crore )	
	Particulars	For the Six Month Ended 30th September,2021	For the Six Month Ended 30th September,2020
I	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Profit before Tax	248.26	381.35
	<b>Adjusted for:</b>		
	Depreciation and amortisation	218.47	217.17
	Interest income earned on financial assets that are not designated as at FVTPL	(18.60)	(4.25)
	Net Gain from current investments	(8.18)	(4.57)
	Excess provision no longer required written back	-	(18.00)
	(Gain) / Loss on sale / discard of property, plant and equipment	(0.01)	-
	Share based payments	0.85	0.15
	Finance costs	300.17	233.76
	Property ,Plant and equipment written off	1.08	3.68
	<b>Operating profit before working capital changes</b>	<b>742.04</b>	<b>809.29</b>
	<b>Adjustment for movement in working capital :</b>		
	Decrease / (Increase) in Trade and other receivables	(170.10)	(145.67)
	Increase / (Decrease) in Trade payables & Other Liabilities	150.76	29.46
	Decrease/ (Increase) in Loans & advances and other non-current assets	(151.89)	(147.17)
	Decrease/ (Increase) in Inventories	(2.53)	(1.32)
		<b>(173.76)</b>	<b>(264.70)</b>
	<b>Cash generated from operations</b>	<b>568.28</b>	<b>544.59</b>
	Direct taxes paid	(26.82)	(27.16)
	<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>541.46</b>	<b>517.43</b>
II	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of property, plant & equipment including CWIP and capital advances	(165.27)	(22.20)
	Investment made in mutual fund	(200.00)	-
	Bank deposits not considered as cash and cash equivalent	(48.03)	1.46
	Interest received	18.60	4.25
	Net Gain from current investments	8.18	4.57
	<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(386.52)</b>	<b>(11.92)</b>
III	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Borrowings Taken/(Repaid)	(39.27)	(288.24)
	Finance costs paid	(165.16)	(256.56)
	<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(204.43)</b>	<b>(544.80)</b>
	<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS (I+II+III)</b>	<b>(49.49)</b>	<b>(39.29)</b>
	<b>CASH AND CASH EQUIVALENTS - At the beginning of the Year</b>	<b>587.30</b>	<b>205.27</b>
	<b>CASH AND CASH EQUIVALENTS - At the end of period</b>	<b>537.81</b>	<b>165.98</b>
	1) Balances with Banks	140.14	21.87
	2) Cash on hand	0.07	0.01
	3) Investments in mutual funds	397.60	144.1
	<b>Total</b>	<b>537.81</b>	<b>165.98</b>



**Notes :**

- 1 The Company is engaged in only one segment viz. "Generation and Sale of Power" and as such there are no separate reportable segments as per IND AS – 108 "Operating Segments".
- 2 Comparative financial information has been regrouped and reclassified, wherever necessary, to correspond to the figures of the current quarter/period.
- 3 The above results have been reviewed and approved by the Board of Directors in its meetings held on 28th October,2021. The Statutory Auditor of the company have carried out the limited review of the results for the quarter and six month ended 30th September, 2021.
- 4 In view of the seasonal nature of business of the company, the financial results of the quarter may not be comparable with the previous/ subsequent quarters.
- 5 The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of the results. The Company's generation capacities are tied up under long term power purchase agreements, which insulates revenue of the Company. Based on the present assessment, the Management does not expect any medium to long-term impact on the businesses of the Company. The Company has evaluated the possible effects on the carrying amounts of property, plant and equipment, inventory, loans and receivables basis the internal and external sources of information and concluded, exercising reasonable estimates and judgements, that the carrying amounts of these assets are recoverable. Having regard to the above, and the Company's liquidity position coupled with expected future cash flows, there is no uncertainty in meeting financial obligations in the foreseeable future. The impact of COVID-19 may differ from that estimated as at the date of approval of these financial results.
- 6 The Company has raised ₹ 5,162.87 crores [US\$ 707 million] on May 18,2021, 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 project related rupee denominated indebtedness. The notes are listed on Singapore Exchange Securities Trading Limited (SGX-ST).  
The Company has undertaken options to hedge the foreign exchange fluctuation risk on the principal and coupon / interest repayments on the aforementioned notes.
- 7 During the quarter ended 30th June 21, the Company has prepaid its existing project related rupee-denominated loans.
- 8 During the quarter ended 30th June 21, finance costs include one time expenses of the pre-payment charges and write off of unamortized other borrowing costs, relating to the existing rupee denominated loans aggregating to ₹ 91.94 crore.
- 9 The Central Electricity Authority ("CEA") has approved uprating of Karcham Wangtoo Hydro Electric Power Plant ("the Project") from 1,000 MW to 1,045 MW with review of operational parameters and performance for at least two monsoon seasons and then to 1,091 MW subject to concurrence by the CEA.

For and on behalf of the Board of Directors



**Prashant Jain**  
Chairman  
[DIN: 01281621]



Place : Mumbai

Date : 28th October,2021