



**JSW Hydro Energy Limited (JSWHEL)**  
**Compliance Certificate**  
**30<sup>th</sup> September, 2022**



## **Contents**

Introduction .....	3
Executive Summary of Power Sector in India .....	3
Executive Summary of Business Performance .....	3
Information on Compliance Certificate and Its Workings .....	5
A. Computation of surplus for Debt Service Reserve Account (DSRA) and Distribution Account as per Note Trust Deed .....	6
B. Actual performance v/s stipulated covenants .....	7
Sector Updates .....	8
Operational Performance .....	10
Financial Performance .....	15
Receivable Position .....	17
Appendix - 1 .....	18
Annexure 1 .....	20
Annexure 2 .....	22
Appendix - 2 .....	23
Appendix - 3 .....	24



## **Introduction**

JSW Hydro Energy Limited (JSWHEL) is a wholly-owned subsidiary of JSW Neo 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 of each year starting 30th September, 2021. This report is the third such report being provided in compliance with the same.

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

- India's power demand increased by 5.7% YoY in Q2 FY23, on back of broad based demand increase across the country. Demand growth for 1H FY23 stood at 11.8%, as the demand moderated from Q1 FY23 growth of 18%.
- Further, the all India peak power demand touched high of 207 GW in Sep'22
- In line with demand, overall power generation increased by 4.7% YoY in Q2 FY23, led by solar generation up 38% YoY and hydro generation up 14% YoY.
- On the supply side, installed capacity stood at 408 GW as on September 30, 2022. In Q2 FY23, installed capacity increased by 4.0 GW, on a net basis, due to addition in Renewable (+4.0 GW).

## **Executive Summary of Business Performance**

Business performance is highlighted across two time periods, namely

- a. 1<sup>st</sup> April, 2021 to March 31, 2022
- b. 1<sup>st</sup> April, 2022 to September 30, 2022

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



## **Key Highlights— H1 FY2023 (6-month period from April 01, 2022 to September 30, 2022)**

### **Operational performance**

- Overall Plant Availability Factor (PAF) at 100% remained well above the normative PAF of 90%
- Overall Gross Generation stood at 4,505 million units (MU), higher by 4 % on a YoY basis.
- Overall Net Generation stood at 4,472 MU, higher by 4.1% in H1FY23 v/s H1FY22
- Overall Plant Load Factor (PLF) stood at 76 % in H1 FY23 vs 75% in H1 FY22

### **Financial performance**

- Revenue from operations increased by 11.3% on a YoY basis to Rs 895.9 Crore in H1 FY23 from Rs 804.97 Crore in H1 FY22 on the back of increased gross and net generation.
- EBITDA increased by 7.9% YoY to Rs 827.3 Crore in H1 FY23 from Rs 766.9 Crore in H1 FY22 mainly due to the increased generation and short term sales.
- Profit after tax stood at Rs 327.9 Crore in H1 FY23 vs Rs 97.1 Crore in H1 FY22. This was due to lower interest cost and higher short-term revenue in H1FY23 as compared to that in H1FY22.
- Debtor days were 54 days as at the end of September 2022. Increase in the Receivable position as at the end of September 2022 to 54 days from 29 days in March 2022 is due to seasonal nature where the maximum supply for close to 70%-75% of the annual generation is supplied and billed in the first half of the fiscal year.

### **Other Key Business Highlights**

- Commenced Operations of 45 MW uprated capacity at Karcham Wangtoo 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, driving an additional revenue of Rs 42 Crore during the 1<sup>st</sup> half of FY23.
- 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 TTM Calculation period from 1<sup>st</sup> October, 2021 to 30<sup>th</sup> Sept, 2022

Particulars	As on September 30, 2022
Debt Service Coverage Ratio (DSCR) (Annexure 1)	4.32
FFO/Net Debt (Annexure 2)	14.57%



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

Date: 08<sup>th</sup> December 2022

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 2022. 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, 2022
- (b) The Cash Flow Waterfall Mechanism as detailed in the Note Trust Deed
- (c) Working annexures



**A. Computation of Operating Account Waterfall as per Note Trust Deed Period from 1st April, 2022 to 30<sup>th</sup> Sept, 2022 (Calculation Date)**

We hereby make the Operating Account Waterfall Calculation:

		(In Rupee crore)
Sr No.	Particulars (In Rupee crore)	April 01, 2022 to September 30, 2022
	Opening surplus available as on 1st April, 2022 for coupon, hedge premium and MCS payment falling due on 18th May, 2022	417.80
A	Inflows	
	Operating Revenue	822.85
	Working capital Debt	-
	New injection proceeds	-
	True up Reserve	200.00
	<b>Total Inflows</b>	<b>1,022.85</b>
B	Less: Statutory dues & Taxes	24.76
C	Less: O&M Expense	101.68
D	Less: Payments to Trustee, Agents & TRA Bank for cost & liability	
E	Less:	
	a) Coupon payment	110.41
	b) CC/WC interest cost	-
	c) Hedge Premium payments	88.47
	d) MCS Payment	234.44
F	Less:	
	a) WC debt repayment (no obligated principal under bond)	-
	b) Hedge related settlement payments	-
G	Less:	
	Coupon payment due on 18.11.2022	110.53
	Ensuing Hedge Premium payment on 18.11.22 and 18.02.2023	86.53
	Ensuing Hedge related settlement payment on 18.11.2022	-
	Ensuing MCS payment on 18.11.2022	192.82
H	Less: True up liability paid	379.71
	<b>Net Surplus to be transferred to Distribution Account</b>	<b>111.30</b>



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

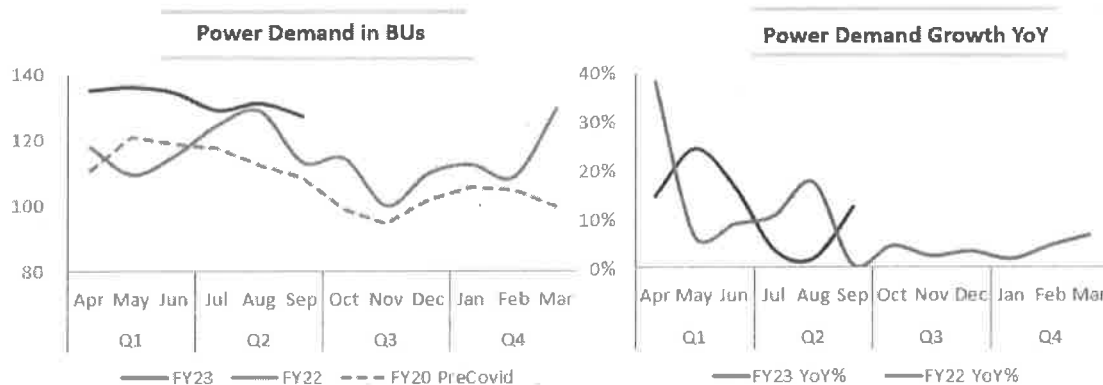
Particulars	As on 30 <sup>th</sup> Sept, 2022	Covenant Construct
<b>Debt Service Coverage Ratio (DSCR)</b> <u>(Annexure 1)</u>	4.32	1) DSCR > 1.50x –100% distribution permitted 2) DSCR ≤ 1.50x –60% distribution permitted 3) DSCR ≤ 1.40x –50% distribution permitted 4) DSCR ≤ 1.30x –No Distribution 5) DSCR < 1.10x –Event of Default
<b>FFO/Net Debt</b> <u>(Annexure 2)</u>	14.57%	FFO/Net Debt ≥ 6% for cash release

- For the period ending 30<sup>th</sup> September, 2022, an amount of Rs 111.30 crore is to be transferred from the Operating account to Distribution account as per the Operating Account Waterfall.

## Sector Updates<sup>2</sup>

### Power Demand

- India's power demand increased by 5.7% YoY in Q2 FY23, on the back of broad based demand increase across the country. Demand growth for H1 FY23 stood at 11.8%, as the demand moderated from Q1 FY23 growth of 18%.
- The peak demand witnessed in Q2 FY23 was 207 GW.
- Total demand met (supply) for H1 FY23 was 786 BUs implying a shortfall of 5 BUs or 0.7% of the overall demand.

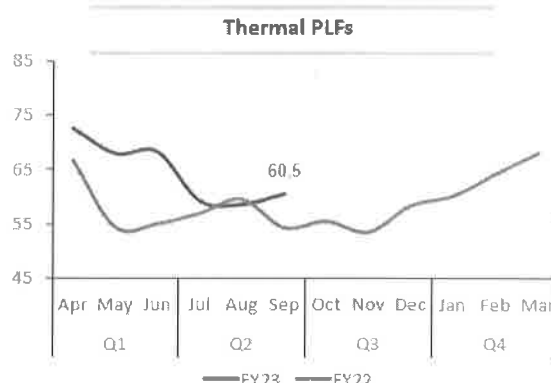
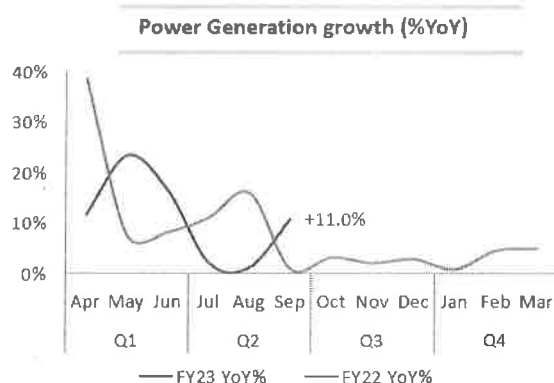


### Power Generation

- In line with demand, overall power generation increased by 4.7% YoY in Q2 FY23, led by solar generation up 38% YoY and hydro generation up 14% YoY. In H1 FY23 the overall generation increased 11% YoY led by growth in renewable generation (excluding hydro) which grew by 17% YoY.
- Thermal and hydro generation saw a similar trend as there was a 10%-11% YoY increase in generation in H1 FY23.
- Average Thermal PLFs improved YoY in the quarter to 59.5%.

<sup>2</sup> Source: Central Electricity Authority (CEA)





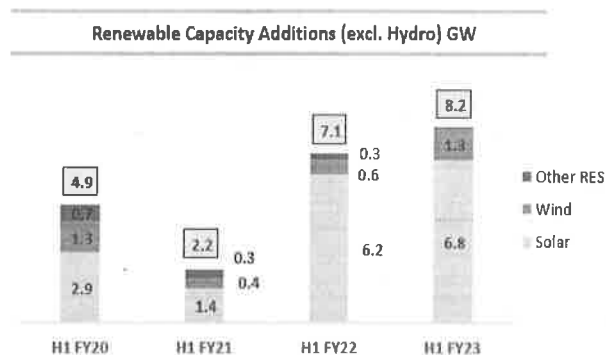
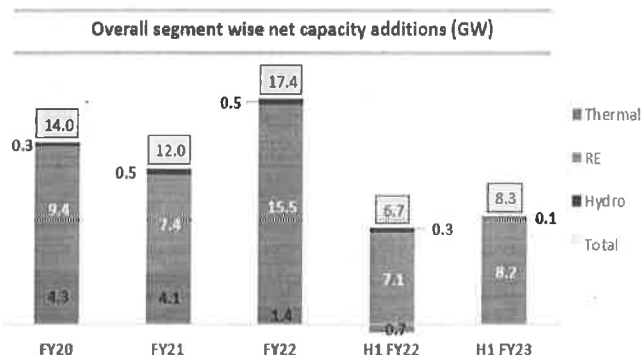
### Power Capacity

- Installed capacity stood at 408 GW as on September 30, 2022.
- Net Capacity additions during the quarter stood at 4.0 GW and 8.3 GW for H1 FY23.

Mode-wise	GW	%
Thermal	236.1	58%
Nuclear	6.8	2%
Hydro	46.9	11%
Small Hydro	4.9	1%
BM/Cogen/Waste	14.3	4%
Wind	40.9	10%
Solar	58.0	14%
<b>TOTAL</b>	<b>407.8</b>	<b>100%</b>

Sector-wise	GW	%
State	105.0	25.7%
Private	203.8	50.0%
Central	99.0	24.3%
<b>TOTAL</b>	<b>407.8</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 H1 FY23, as on a net basis<sup>3</sup> ~8.3 GW was added, driven by Renewable Energy segment (8.2 GW).

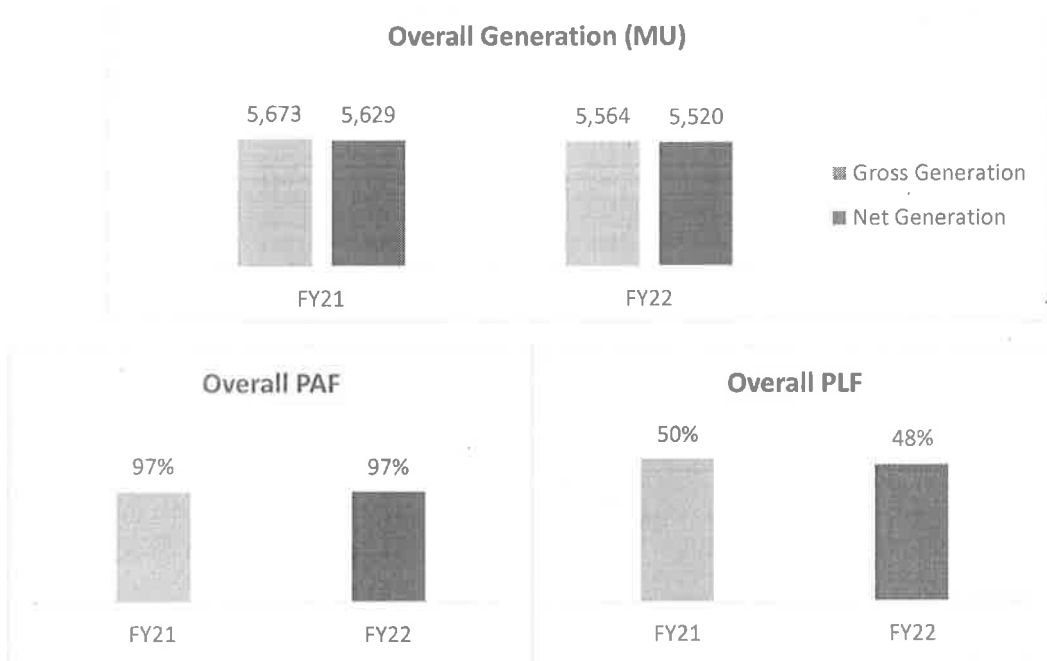


<sup>3</sup> Including retirement of thermal capacity



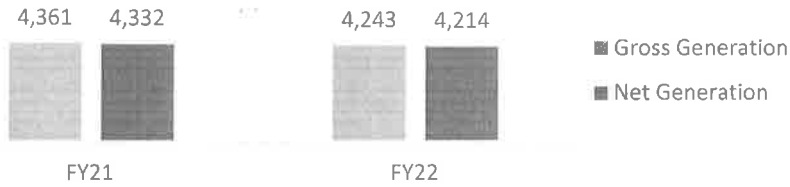
## Operational Performance

**JSW Hydro – FY 2022 (12-month period from 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022):**

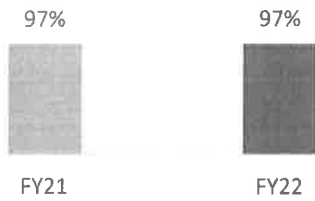


Generation & Sales: JSWHEL						
Figures in MU	Gross Design Energy (DE)	Gross generation	Gross Generation as % of DE	Net Generation	Net Saleable Energy	Saleable Design Energy
<b>FY 2022</b>	5,344	5,564	104%	5,520	4,856	4,642
<b>FY 2021</b>	5,344	5,673	106%	5,629	4,953	4,642

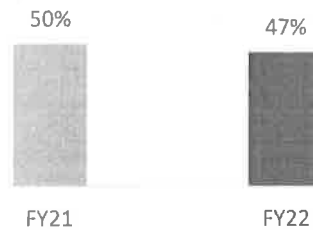
### Karcham Wangtoo HEP - Generation (MU)



### Karcham Wangtoo HEP - PAF

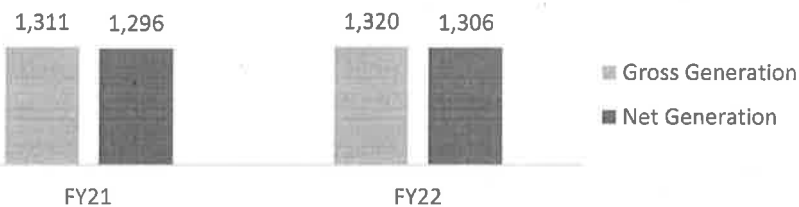


### Karcham Wangtoo HEP - PLF



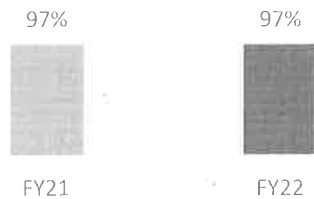
Generation & Sales: Karcham Wangtoo HEP						
Figures in MU	Gross Design Energy (DE)	Gross generation	Gross Generation as % of DE	Net Generation	Net Saleable Energy	Saleable Design Energy
<b>FY22</b>	4,131	4,243	103%	4,214	3,707	3,592
<b>FY21</b>	4,131	4,361	106%	4,332	3,813	3,592

### Baspa II HEP - Generation (MU)





**Baspa II HEP - PAF**



**Baspa II HEP - PLF**



Generation & Sales: Baspa II HEP						
Figures in MU	Gross Design Energy (DE)	Gross generation	Gross Generation as % of DE	Net Generation	Net Saleable Energy	Saleable Design Energy
<b>FY22</b>	1,213	1,320	109%	1,306	1,149	1,050
<b>FY21</b>	1,213	1,311	108%	1,296	1,141	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 II 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.

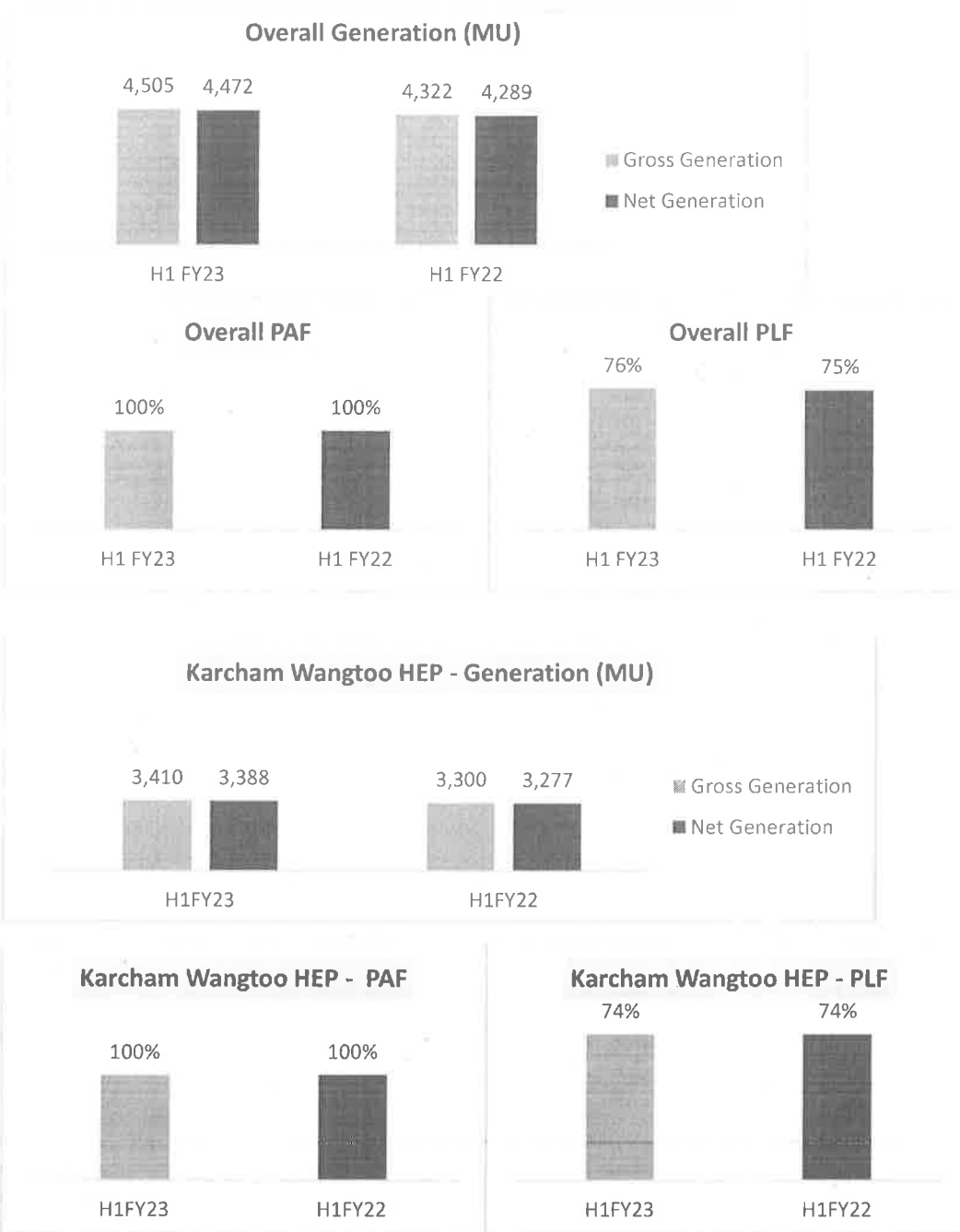
- **Generation Profile**

- For Karcham HEP, Gross generation at 4,243 MU and Net generation at 4,214 MU were both lower by 2.7% YoY. Consequently, the plant has operated at a PLF of 47% in FY 2022 vis-à-vis 50% in FY 2021.
- For Baspa II HEP, Gross generation at 1,320 MU and Net generation at 1,306 MU were both higher by 1% YoY. Consequently, the plant has operated at a PLF of 50% in FY 2022 vis-à-vis 50% in FY 2021.
- At an aggregate company level, the Gross generation at 5,564 MU and Net generation at 5,520 MU were both lower by 2% YoY. Consequently, at a company-wide level, average PLF was at 48% in FY 2022 vis-à-vis 50% in FY 2021.

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

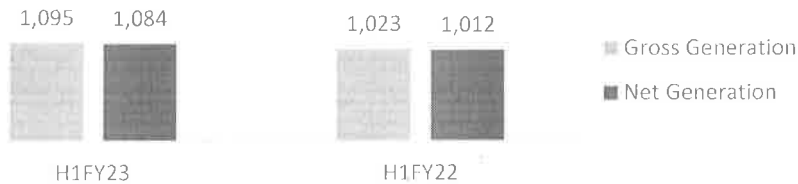


**H1 FY23 (6-month period from 1<sup>st</sup> April, 2022 to 30<sup>th</sup> September, 2022):**

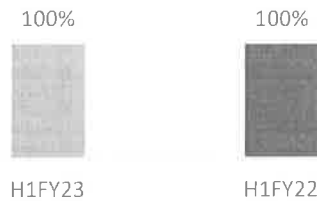




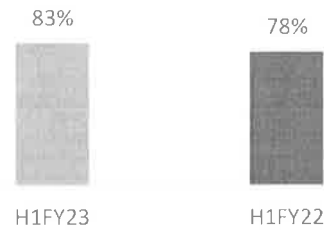
### Baspa II HEP - Generation (MU)



### Baspa II HEP - PAF



### Baspa II HEP - PLF



- **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 and Baspa II HEP both have recorded a PAF of 100% and at the company wide level at 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 and on a monthly basis for Karcham.

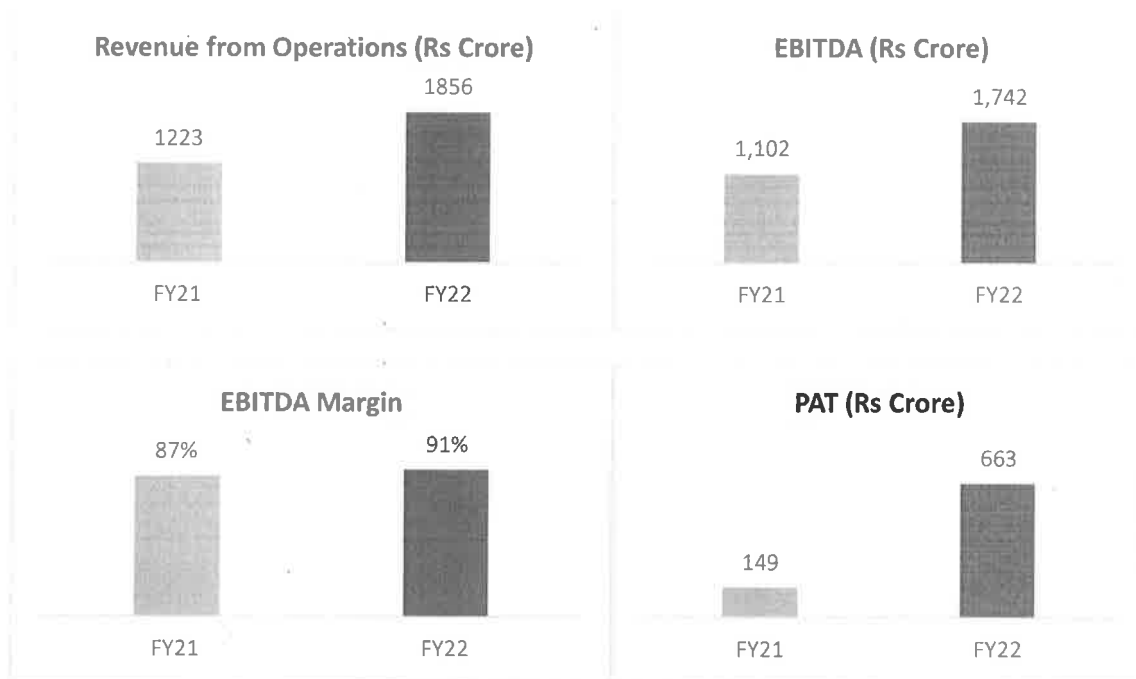
- **Generation Profile**

- For Karcham HEP, Gross generation at 3,410 MU and Net generation at 3,388 MU were both increased by 3.4% YoY. Consequently, the plant has operated at a PLF of 74% in both the period of H1 FY23 and in H1 FY22.
- For Baspa II HEP, Gross generation at 1,095 MU and Net generation at 1,084 MU were both increased by 7% over corresponding period. Consequently, the plant has operated at a PLF of 83% in H1 FY23 vis-à-vis 78% in H1 FY22.
- At an aggregate company level, the Gross generation at 4,505 MU and Net generation at 4,472 MU were both increased by 4.2% over corresponding period. Consequently, both plants operated at an average PLF of 76% in H1 FY23 vis-à-vis 75% in H1 FY22.



## **Financial Performance**

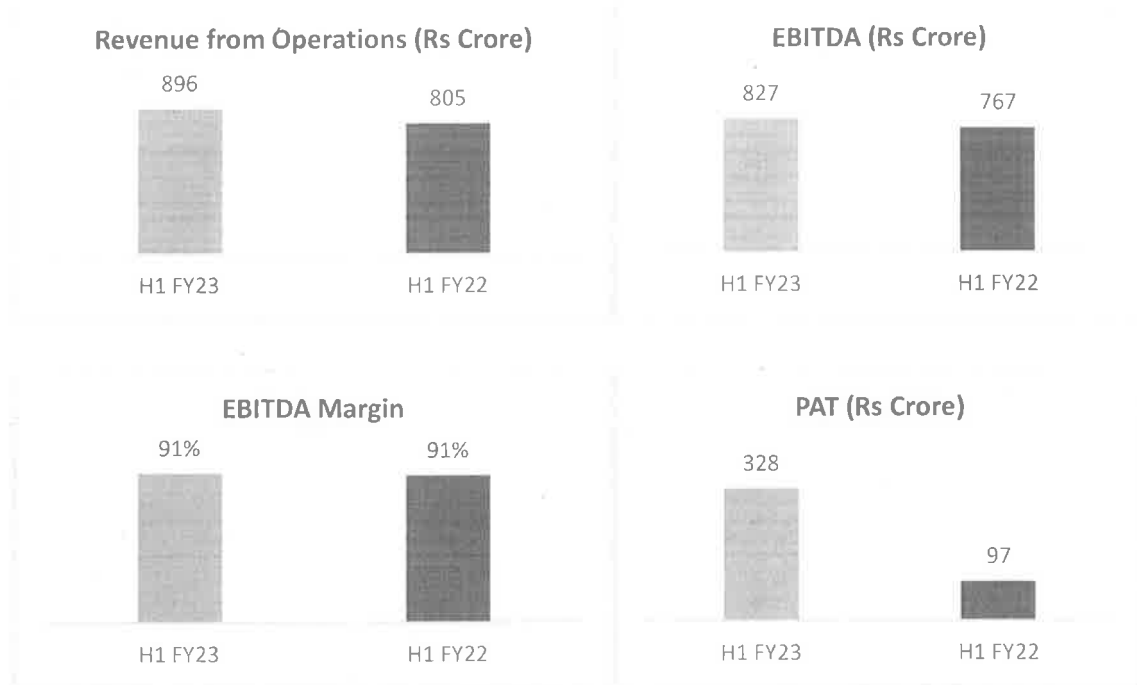
**FY 2022 (12-month period from 1st April, 2021 to 31st March, 2022):**



- Revenue from operations increased by 5.2% YoY to Rs 1,856 Crore compared to Rs 1,223 Crore due to a one-off reversal of Trueing up provision. 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. PAF was registered at 97% for FY 2022 entitling the plants to some incentive income also apart from the base ARR.
- EBITDA was higher by 5.8 % YoY at Rs 1,742 Crore in FY 2022 vs Rs 1,102 Crore in FY 2021, mainly due to a reversal of Trueing up provision.
- Accordingly, PAT has increased to Rs. 663 Crore as compared to Rs. 149 Crore in FY 2021.



**H1 FY23 (6-month period from 1<sup>st</sup> April, 2022 to 30<sup>th</sup> September, 2022):**



- Revenue from operations increased by 10% on a YoY basis to Rs 895.9 Crore in H1 FY23 from Rs 804.97 Crore in H1 FY22 on the back of increased gross and net generation as well as Revenue from Merchant sales of Rs 42 crore from sale of uprated capacity of 45MW. 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.
- EBITDA increased by 7.9% on a YoY to Rs 827.3 Crore in H1 FY23 from Rs 766.95 Crore in H1 FY22 mainly due to the increased generation and sale of additional power in merchant basis from the uprated 45MW. However, the same rationale for revenue applies to EBITDA 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 328 Crore in H1 FY23 vs Rs 97 Crore in H1 FY22. This was due to lower interest cost and higher short-term revenue in H1FY23 as compared to that in H1FY22.





## **Receivable Position**

In Days	Sep-22	Mar-22	Sep-21
Receivable Days	54	29	128

- Sept-22: Debtor days stood at 54 days as at the end of September 2022, compared to 128 days at the end of September 2021. However, as on March 2022, the debtor days was 29 days. Increase in the Receivable position vis-à-vis March 2022 to 54 days from 29 days is due to the seasonal nature where maximum supply for close to 70%-75% of the annual generation is supplied and billed in the first half of the fiscal year.



## **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 08, 2022

Dear Ladies and Gentlemen

#### **JSW ENERGY HYDRO 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 Energy Hydro 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: **Rs.111.30 crore**
- (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: **4.32**
- (c) in accordance with the workings set out in Annexure II, the Fund from Operations (FFO) to the Net Debt Ratio for the Calculation Period ending on the relevant Calculation Date was: **14.57%**
- (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: **4.32**
  - (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:

<b>Nature of Account</b>	<b>Amount in Rupee crore</b>	<b>Remarks</b>
Operating Accounts	581.6	Including amounts invested in MF
True Up Reserve Account	-	Including amounts invested in MF
Distribution Account	-	Including amounts invested in MF
Debt Service Reserve Account	198.6	Including amounts invested in MF
<b>Total</b>	<b>780.2</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: **Rs 379.71 crore** (Out of this Rs 200 crore is utilized from True up Reserves)
- (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,

JSW Hydro Energy Limited

Chief Financial Officer  
(Sanjeev Kango)



## Annexure 1

	Working for Calculation of Debt Service Cover Ratio (A/B)	October 01, 2021 to September 30, 2022
		In Rupee Crore
	"Debt Service Cover Ratio" means in relation to a Calculation period ending on the relevant Calculation Date (A/B)	4.32
	"Cashflow 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:	1,985.52
	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;	(183.60)
	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	(166.36)
	c) costs paid by the Issuer to the Trustee,	-
	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 Cashflow 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	1,635.56

	"CFADS Operating Revenue" means Operating Revenue excluding (without double counting):	1,985.52
	(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); provided 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 loss being compensated for or the subject of the relevant warranty or indemnity is an Operating Expense.	Nil

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, 2022, paragraph (i) shall be Cashflow Available for Debt Service for the 12-months ending September 30, 2022 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.	378.21



## Annexure 2

	Working for the Fund From Operations to Net Debt Ratio	October 01, 2021 to September 30, 2022
		<u>In Rs Crore</u>
	<b>Fund from Operations to Net Debt Ratio (A/B)</b>	<b>14.57%</b>
	<b>"Funds From Operations"</b> means, for any period,	
	a) EBITDA minus	1,801.91
	b) cash Taxes paid on income	(166.36)
	c) adjusted for any positive or negative adjustments in working capital	(551.94)
	d) cash net interest.	(404.81)
<b>A)</b>	<b>Total</b>	<b>678.8</b>

	a) "Net Debt" means the total indebtedness of the Issuer (excluding any Subordinated Debt)	5,239.23
	b) less: Cash balances	(581.6)
	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)</b>	<b>Total</b>	<b>4,657.63</b>



## **Appendix - 2**

### **Form of Certificate of Directors**

**DB Trust (Hong Kong) Limited (the "Note Trustee")**

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

Date: December 08, 2022

Dear Ladies and Gentlemen

#### **JSW ENERGY HYDRO 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 Energy Hydro Limited and (2) the Note Trustee, we, as Directors of the Issuers, hereby confirm that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the issuers that as at date of this certificate

(a) as at December 08, 2022, no Event of Default or Potential Event of Default had occurred since April 01, 2022.

(b) From and including April 01, 2022 to and including December 08, 2022, 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,  
JSW Hydro Energy Limited

Name: Sanjeev Kango  
Authorized Signatory



### **Appendix - 3**

## **Financial Statements of JSWHEL for period ending September 2022**



# JSW HYDRO ENERGY LIMITED

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

Statement of Unaudited Financial Results for the Quarter and Six Month Ended 30th September, 2022

( ₹ Crore )

Sl.	Particulars	Quarter Ended			Six Month Ended		Year Ended
		30.09.2022	30.06.2022	30.09.2021	30.09.2022	30.09.2021	31.03.2022
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
I	Revenue from operations	538.98	356.94	513.67	895.92	804.97	1,856.31
II	Other Income	9.61	7.22	8.93	16.83	34.64	56.08
III	<b>Total income (I+II)</b>	<b>548.59</b>	<b>364.16</b>	<b>522.60</b>	<b>912.75</b>	<b>839.61</b>	<b>1,912.39</b>
IV	<b>Expenses:</b>						
a)	Employee benefits expense	21.37	15.32	14.96	36.69	28.22	62.91
b)	Finance costs	109.43	102.14	100.96	211.57	300.17	502.01
c)	Depreciation and amortisation expense	109.91	108.80	109.81	218.71	218.37	435.77
d)	Other expenses	24.93	23.82	22.69	48.75	44.43	107.91
	<b>Total expenses</b>	<b>265.64</b>	<b>250.08</b>	<b>248.42</b>	<b>515.72</b>	<b>591.19</b>	<b>1,108.60</b>
V	<b>Profit/(loss) before tax and deferred tax (recoverable from)/adjustable in future tariff (III - IV)</b>	<b>282.95</b>	<b>114.08</b>	<b>274.18</b>	<b>397.03</b>	<b>248.42</b>	<b>803.79</b>
VI	<b>Tax expense</b>						
-	Current tax	49.21	19.92	175.24	69.13	151.28	141.05
-	Deferred tax	(46.15)	(13.07)	(101.32)	(59.22)	(84.85)	(147.02)
VII	<b>Deferred tax (recoverable from) / adjustable in future tariff</b>	<b>46.15</b>	<b>13.07</b>	<b>101.32</b>	<b>59.22</b>	<b>84.85</b>	<b>147.02</b>
VIII	<b>Net profit for the period / year (V - VI - VII)</b>	<b>233.74</b>	<b>94.16</b>	<b>98.94</b>	<b>327.90</b>	<b>97.14</b>	<b>662.74</b>
IX	<b>Other comprehensive income</b>						
A. (i)	Items that will not be reclassified to profit or loss	(0.44)	(0.44)	(0.03)	(0.88)	(0.06)	(1.75)
(ii)	Income tax relating to items that will not be reclassified to profit or loss	0.07	0.08	0.01	0.15	0.02	0.31
B. (i)	Items that will be reclassified to profit or loss	77.95	34.76	23.64	112.71	(131.97)	(123.83)
(ii)	Income tax relating to items that will be reclassified to profit or loss	(19.62)	(8.75)	(5.95)	(28.37)	33.21	31.17
(iii)	Deffered tax recoverable from / (adjustable in) future tariff	19.62	8.75	5.95	28.37	(33.21)	(31.17)
	<b>Total other comprehensive income / (loss)</b>	<b>77.58</b>	<b>34.40</b>	<b>23.62</b>	<b>111.98</b>	<b>(132.01)</b>	<b>(125.27)</b>
X	<b>Total comprehensive income / (loss) for the period / year (VIII+IX)</b>	<b>311.32</b>	<b>128.56</b>	<b>122.56</b>	<b>439.88</b>	<b>(34.87)</b>	<b>537.47</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>	-	-	-	-	-	<b>1,279.12</b>
XIII	<b>Earnings per share (not annualised excluding year end)</b>						
-	Basic EPS ( ₹ )	1.87	0.75	0.79	2.62	0.78	5.30
-	Diluted EPS ( ₹ )	1.87	0.75	0.79	2.62	0.78	5.30



Statement of Asset and Liabilities				( ₹ Crore )	
Sl.	Particulars	As at			
		30.09.2022	31.03.2022		
		Unaudited	Audited		
<b>A ASSETS</b>					
<b>1 Non-current assets:</b>					
(a) Property, plant and equipment		5,398.12	5,598.73		
(b) Capital work-in-progress		2.34	1.05		
(c) Other intangible assets		697.77	714.19		
(d) Financial assets					
(i) Other financial assets		574.67	128.15		
(e) Income tax assets (net)		65.29	65.11		
(f) Other non-current assets		0.86	1.05		
<b>Total non - current assets</b>		<b>6,739.05</b>	<b>6,508.28</b>		
<b>2 Current assets:</b>					
(a) Inventories		16.24	13.03		
(b) Financial assets					
(i) Investments		570.12	612.72		
(ii) Trade receivables		104.48	69.28		
(iii) Cash and cash equivalents		11.49	13.93		
(iv) Bank balances other than (iii) above		235.86	290.13		
(v) Other financial assets		1,018.14	926.50		
(c) Other current assets		8.51	12.93		
<b>Total current assets</b>		<b>1,964.84</b>	<b>1,938.52</b>		
<b>Total assets (1+2)</b>		<b>8,703.89</b>	<b>8,446.80</b>		
<b>B EQUITY AND LIABILITIES</b>					
<b>1 Equity</b>					
(a) Equity share capital		1,250.05	1,250.05		
(b) Other equity		1,721.32	1,279.12		
<b>Total equity</b>		<b>2,971.37</b>	<b>2,529.17</b>		
<b>2 LIABILITIES</b>					
<b>(i) Non-current liabilities</b>					
(a) Financial liabilities					
(i) Borrowings		4,787.73	4,682.95		
(ii) Lease liabilities		25.88	26.01		
(iii) Other financial liabilities		72.58	70.05		
(b) Provisions		4.50	6.84		
<b>Total non - current liabilities</b>		<b>4,890.69</b>	<b>4,785.85</b>		
<b>(ii) Current liabilities</b>					
(a) Financial liabilities					
(i) Borrowings		451.50	418.56		
(ii) Lease liabilities		0.25	0.24		
(iii) Trade payables					
(a) Total outstanding dues of micro and small enterprises		1.89	2.88		
(b) Total outstanding dues of creditors other than micro and small enterprises		26.18	23.58		
(iv) Other financial liabilities		314.20	682.48		
(b) Other current liabilities		3.14	2.18		
(c) Provisions		1.46	1.86		
(d) Current tax liabilities (Net)		43.21	-		
<b>Total current liabilities</b>		<b>841.83</b>	<b>1,131.78</b>		
<b>Total liabilities</b>		<b>5,732.52</b>	<b>5,917.63</b>		
<b>Total equity and liabilities (1+2)</b>		<b>8,703.89</b>	<b>8,446.80</b>		



Statement of Cash Flows			
( ₹ Crore )			
	Particulars	For the period ended 30th September, 2022	For the period Ended 30th September, 2021
		Unaudited	Unaudited
I	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Profit before tax	397.03	248.42
	Adjusted for:		
	Depreciation and amortisation	218.71	218.37
	Interest income earned on financial assets that are not designated as at FVTPL	(5.91)	(18.61)
	Net gain from current investments	(8.98)	(8.18)
	(Gain) / loss on sale / discard of property, plant and equipment	-	(0.01)
	Share based payment expenses	2.32	0.85
	Finance costs	211.57	300.17
	Property, plant and equipment written off	0.00	1.08
	<b>Operating profit before working capital changes</b>	<b>814.74</b>	<b>742.09</b>
	Adjustment for:		
	Decrease in trade and other receivables	(30.78)	(170.07)
	Increase in trade payables & other liabilities	299.43	205.53
	Increase in loans & advances and other non-current assets	(543.19)	(112.33)
	Increase in inventories	(3.21)	(2.53)
		<b>(277.75)</b>	<b>(79.40)</b>
	<b>Cash generated from operations</b>	<b>536.99</b>	<b>662.69</b>
	Direct taxes paid	(26.11)	(26.81)
	<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>510.88</b>	<b>635.87</b>
II	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of property, plant & equipment including CWIP and capital advances	(2.97)	(6.49)
	Investment made / (redeem) in mutual fund	142.39	(200.00)
	Investment made in equity share capital of subsidiary	-	(279.19)
	Bank deposits not considered as cash and cash equivalent	54.27	(22.40)
	Interest received	5.91	18.61
	Net gain from current investments	8.98	8.18
	<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>208.58</b>	<b>(481.29)</b>
III	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Borrowings repaid	(411.72)	(39.27)
	Finance costs paid	(210.39)	(165.16)
	<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(622.11)</b>	<b>(204.43)</b>
	<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III)</b>	<b>97.35</b>	<b>(49.85)</b>
	<b>CASH AND CASH EQUIVALENTS - At the beginning of the period</b>	<b>484.26</b>	<b>582.16</b>
	<b>CASH AND CASH EQUIVALENTS - At the end of the period</b>	<b>581.61</b>	<b>532.31</b>
	1) Balances with Banks	11.48	134.68
	2) Cash on hand	0.01	0.03
	3) Investments in mutual funds	570.12	397.60
	<b>Total</b>	<b>581.61</b>	<b>532.31</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 / 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 27th October, 2022. The Statutory Auditors of the company have carried out the limited review of the result for the quarter and Six month ended 30th September, 2022.
- 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 During the year ended 31st March, 2022, the carrying value of investment of Rs. 789.33 crore in JSW Energy (Kutehr) Limited, a wholly owned subsidiary of the Company, has been transferred, at cost, to JSW Neo Energy Limited, a fellow subsidiary.
- 6 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 from 08th July, 2021 and then to 1,091 MW subject to concurrence by the CEA.
- 7 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.
- 8 The Company has raised ₹ 5,162.87 crores [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 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.
- 9 Finance costs for the quarter ended 30th June 21, 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.
- 10 During the quarter ended 31st March, 2022 the Company has recognised revenue of Rs 665.35 crore by writing back truing up payable pursuant to an order of Central Electricity Regulatory Commission for truing up the tariff for the control period FY 2014-19 and for determination of tariff for the control period FY 2019-24 for Karcham Wangtoo hydro plant.



For and on behalf of the Board of Directors

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

Place : Mumbai  
Date : 27th October, 2022