

### Responses/Clarification to Bank/FIs Queries

1. *As mentioned in RFP, the total revenue earned by the identified PPAs (Delhi, Haryana & Chandigarh) in the FY 2020-21 is Rs. 246.70 crore and figure for FY 2021-22 is not mentioned. While in projected FY, upto year 2027 is Rs. 238.00 crore which is below the revenue level in FY 2020-21. Although the same is depicted on conservative side, we need to understand the variation in the revenue level as the bank will be discounted the projected figure only.*

**Responses/Clarification (R/C):** Kindly refer table 11 of the RFQ.

Rs. 238.00 crore is only the Normative revenue. The collection of Rs. 246.70 cr. is total revenue which includes secondary and incentive revenue, and it corresponds to Rs. 266.00 cr. in FY 2027.

*Further to validate the above projected revenue, kindly provide the past trend of revenue earned from these Discoms i.e., Delhi, Haryana and Chandigarh for last 5 years till period up to FYE 2022.*

**R/C:**

Identified State	(Rs. Crore)				
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Chandigarh	20.77	22.15	30.30	37.83	25.91
Delhi	173.41	139.55	237.42	241.17	153.29
Haryana	88.81	71.74	72.24	82.69	67.50

2. *In terms for securitization of revenue at page no. 14 under point Inflow in Escrow account, it has been mentioned that Revenue being realized in normal course of business through any of the payment security mechanism or through discounting of bill. In this context, please clarify the transaction to be made under discounting of bill. We understand that discounting of bill will be done against delay realization of receivable from respective Discom in current prevailing situation where Discoms are getting delay in inflow from different State Govt and as entire cash flow arising out of revenue (which is form part of bills of discom) and the proposed lenders shall have first charge on Escrow account, the bill discounting facility on the same receivable appears to be unreasonable & may result into double financing.*

**R/C:** Money realised from bill discounting if any, shall be deposited in the Escrow Account. Refer clause "Escrow Account under table 12" of the RFQ.

3. *Please clarify the nature of future capex requirement of company for deployment of lent amount. Since proposed loan is proposed to be disbursed under tranches as such kindly inform the period up to the proposed loan shall be availed.*

**R/C:** Refer clause "Disbursement and availability period under table 12" of the RFQ.

As per terms of securitization mentioned in RFQ, SJVN has proposed to take disbursement in one or more tranches pursuant to loan documentation till March 31, 2023.

The capex requirement will be in the projects of the SJVN Group Companies including but not limited to under implementation / under pre-construction stages projects. An indicative list of projects has been placed at Annexure I of the RFQ.

4. *Under Debt Service Reserve, it is mentioned that DSRA shall be created in different listed instruments. Out of listed instrument, we find suitable for creation of DSRA by way of Fixed Deposit as other instruments have some rider to accept due to different statutory restriction in accepting in lieu of FDR.*

**R/C:** Instrument for Debt Service Reserve shall be selected by lenders from the instruments mentioned in the clause "Debt Service Reserve under table 12" of RFQ subject to mutual agreement between lenders and SJVN.

5. *Whether company is agreeable to accept consortium instead of multiple banking arrangement, if single bidders is not declared L1.*

**R/C:** Bidders are required to submit their bid in their individual capacity as per clause "Bidding Parameter under table 9" of the RFQ. No pre-bid consortium is permitted.

6. *As per annexure-II: Monthly repayment schedule, first repayment shall be due on April'2023. Further as per RFP, the tenor of loan is 15 years and repayment period is 15 years implied thereby that there is no moratorium period and first repayment due on April'2023 shall bear moratorium of 6 month, if disbursement happen on Sep'2022. Please clarify.*

**R/C:** Kindly refer Annexure II of the RFQ for fixed repayment structure. First monthly repayment shall be due on April 30th, 2023, and the last repayment shall be due on September 30th, 2037. Considering the same the repayment tenor works out to be 14.5 Years.

Moratorium shall depend on the date of 1<sup>st</sup> disbursement.

7. *Please provide the nature and frequency of secondary & incentive revenue proposed in the future revenue.*

**R/C:** As per CERC guidelines hydro power company has been allowed to earn secondary and incentive revenue by virtue of generating more than the design energy. Incentive is billed on monthly basis. Billing for Secondary energy is done once cumulative generation for the year crosses the Design Energy.

8. *Since cash flow in the escrow account will fully depend on the performance of NJHPS, as such it is suggested that stipulation of condition of maintaining MMR (Major Maintenance Reserve) at project level may be allowed.*

**R/C:** Kindly note that, there is no industry practice of creating MMR for hydro power projects. Further, under CERC regulations No.L-1/236/2018/CERC dated 7th March, 2019 additional capitalization over and above normal O&M expenditure incurred for maintenance is recovered as a part of tariff.

9. *As per RFQ, event of default will trigger at failure of the company to credit revenue from the identified PPAs into the EA. During lean season above situation is more often to occur as such it suggested that some float in the current account may be allowed to overcome such situation and avoid any event of Default. Although DSRA is proposed in the account for 2 quarters of debt obligation, but utilization of DSRA for repayment of interest & instalment cannot be permitted as routine feature.*

**R/C:** Kindly refer to clause “Escrow Account and Security under table 12” of the RFQ.

10. *Average receivables realization period of PPAs of Haryana, Delhi, and Chandigarh for last 3 years . Also provide month wise billing and realization of above 3 PPAs during FY 2021-22.*

**R/C:** Kindly refer to response number 1. Further, data given in the RFQ / earlier clarification prevails.

11. *Kindly inform what shall be the timeline for replenishment of DSRA in case the same is utilized to service the debt obligations. Whether it will be replenished only from the surplus available over a period or the Company will fund the DSRA separately.*

**R/C:** DSR shall be replenished as per clause “Debt Service Reserve under table 12” of the RFQ. It may be noted that no surplus will be allowed to be transferred to SJVN from the EA until 2 quarters of peak debt service obligation is reinstated.

12. *Kindly offer your comments on prepayment penalty/ processing charges/security trustee charges.*

**R/C:** Kindly refer to the definition of “Payout to the Bidder by SJVN” under table 9 iii(c) (Page 12) and “Expenses/ Reimbursements” under table 12 (page 17) of the RFQ. It is clarified that no prepayment penalty/ processing charges / security trustee charges shall be payable by SJVN.

13. *Please provide copies of PPAs*

**R/C:** Identified PPAs being shared separately.

14. *As per information submitted, the Company has envisaged to earn annual revenue in the range of Rs. 251.00 Cr (FY 2023) to Rs. 329.00 Cr (FY 2038) under PPAs with these three states. Please share the working as to what rate has been taken for these PPAs, how the revenue is increasing over the years with PPAs being fixed or please share financial model of the proposed financing*

**R/C:** Same being shared separately. The tariff for NJHPS has been calculated as per CERC guidelines.

15. *In case of more than one bank i.e., consortium funding, whether pari-passu charge is proposed.*

**R/C:** Charge on security shall be shared among successful lenders in proportion to their share in securitization facility.

16. *As per financial statements, Total income has declined by 18.27% and PAT of the Company has declined by about 40% in FY 2021-22. It is informed that the Company is having fixed PPAs for its operational projects, in such case please offer your comments on decline in revenue, EBIDTA, PAT.*

**R/C:** Kindly refer Annual Report of FY 2021 and the Annual Result of FY 2022 available on the company website. Decrease as observed in the query maybe inferred from P&L read with Notes (S.No - 3) of Annual Result, FY 2022.

17. *An overview of the equity investment required for the proposed capex plans of the Company/group and debt requirements over a period of next 5 years.*

**R/C:** SJVN has a multiple number of projects as placed in the Annexure 1 of RFQ. Moreover, it may not be estimated at this stage the total equity requirement for next five years, as same is dependent on multiple government approvals, pace of progress of individual projects and financing structure.

18. *Presently the Company has been rated for its bond/commercial paper facility. Whether the Company will submit external rating for proposed long term debt also.*

**R/C:** Kindly note that the latest credit rating for term loan is of dated July 22, 2021, by India Ratings & Research (Ind AA+/Stable, Affirmed).

19. *Kindly give details of litigations pending against the Company as on date and whether the same are having any financial impact.*

**R/C:** Pending litigations are disclosed in the Annual Report (may refer Note 2.50 to Annual Accounts FY 2021).

20. *Details of insurance policy taken for the NJHPS*

**R/C:** SJVN takes annual insurance policies and for NJHPS, it has taken 'IAR and Standalone Terrorism Policy', valid till 31<sup>st</sup> December, 2022.

21. *For considering spread to be reset every 5 years or having put/call option every 5 years.*

**R/C:** No put/call option being proposed.

22. *The event of default is mentioned as 'Failure of SJVN to credit revenue from the identified PPAs in the escrow account'. Since the facility is backed only by cash-flows received under the PPAs signed with the DISCOMs,*

a. *In the case, when there is a delay in payment under the PPAs, will SJVN provide any contractual comfort, which guarantees the monthly payments.*

**R/C:** No additional contractual comfort being proposed.

b. *In case of shortfall in revenue (due to less offtake from DISCOM/supply from the company) or force majeure event, will SJVN provide any contractual comfort for the shortfall.*

**R/C:** No additional contractual comfort being proposed

23. *Any clauses/scenarios under the PPA which provide the right to the DISCOMs to withhold/delay payments to SJVN and any discrepancies/ delay with respect to payments in the past. Also share the relevant PPAs pertaining to this transaction.*

**R/C:** Copy of identified PPAs being separately provided.

24. *Where will the funds raised be utilized, i.e. specific capex or equity infusion in any of the JV or subsidiaries.*

**R/C:** Kindly refer response number 3

25. *Considering the aggressive CAPEX plans of SJVN, what will be the debt-to-equity ratio that SJVN plans to maintain in its balance sheet in the duration of next 15 years. Kindly share the financial model and projections.*

**R/C:** Financial model being shared separately.

26. *As the cash flows 3 PPAs(Delhi, Chandigarh, Haryana) are to be escrowed for the facility, does SJVN envisage to securitize remaining cash flows generated out of the remaining PPAs (since, NJHPS caters to 9 states under separate PPAs).*

**R/C:** Lenders are being provided exclusive charge on the future receivables in line with terms of the RFQ.

27. *When was the last major CAPEX conducted for NJHPS.*

**R/C:** NJHPS was commissioned in FY 2004-05. Any additional Capex is governed through CERC regulations.

28. *In case there is a downgrade in SJVNs credit rating the bank shall reserve the right to change the pricing of facility.*

**R/C:** RFQ document prevails.

29. *Standard regulatory guidelines such as OFAC, UFCE certificate, Basel clauses, IRAC declaration, RBI CA discipline, IU Declaration, Environmental and social guidelines, End use certificate, etc shall be included in documentation as stipulated by ICICI Bank.*

**R/C:** Standard terms shall be mutually decided at the time of execution of documents in line with the Indicative Format of Facility Agreement placed at Annexure VII of RFQ.

30. *There is a decrease in standalone total income from FY 2021 (Rs 3213 crore) to FY 2022 ( Rs 2626 crore). In the meeting it was informed that there was a onetime income in FY 2021. could you please elaborate on that?*

**R/C:** Kindly refer response number 16

31. *When was the debt for NJHPS repaid and the source of repayment?*

**R/C:** SJVN fully paid all debt pertaining to NJHPS from Internal Accruals by FY 2014.

32. *What happens if the rating of the company falls? Why don't you make an extra provision for the same in RFQ?*

**R/C:** Kindly refer response number 28

33. *It is understood that there are Nil exports, we would like to know the details/quantum of imports requirement for the proposed capex.*

**R/C:** Contracts for project execution are generally carried out on EPC mode and the sourcing of components/services depend upon the EPC contractor. There may exist import components under any Capex requirement. It may range in ~25-50% or even more in some cases.

It may be noted that SJVN is also implementing projects in Nepal and Bhutan.

34. *SJVN would be able to submit end use certificate after disbursement (s)?*

**R/C:** Yes

35. *Financial Model including assumptions*

**R/C:** Kindly refer response number 25

36. *Last one year track payment record of HARYANA, CHANDIGARH, AND DELHI.*

**R/C:** Identified DISCOMS have been making payment on or before due date.

37. *External Credit rating of HARYANA, CHANDIGARH, AND DELHI*

**R/C:** Not under SJVN's purview. ECR available may be seen in public domains.

38. *Latest External Rating of the company for credit facilities*

**R/C:** Kindly refer response number 18

39. *Please provide copies of PPA agreements in force*

**R/C:** Kindly refer response number 13

40. *The financials of the company viz a viz revenue, profit and EBIDTA had seen a decline as per ABS as on 31.03.2022 in comparison to ABS as on 31.03.2021 as depicted hereunder:  
Revenue from Operations 2422 2491*

EBITDA 1932 2523

PAT 978 1633

**R/C:** Kindly refer response number 16

41. *Please clarify that in case more than one bidder succeeds in the bid and the loan is allocated on pro-rata basis, what will be the arrangement amongst lender banks regarding ESCROW accounts.*

**R/C:** To be mutually decided by the involved parties at the agreement stage.

42. *Please provide copy of financial model of the company*

**R/C:** Kindly refer response number 25

43. *As per the terms of RFP raised by the company the terms of ROI reset has been proposed as minimum three months. Since, the proposed reset term is operationally not viable if the ROI is linked to any other external benchmark or MCLR for tenor less than 3 months, we request you to explore the possibility of proposing reset term linked to the proposed benchmark which may be less than 3 months.*

**R/C:** Please refer Clause v under Table 9 of RFQ, no change for the reset clause is provided.

44. *As per terms of RFP the security proposed is in the form of first charge on Escrow account and first charge on Debt Service reserve. Kindly quantify the amount of charge that shall be available to the lenders in the form of Escrow account and Debt Service reserve.*

**R/C:** Charge will be limited to the total Securitization Amount i.e. Rs. 2000.00 cr.

45. *As per the Audited Balance Sheet of the company as on 31.03.2022 and 31.03.2021 the trade receivables of the company were Rs 575.03 crores and Rs 522.96 crores respectively. Also, the projected revenue from the 3 identified PPA's for FY 2023 to FY 2038 is in the range of Rs 251 crores to Rs 329 crores. Please clarify whether 100% security coverage will be available for the proposed term loan of Rs 2000 crores or not. If not, please clarify the % of security proposed for the tenor of the loan.*

**R/C:** Revenue realised under identified PPAs shall be deposited in the Escrow for a period of 15 years. Same shall be available to the lenders for debt serviceability. Kindly refer to "Table - 11 Indicative Credits to Escrow Account" of RFQ for estimated year on year future cash flows.

46. *Please explore the possibility of providing charge on the project assets of Nathpa Jhakri Hydro Power Station to the lenders for the proposed term loan.*

**R/C:** No charge other than security mentioned in RFQ is proposed.

47. *Revenue considered for securitization includes secondary & incentive income which is variable and dependent on actual PAF and would be difficult to assume over next 15 yrs; pls clarify.*

**R/C:** Indicative revenue for next 15 years has been prepared on the basis of NJHPS's historical performance. Refer clause 'e' under About NJHPS of RFQ for Historic PAF data. PAF of 105%

and annual generation of 7,098.93 MUs has been taken as an assumption to arrive at secondary and incentive income.

48. *AFC as approved for FY2019-24 includes components towards – O&M & interest on WC; accordingly, part of revenue under PPAs with Haryana, Delhi & Chandigarh will be used towards O&M & interest on WC. What is the free cashflow (post tax) from these PPAs available for debt servicing?*

**R/C:** Lenders are to be provided charge on the revenues from identified PPAs, which would not be debited for O&M, interest on WC of NJHPS. That would be taken care by revenue from remaining PPAs, Kindly refer to definition of “Escrow Account mentioned at Page 14” of the RFQ where inflows and outflows are also elaborated

49. *As per the RfS disbursement is expected by T + 70 days, with 1st instalment on Apr 30, 2023: rationale for moratorium of 7/8 months*

**R/C:** Please refer Clause “Disbursement and availability period under table 12” of the RFQ.

50. *Pls share calculation/workings for arriving at proposed debt of Rs. 2000 cr*

**R/C:** As per RFQ “SJVN, towards its asset monetization commitment under National Monetization Plan (NMP), proposes to raise Rs. 2,000.00 Cr by securitizing its future revenue of next about 15 years”.

51. *Pls share projected financials for SJVN (standalone) for next 15 yrs.*

**R/C:** Financial model being shared separately.

SJVN has a multiple number of projects as placed in the Annexure 1 of RFQ. Projections may not be shared at this stage, as the same is dependent on multiple government approvals, pace of progress of individual projects and financing structure.

52. *Lender to have first charge over the identified receivables?*

**R/C:** Yes

53. *Under the event of default, the point may be modified as “Failure of the company to credit adequate revenue to meet the financial obligations from the”*

**R/C:** RFQ document to prevail.

54. *Payment Cycle and realization efficiency of receivables from the identified PPA to be provided.*

**R/C:** Payment Cycle is governed by CERC regulations and identified DISCOMS have been making payment on or before due date.

55. *PPA agreements and their salient features to be provided to assess the risk.*



**R/C:** Kindly refer Response No. 13

56. *Minimum amount in each tranche of disbursement to be provided.*

**R/C:** Kindly refer Response No. 3

57. *In case of any deterioration in External Credit Rating below desired level of the lenders, lender should be given flexibility to reset the spread on ROI.*

**R/C:** Kindly refer Response No. 28

58. *End Use: Funds to be raised by securitization of revenue of Rs.2000 crores from NJHPS is for future capex requirement of the company. Brief on projects under implementation or under pre-construction stage for which funds are to be used and debt/equity, funds tied-up for those projects. Any other uses/routing of the funds to subsidiaries for the projects with subsidiaries?*

**R/C:** Kindly refer Response No. 3

59. *Incremental Projections: The total revenue from Delhi, Haryana and Chandigarh in FY2021 was Rs.247 crores and the projected revenue for securitization from these states from FY2023 is Rs.251 crores and goes upto Rs.329 crores in FY2038. Assumption/model establishing increase in the total future revenue (any change in the power sharing for these states or on account of revision in tariff/CERC guidelines resulting into increase in the total future revenue).*

**R/C:** Kindly refer Response No. 25

60. *Escrow Bank: Modalities of opening and operation of Escrow account. Will it be the bank having highest share in the total funding amongst participating lenders or any other mechanism/existing banker of the company?*

**R/C:** Kindly refer Response No. 41

61. *Inflow in Escrow Account: Other than revenue realized in normal course of business, credit in account also through discounting of bills (arrangement with lenders discounting such bills where revenue from PPAs is already charged in favour of participating banks for securitization).*

**R/C:** Kindly refer Response No. 2

62. *Debt Service Reserve: Modalities of opening and operation of DSR covering sharing of funds in DSR where there are multiple banks/lenders?*

**R/C:** Kindly refer Response No. 15

63. *Security: Security being offered for the proposed securitization is a) First Charge on the Escrow Account and b) First Charge on the Debt Service Reserve. Assume, it will be first pari-passu basis in case of multiple banks/lenders? What about the underlying present/future receivables from these states, will that form part of the security?*

**R/C:** Kindly refer Response No. 15. RFQ is clear about securitization of future revenue.

64. *Additional Security: What are the additional securities that can be offered other than charge of escrow and DSR? Any recourse to the banks/lenders on assets/receivable of other projects of the company in case the available revenue from NJHPS is not sufficient to meet the repayment/interest obligation due to disruption in power supply from SJVN to Discom or delay payments from Discoms?*

**R/C:** Kindly refer Response No. 46.

65. *Collections from Discoms: Brief on the past collection history from Discoms and fallback option in case of delayed collection which may trigger EOD since the security is only cash flow in the escrow account and DSR.*

**R/C:** Kindly refer Response No. 36 & 46

66. *Drawdown/Amortization: As per bid document, the amortization schedule is drawn starting from April 2023 with monthly instalment. Clarification for tranche disbursement where repayment is falling before April 2023 (i.e. any moratorium required till first repayment date in April 2023). Brief reason on ballooning of repayment schedule (first 10 years repayment ~54% and 46% in last 5 years)?*

**R/C:** RFQ document is clear about disbursement tranche and timeline. Repayment schedule under RFQ document prevails.

67. *With reference to the RFQ document Table 12, Clause 2.2 under Indicative Facility Agreement and elsewhere, further to the R/Cs given under S. No. 3, 24 & 58, it is hereby clarified that the company in the context of SJVN means SJVN Group Companies.*