

**Responses/Clarification to queries raised by Bidders**

| S. No. | Queries   | Responses  |
|--------|---|--|
|        | <b>Operational</b>  |  |
| 1.     | <i>Capacity of 5,097 MW identified by MoP, GoI in Dibang basin of Arunachal Pradesh and Pumped Storage projects (PSPs) of 12,790 MW capacity are under allotment – is this part of Under Construction or under Pre-Construction/Survey &amp; Investigation stage?</i>   | Please refer to SJVN's Annual report FY 2022-23, page no. 30, point no. XIV & XV.  |
| 2.     | <i>Projection for next 21 years with balance sheet for SJVNL (till FY 2044). Hope the projection should have the details of SJVN aims to be a 5,000 MW company by 2023-24, 25,000 MW company by 2030 and 50,000 MW company by 2040, etc with respect to P&amp;L and Balance sheet.</i><br><br><i>Projections w.r.to cash flows of the NJHPS (factoring existing securitization amount of Rs 2000.00 crs and Proposed securitization under ROE Model)</i><br><br><i>Consolidated cashflow of the group till tenor of loan.</i> | Current assignment i.e., securitization of ROE of NJHPS has recourse only on NJHPS and its cashflows. The assignment has no bearing on other assets of the company/group. Furthermore, being a listed entity and a PSU, information dissemination unrelated to the current assignment is not possible. |
| 3.     | <i>In case we draw a line today on the company's growth plan (completed and under construction projects); what could be a broad guideline for revenue, EBITA, Debt, and Equity? Please cover it on a standalone/consolidated basis</i>  | However, the company/group follows the highest levels of corporate governance and transparency which enables regular updates of their projects on its websites and in public domain.   |
| 4.     | <i>Equity requirement for capex plans in next 4 yrs for projected expansion. Whether any equity tie up is already in place for planned capex.</i>   | Financial projections for NJHPS are attached with this clarification.  |
| 5.     | <i>PPA position for under construction projects.</i>  |  |
| 6.     | <i>Whether Projected Financials shall be made available for ensuring repayment capacity considering ongoing huge capex &amp; raising of debt by the Company.</i>  |  |
| 7.     | <i>NJHPS Capital cost details are given on page no 10 for the last five years. Hope the projection for the next 21 years will be available in projection</i>  | Projections for a hydro power project are made considering CERC's guidelines only. Hence projections of NJHPS do capture the same.   |
| 8.     | <i>Computation of ROE (E.g., Rs 826.40 crs for FY 2023-24 – How it is arrived).</i><br><br><i>At page no 8 of RFQ, please provide the basis of total ROE year wise given under table.</i>   | Please refer to CERC tariff order. The link has been provided in RFQ at pg. no. 10 under Capital Cost.<br><br>For ready reference, the same link is reproduced below: -<br><a href="https://cercind.gov.in/2021/orders/30-GT-2020.pdf">https://cercind.gov.in/2021/orders/30-GT-2020.pdf</a>           |

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|-----------------|---|--|--------------|----------|---------------------------|---------------|---------------------------|---------------|--|--|--|--|--|--|--|--|
| 9.              | <i>Nathpa Jhakri – Operational Performance details from April 2023 onwards</i>  | Operational performance of NJHPS is available on company's website.  |              |          |                           |               |                           |               |  |  |  |  |  |  |  |  |
| 10.             | <p><i>Latest Debt o/s – Standalone and Consolidated (along with lender wise break up)</i></p> <p><i>Under-construction projects:</i></p> <table border="1"> <thead> <tr> <th>Name of Project</th> <th>Project Cost</th> <th>Debt</th> <th>Equity</th> <th>Debt o/s</th> <th>Equity infused as on date</th> <th>Expected SCOD</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p><i>What is the level of debt at project level- NJHPS along with lenders and pricing details.</i></p>                               | Name of Project  | Project Cost | Debt     | Equity                    | Debt o/s      | Equity infused as on date | Expected SCOD |  |  |  |  |  |  |  | <p>Please refer to Annual report FY 2022-23 for consolidated and standalone debt profile of SJVN as on 31.03.2023.</p> <p>Further, please note there is only one term loan on NJHPS as a part of securitization tranche I. The term loan was of Rs. 2,000 crore out of which Rs. 1,981 crore was outstanding as on 30.06.2023.</p> |
| Name of Project | Project Cost  | Debt   | Equity       | Debt o/s | Equity infused as on date | Expected SCOD |                           |               |  |  |  |  |  |  |  |  |
|                 |   |  |              |          |                           |               |                           |               |  |  |  |  |  |  |  |  |
| 11.             | <i>Debtors ageing analysis (Projectwise and partywise) of recent date.</i>  | Kindly refer to annual Report 2022-23.   |              |          |                           |               |                           |               |  |  |  |  |  |  |  |  |
| 12.             | <i>What has been the NJHPS shut down frequency and shut down period over last 3-4 years? Does capacity charge stop getting paid during that period?</i>   | No shut down in the said period. Further, NJHPS has been able to register more than 100% PAF in said period against normative PAF of 90%.  |              |          |                           |               |                           |               |  |  |  |  |  |  |  |  |
| 13.             | <p><i>What is ROE on account of receivables of 4 PPAs (Chandigarh, Delhi, Haryana, and Jammu &amp; Kashmir) against which loan of Rs. 2,000 Crs was raised last year.</i></p> <p><i>Last year also company had availed loan against PPA with some state govt for the said project, so have they reduced revenues and profitability of said counterparties while arriving at ROE of ~826 crore. if any summary can be provided that against total revenues of the said project how much part is already securitized/ availed loan against PPA and how much is left for future transaction.</i></p> | <p>Kindly refer to pg. no. 9, table no. 5 &amp; the para above the table of the RFQ which provides information regarding securitization done last time.</p> <p>Previously, the securitization was done on the topline (revenue) whereas the present securitization is being done on the bottom line (ROE) of NJHPS.</p> <p>In terms of relevant comparison, both the transactions are similar i.e., both tranches either represents ~16-17% of the topline or ~29-30% of the bottom line.</p> <p>Kindly note total ROE of NJHPS is ~826 crores as per CERC tariff order.</p> |              |          |                           |               |                           |               |  |  |  |  |  |  |  |  |
| 14.             | <i>Whether interest on proposed loan will be loaded in Tariff calculation of the project off takers.</i>  | No   |              |          |                           |               |                           |               |  |  |  |  |  |  |  |  |

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| 15.                     | <i>Discom wise gross receivables position as on Mar 23 by not considering Bill discounting position.</i>   | Kindly refer to annual Report 2022-23.  |
| 16.                     | <i>How is the certainty of pass-through of the RoE from the TRA to the Facility escrow account being ensured.</i>  | <p>SJVN undertakes to deposit monthly ROE from NJHPS only till the currency of the loan.</p> <p>Above mentioned undertaking may be made part of final loan documents.</p> <p>NACH/SI mandate for transfer of Rs. 20 cr. per month can be explored with L1 bidder.</p> |
| 17.                     | <i>Any mechanism to ensure that Monthly servicing of interest and principal amount credited in EA is from the proceeds of NJHPS.</i>   |   |
| 18.                     | <i>All the Nathpa Jhakri project cash flows are routed through IDBIBank. Can we get a NACH/SI mandate for transfer of Rs.20 Cr.</i>  |   |
|                         | <i>Clarity on ESCROW arrangement. As informed SJVN will be repaying directly to lender bank monthly. Since all PPA's are escrowed with IDBI bank, can we have sweep facility/NACH or standing instruction parked with IDBI bank so that repayment are automated without borrower intervention. This is to ensure that repayments are through NJPHS cashflows. As per present scenario we can't refer this as escrow arrangement as borrower is having complete control over cashflows. Please share your views on this and mitigants in case it is not complied with.PPA</i> |   |
| 19.                     | <i>Details of utilization of funds proposed to be raised against securitization and also give clarity on general corporate purposes.</i>   | Utilisation of funds is dependent on timing of disbursement and requirements of the company at that point of time. Since, this situation is ever evolving, a concrete plan for end use at this stage would be difficult to provide.                                   |
| 20.                     | <i>How it shall be ensured that the ROE of Rs.20.00 crore per month as proposed to be transmitted by the Company in the Escrow/Current Account to be maintained with L1 Bidder is coming out of the Receivables of Nathpa Jhakri Hydro Power Station (excl. receivables arising out of PPAs of Haryana, Delhi &amp; Chandigarh) only and not from its other running projects.</i>  |   |
| 21.                     | <i>Whether end use of proposed loan will be used as equity in subsidiary companies. If yes, what would be such extent of use as equity.</i>  | However, the company will utilise the fund as per end use defined in the RFQ and will provide utilization certified by CA as per clause 2.2.2. of indicative Facility agreement.  |
| 22.                     | <i>What is the utilization of funds?</i>   |   |
| <b>Rate of Interest</b> |  |   |
| 23.                     | <i>Benchmark Rate (page no 14) – the bidder will be allowed to give 6 6-month / 1-year MCLR rate with reset accordingly (6 monthly / annually)?</i>  | RFQ shall prevail.  |
| <b>Repayment</b>        |  |   |

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| 24.              | <i>NJHPS achieved COD in 2004 and CERC has considered the useful life of the said hydropower project for 40 years (till 2044). However, in case the same assumption is changed by CERC during its tariff guidelines; can the repayment be a co-terminus to the ROE for NJHPS?</i>   | RFQ shall prevail.   |
| <b>End - Use</b> |   |  |
| 25.              | <i>Can the bidder restrict the purposes to - future capex, working capital, <del>general corporate purposes, foreign acquisition</del> etc., as per the requirements of the SJVN group? If required, we can have a broader term like-<br/>To meet part/full of capital expenditure for ongoing/new capacity addition program including takeover of projects, renewable energy projects, renovation &amp; modernization program of various projects, and refinancing of capex loans.</i>   | RFQ shall prevail.   |
| <b>Security</b>  |   |  |
| 26.              | <i>Security - First charge on Escrow A/c opened by the Company for depositing the ROE received by the company. Do we have any security cover specified? What will be the security documents - DOH on receivable?</i>  | DOH will capture the security over the escrow account.                       |
| 27.              | <i>Whether any DSRA will be provided by the company as security.</i>  | Kindly refer to table no. 12 of RFQ. Existing security provision to prevail. |
| 28.              | <i>Whether any dedicated PPAs shall be assigned to this securitization arrangement.<br/><br/>Can PPA be assigned to secure cashflows, or residual charge can be explored on SJVN assets?</i>  |  |
| 29.              | <i>Our bank's charge would be only on RS.20.00 crore funded in the escrow account/current account every month. Whether any charge on other assets of SJVN Limited is proposed?</i>  |  |
| 30.              | <i>Company can look for extending security for transaction.</i>   |  |
| 31.              | <i>Security Structure: Whether charge on receivables shall be provided as security.</i>   |  |
| 32.              | <i>Whether can we get assignment of PPAs of Nathpa jhakri and unencumbered charge on Current Assets of the company.</i>   |  |
| 33.              | <i>As per RFQ, Company is offering first charge on Escrow Account and has proposed to deposit Rs.20 Crore every month in Escrow account. Further refer to discussion held in pre-bid meeting today, wherein company advised that they are receiving the entire PPA proceeds of Nathpa Jhakri Hydro Power Station in Escrow account maintained with IDBI Bank. In that case, we request company to provide charge on the escrow account maintained with IDBI Bank towards the proposed loan as the same is securitization of return of equity of the said project (Nathpa Jhakri Hydro Power Station).</i> |  |

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| 34.                    | <i>Although, the RFQ has been floated for securitization of RO of NJHPs, neither cash flows are identified nor any charge on particular cash flows available. Hence, debt financing appears to be unsecured general-purpose loan.</i>   | The present transaction pertains to securitization of identified asset i.e., ROE of NJHPS which cumulates to ~Rs. 826 crore annually out of which SJVN will deposit ROE of Rs. 20 crore per month starting from April 2024 till September 2038 amounting to Rs. 3,480 over the next ~15 years in a escrow account. |
| <b>External Rating</b> |   |  |
| 35.                    | <i>SJVNL is presently rated AA+ by an external credit rating agency (ECR). Can we assume that our proposed securitization of ROE will have a similar rating? Rating to be completed within 90 days? In case of a downgrade of ECR; the lender / Investor will have the right to negotiate terms and increase the pricing?</i><br><br><i>Pricing is subject to SJVN Limited is AA+ or better rated entity. Any deterioration in rating, Lender may change pricing.</i> | External commercial rating to be obtained within 6 months from 1 <sup>st</sup> disbursement.<br><br>Any upward or downward revision in rating and its effect on pricing will be mutually agreed upon with L1 bidder.   |
| <b>Others</b>          |   |  |
| 36.                    | <i>GOI/GOHP together hold &gt; 51.0% of SJVNL. Hope the borrower is agreeable to the condition that it will remain a PSU where GOI/GOHP/Any other PSU together hold &gt; 51.00%.</i>  | GoI to hold more than 50% in SJVN could be stipulated  |
| 37.                    | <i>Any change in escrow agreement and facility agreement as suggested by the LLC/ Legal department may be permitted post L1</i>   | Escrow Agreement and Facility Agreement provided with the RFQ are of indicative nature. Finer nuances to be mutually discussed with the L1 bidder before closure of the documents.   |
| 38.                    | <i>As per RFQ company will maintain Escrow Account, however there will be no inflows in the form of revenue from any project. Whether the same will be current account or Escrow Account.</i>   | RFQ shall prevail.   |
| 39.                    | <i>Whether the proposed funding would be under Proposed Sole Banking/ Multiple Banking arrangement</i>  | Sole Banking.  |
| 40.                    | <i>Can a consortium of lenders participate in the bidding process?</i>  | No. The bids are invited from individual bidders.  |
| 41.                    | <i>Whether company will submit End Use Certificate.</i>   | Kindly refer to Clause 2.2.2. of indicative Facility Agreement.  |
| 42.                    | <i>Whether any margin is proposed by the company for cash flow discounting.</i>   | No margin is being provided by SJVN.   |

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| 43.    | <i>Major terms of PPA.</i>   | Kindly refer to RFQ for brief details of PPA. Further, PPA copies may be shared with the L1 bidder if required. |
| 44.    | <i>Power Purchase Agreements for NJHPS</i>   |   |
| 45.    | <i>Brief on realization of receivables from Discoms of NJHPS.</i>  | Kindly refer to annual Report 2022-23.  |
| 46.    | <i>Any hardships faced in realizations from Discoms of NJHPS during last three years? If so, pls explain.</i>  | No  |
| 47.    | <i>Is call/put option available.</i>   | No  |
| 48.    | <i>Point iii (c), the amount may be adjusted to the principal instead of flow back to SJVN.</i>  | No change in RFQ. Repayment shall be based on the discounting rate.   |
| 49.    | <i>Assignment clause in favor of lenders in insurance.<br/>In case of force majeure viz natural calamities whether lenders name will be included in insurance policy of the project to route insurance proceeds.</i>     | Bank's name will be included in the insurance of NJHPS.   |
| 50.    | <i>Will approval from existing lender of Rs. 2,000 Crs (receivables securitisation of 4 PPAs) be required. If yes whether approval is in place.</i>  | No NOC is required from existing lender of Rs. 2000 crores.   |
| 51.    | <i>Which insurance policies have been taken on NJHPS project. Copy of insurance policy.</i>  | Comprehensive insurance is in place for NJHPS. The same may be shared with the L1 bidder.                       |
| 52.    | <i>Copy of Tripartite Agreement with RBI</i>   | Company is not a part of any such Tripartite Agreement  |
| 53.    | <i>Which discoms to which power is being sold by NJHPS are not covered under Tripartite Agreement (TPA) with RBI. natural of TPA is till which date. Also, whether there is any clarity on extension of TPA, if any.</i> |   |
| 54.    | <i>Company's Board approval for securitization of Return of Equity.</i>  | Board approval for current securitization will be provided to the L1 bidder.                                    |
| 55.    | <i>Company to undertake that receivable s already assigned to other lenders including first tranche of securitization will not be assigned for proposed securitization transaction.</i>                                  | Suitable undertaking may be made a part of Loan Agreement.  |
| 56.    | <i>Current liquidity with SJVN with bank wise details of cash flow routing and FDs.</i>  | Kindly refer to financial results as on 30.06.2023.   |
| 57.    | <i>Eligible bidder (page no 19): Hope the Development Financial Institution like NaBFID is covered under Multilateral Development Banks/Financial Institutions.</i>  | Yes, the understanding is correct.  |