

Jhajjar Power: Buoyant offshore

11/04/2011

CLP India-owned special purpose company Jhajjar Power signed a \$288 million external commercial borrowing (ECB) agreement on 18 November 2010 for its \$1.3 billion 1.32GW Jhajjar power project in Haryana, India. BTMU, China Development Bank, Export-Import Bank of China, HSBC and Standard Chartered provided the financing. The debt represents the first power project finance deal in India to involve Chinese lenders and it is one of the first Indian coal-fired projects to be project financed by overseas lenders.

The financing replaces a portion of the Rs39 billion (\$834 million) of 15-year debt Jhajjar raised in the domestic Indian market in 2009 in a deal led by IDBI. The new funding is in addition to the \$112 million ECB facility provided by IIFCL subsidiary India Infrastructure Finance (UK) in the 2009 financing. Tenor is unchanged, so the new ECB tranche will mature at the same time as the existing facilities, in 2024.

The original financing comprised \$1.1 billion-equivalent dual-currency facilities that signed on 17 September 2009. Lead arranged by IDBI Bank, the 15-year multi-tranche loan was split into a Rs34 billion (\$708 million) term loan, the IIFCL \$112 million ECB tranche and a Rs12.7 billion letter of credit.

The overwhelming advantage of external commercial borrowings for Indian project sponsors is that the debt margins are fixed for the duration of the loan, unlike loans from domestic banks which are subject to margin reset clauses that can apply as frequently as every year.

Unit 1 of the supercritical coal-fired plant is scheduled for commission in December 2011, with the second unit due in May 2012. All of the plants capacity is under contract around 85% of the projects capacity is contracted for supply to Haryanas distribution companies, UHBVNL and DHBVNL, and the remaining available capacity will be sold outside the state of Haryana to Tata Power. Coal supply, from the North Karanpura coal fields in Jharkhand, is also guaranteed.

In line with CLPs Climate Vision 2050, which targets reduction in carbon intensity by 75% across its operations in Asia-Pacific by 2050, the Jhajjar power plant will be equipped with supercritical technology that will lower carbon emissions.

CLP India has committed to an investment of approximately Rs97 billion in the country across its portfolio. CLP India is also the largest foreign investor in the countrys wind power sector, with a combined capacity of 485.6MW also making it the largest wind energy developer in India.

Jhajjar Power Ltd

Status: Financial close 18 November 2010

Description: \$288 million offshore financing partly refinancing a \$1.5 billion project financing for the 1,320MW Jhajjar coal-fired thermal power plant project

Sponsor: China Light & Power Co

Mandated lead arrangers: BTMU, China Development Bank, Export-Import Bank of China, HSBC and Standard Chartered

Concession grantors legal counsel: Clifford Chance

Lenders legal counsel: Linklaters

EPC contractor: Sepco

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