

PRIVATE & CONFIDENTIAL - FOR ADDRESSEE ONLY

THIS OFFER IS NEITHER A PROSPECTUS NOR A STATEMENT IN LIEU OF PROSPECTUS. THIS OFFER DOCUMENT IS PREPARED AND ISSUED IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 ISSUED VIDE CIRCULAR NO. LAD-NRO/GN/2008/13/127878 DATED JUNE 06, 2008, AS AMENDED BY SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) (AMENDMENT) REGULATIONS, 2012 ISSUED VIDE CIRCULAR NO. LAD-NRO/GN/2012-13/19/5392 DATED OCTOBER 12, 2012 AND CIR/IMD/DF/18/2013 DATED OCTOBER 29, 2013) AND THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) (AMENDMENT) REGULATIONS, 2014 ISSUED VIDE CIRCULAR NO. LAD-NRO/GN/2013-14/43/207 DATED JANUARY 31, 2014 AND SECTION 42 OF THE COMPANIES ACT, 2013 AND THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014.



HIMACHAL PRADESH STATE ELECTRICITY BOARD LIMITED
(A Government of Himachal Pradesh Undertaking)
CIN No. U40109HP2009SGC031255
Head Office: Vidyut Bhawan, Shimla – 171004
Tel: (0177) – 2656022-26, 2801762
Fax: (0177) – 2658908
Website: www.hpsebl.co.in

OFFER DOCUMENT

OFFER DOCUMENT FOR PRIVATE PLACEMENT OF STATE GOVERNMENT GUARANTEED, UNSECURED, REDEEMABLE, TAXABLE, NON CONVERTIBLE BONDS OF RS. 10.00 LACS EACH FOR CASH AT PAR RS. 150 CRORE WITH GREEN SHOE OPTION OF RS. 150 CRORE AGGREGATING TO RS. 300 CRORE BY HIMACHAL PRADESH STATE ELECTRICITY BOARD LIMITED (“HPSEBL”/ “THE ISSUER”) SERIES 2015-16 (1st Tranche).

GENERAL RISK

Investment in debt instruments involves a degree of risk and investors should invest any funds in the issue only after reading the risk factors in the Offer letter carefully including the risk involved. The Securities have not been recommended or approved by Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document.

ISSUER'S ABSOLUTE RESPONSIBILITY

The issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this offer document contains all information with regard to the issuer and the issue, which is material in the context of the issue, that the information contained in the Offer letter is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

CREDIT RATING

“BWR A(SO)” by Brickwork Ratings India Private Limited for the current issue of Bonds.

Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.

The above ratings are not recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agencies and each rating should be evaluated independently of any other rating. The ratings obtained are subject to revision at any point of time in the future.

LISTING

Proposed to be listed on the Wholesale Debt Market (“WDM”) Segment of BSE Limited. (“BSE”).

DEBENTURE TRUSTEE TO THE ISSUE





M/s AXIS TRUSTEE SERVICES LTD.
Axis House, 2nd Floor, Wadia International centre, Pandurang Budhkar Marg, Worli, Mumbai-40025.
Tel: +91-22-24255215
Fax: +91-022-4325 3000.

REGISTRAR TO THE ISSUE



BEETAL FINANCE & COMPUTER SERVICES (P) LTD.
Beetal House, 3rd floor, 99 Madangir Behind Local Shopping centre, Near Data Harsukhdas Mandir, New Delhi-110062.
Tel : +91-11-2996 1281
Fax : +91-11-2996 1284

BANKER(S) TO THE ISSUE (in alphabetical order)			
1. Axis Bank, Branch Office, SDA Complex Kasumpti, Shimla.			
2. ICICI Bank, Branch Office, Mall Road Shimla			
3. Punjab National Bank, Branch Office, Mall Road Shimla.			
4. State Bank of India, Branch Office, Mall Road Shimla.			
Arrangers TO THE ISSUE (in alphabetical order)			
	<p>AXIS BANK LTD. AXIS Bank Ltd.2nd Floor, Red Fort Capital Parsvnath Tower Bhai Veer Sing Marg,New Delhi- 110 001, Tel:011-43682422, Fax:011-41515449 Email: premanshu.sharma@axisbank.com</p>		<p>ICICI SECURITIES PRIMARY DEALERSHIP LTD. ICICI Bank Towers, 3rd Floor, NBCC Place North Tower, Pragati Vihar, B.P. Marg, Lodi Road, New Delhi - 110001 Tel : +91-11- 2439 0000 Fax : +91-11- 2439 0024 Email: rohit.kukreja@isecpd.com</p>
	<p>TRUST INVESTMENT ADVISORS PVT. LTD. Corp. Office: 1101, C-31, Naman Centre, Bandra Kurla Complex,Bandra (East), Mumbai -400 051., Tel : +91-22- 4084 5000 Fax : +91-22- 4084 5007 Email: mbd.trust@trustgroup.co.in</p>		
ISSUE SCHEDULE			
ISSUE OPENING DATE	8 th March 2016		
ISSUE CLOSING DATE	28 th March 2016		
PAY IN DATES	8 th March 2016 to 28 th March 2016		
DEEMED DATE OF ALLOTMENT	29 th March 2016		
<p><i>In consultation with Arrangers, The issuer reserves the right to pre pone the issue earlier from the aforesaid date or post pone the issue at its sole and absolute discretion without giving any reasons or prior notice. In the event of any change in the above issue programme, the Issuer will intimate the investors about the revised issue programme.</i></p>			

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*** DEFINATIONS/ABBREVIATIONS**

The Company / the Issuer/ HPSEBL	Himachal Pradesh State Electricity Board Limited having head office at Vidyut Bhawan, Shimla – 171004
Bond(s)	Private Placement Of State Government Guaranteed, Unsecured, Redeemable, Taxable, Non Convertible Bonds Of Rs. 10.00 Lacs Each For Cash At Par Rs. 150 Crore With Green Shoe Option Of Rs. 150 Crore Aggregating To Rs. 300 Crore By Himachal Pradesh State Electricity Board Limited (“HPSEBL”/ “The Issuer”) Series 2015-16 (1 st Tranche).
Bondholder(s)	The Holder(s) of the Bond(s) in Dematerialized form
Beneficial Owner(s)	Bondholder(s) holding Bond(s) in dematerialized form (Beneficial Owner of the Bond(s) as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996)
BSE/ Stock Exchange	BSE Limited
CDSL	Central Depository Services (India) Ltd.
NSDL	National Securities Depositories Limited
BWR	Brickwork Ratings India Private Limited
DP	Depository Participant
Depository(ies)	National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL)
FY	Financial Year
DFIs	Developmental Financial Institutions
Issue/Offer/ Offering	Private Placement Of State Government Guaranteed, Unsecured, Redeemable, Taxable, Non Convertible Bonds Of Rs. 10.00 Lacs Each For Cash At Par Rs. 150 Crore With Green Shoe Option Of Rs. 150 Crore Aggregating To Rs. 300 Crore By Himachal Pradesh State Electricity Board Limited (“HPSEBL”/ “The Issuer”) Series 2015-16 (1 st Tranche).
IT Act	The Income Tax Act, 1961 (as amended from time to time)
PAN	Permanent Account Number
Registrars to the Issue/ Registrar & Transfer Agent	BEETAL FINANCE & COMPUTER SERVICES (P) Ltd having office at Beetal House, 3rd floor, 99 Madangir, Behind Local Shopping centre, Near Data Harsukhdas Mandir, New Delhi-110062.
SEBI	Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 (as amended from time to time)
Offer Document	Private Placement Of State Government Guaranteed, Unsecured, Redeemable, Taxable, Non Convertible Bonds Of Rs. 10.00 Lacs Each For Cash At Par Rs. 150 Crore With Green Shoe Option Of Rs. 150 Crore Aggregating To Rs. 300 Crore By Himachal Pradesh State Electricity Board Limited (“HPSEBL”/ “The Issuer”) Series 2015-16 (1 st Tranche).
Bond Trustees	M/s AXIS TRUSTEE SERVICES LTD, Axis House, 2 nd Floor, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai-40025
TDS	Tax Deducted at Source as per the provisions of the Income Tax Act-and rules there under modified from time to time.

* **DISCLAIMER(S)**

1. DISCLAIMER OF THE ISSUER:

This Offer letter is neither a Prospectus nor a Statement in Lieu of Prospectus and is prepared in accordance with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008, as amended and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide circular no. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012, as amended CIR/IMD/DF/18/2013 Dated October 29, 2013 and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) (amendment) regulations, 2014 issued vide circular no. LAD-NRO/GN/2013-14/43/207 dated January 31, 2014 and section 42 of the companies act, 2013 and the companies (prospectus and allotment of securities) rules, 2014. This Offer letter does not constitute an offer to public in general to subscribe for or otherwise acquire the Bonds to be issued by HPSEBL (THE "ISSUER"). This Offer letter is for the exclusive use of the addressee and restricted for only the intended recipient and it should not be circulated or distributed to third party (ies). It is not and shall not be deemed to constitute an offer or an invitation to the public in general to subscribe to the Bonds issued by the Issuer. This bond issue is made strictly on private placement basis. Apart from this Offer letter, no offer document or prospectus has been prepared in connection with the offering of this bond issue or in relation to the issuer.

This Offer letter is not intended to form the basis of evaluation for the prospective subscribers to whom it is addressed and who are willing and eligible to subscribe to the bonds issued by L(THE "ISSUER"). This Offer letter has been prepared to give general information regarding HPSEBL (THE "ISSUER") to parties proposing to invest in this issue of Bonds and it does not purport to contain all the information that any such party may require. HPSEBL (THE "ISSUER") believes that the information contained in this Offer letter is true and correct as of the date hereof. HPSEBL (THE "ISSUER") does not undertake to update this Offer letter to reflect subsequent events and thus prospective subscribers must confirm about the accuracy and relevancy of any information contained herein with HPSEBL (THE "ISSUER"). However, HPSEBL (THE "ISSUER") reserves its right for providing the information at its absolute discretion. HPSEBL (THE "ISSUER") accepts no responsibility for statements made in any advertisement or any other material and anyone placing reliance on any other source of information would be doing so at his own risk and responsibility.

Prospective subscribers must make their own independent evaluation and judgment before making the investment and are believed to be experienced in investing in debt markets and are able to bear the economic risk of investing in Bonds. It is the responsibility of the prospective subscriber to have obtained all consents, approvals or authorizations required by them to make an offer to subscribe for, and purchase the Bonds. It is the responsibility of the prospective subscriber to verify if they have necessary power and competence to apply for the Bonds under the relevant laws and regulations in force. Prospective subscribers should conduct their own investigation, due diligence and analysis before applying for the Bonds. Nothing in this Offer letter should be construed as advice or recommendation by the Issuer or by the Arrangers to the Issue to subscribers to the Bonds. The prospective subscribers also acknowledge that the Arrangers to the Issue do not owe the subscribers any duty of care in respect of this private placement offer to subscribe for the bonds. Prospective subscribers should also consult their own advisors on the implications of application, allotment, sale, holding, ownership and redemption of these Bonds and matters incidental thereto.

This Offer letter is not intended for distribution. It is meant for the consideration of the person to whom it is addressed and should not be reproduced by the recipient and the contents of this Offer letter shall be kept utmost confidential. The securities mentioned herein are being issued on private placement Basis and this offer does not constitute a public offer/ invitation.

The Issuer reserves the right to withdraw the private placement of the bond issue prior to the issue closing date(s) in the event of any unforeseen development adversely affecting the economic and regulatory environment or any other force majeure condition including any change in applicable law. In such an event, the Issuer will refund the application money, if any, along with interest payable on such application money, if any.

2. DISCLAIMER OF THE SECURITIES & EXCHANGE BOARD OF INDIA:

This Offer letter has not been filed with Securities & Exchange Board of India (“SEBI”). The Bonds have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this Offer letter. It is to be distinctly understood that this Offer letter should not, in any way, be deemed or construed that the same has been cleared or vetted by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the Issue is proposed to be made, or for the correctness of the statements made or opinions expressed in this Offer letter. The Issue of Bonds being made on private placement basis, filing of this Offer letter is not required with SEBI. However SEBI reserves the right to take up at any point of time, with the Issuer, any irregularities or lapses in this Offer letter.

3. DISCLAIMER OF THE ADVISOR AND ARRANGER(S) TO THE ISSUE:

It is advised that the Issuer has exercised self due-diligence to ensure complete compliance of prescribed disclosure norms in this Offer letter. The role of the Advisors and Arrangers to the Issue (collectively referred to as “Arrangers”/ “Arrangers to the Issue”) in the assignment is confined to marketing and placement of the bonds on the basis of this Offer letter as prepared by the Issuer. The Arrangers have neither scrutinized/ vetted nor have they done any due-diligence for verification of the contents of this Offer letter. The Arrangers shall use this Offer letter for the purpose of soliciting subscription from a particular class of eligible investors in the Bonds to be issued by the Issuer on private placement basis. It is to be distinctly understood that the aforesaid use of this Offer letter by the Arrangers should not in any way be deemed or construed that the Offer letter has been prepared, cleared, approved or vetted by the Arrangers; nor do they in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Offer letter; nor do they take responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of the Issuer. Arrangers are not responsible for compliance of any provision of new Companies Act, 2013. The Arrangers or any of their directors, employees, affiliates or representatives do not accept any responsibility and/or liability for any loss or damage arising of whatever nature and extent in connection with the use of any of the information contained in this Offer letter.

4. DISCLAIMER OF THE STOCK EXCHANGE:

As required, a copy of this Offer letter has been submitted to the National Stock Exchange of India Ltd. (Here-in-after referred to as “NSE”) for hosting the same on its website. It is to be distinctly understood that such submission of the document with NSE or hosting the same on its website should not in any way be deemed or construed that the document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this document; nor does it warrant that this Issuer’s securities will be listed or continue to be listed on the Exchange; nor does it take responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of the Issuer. Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

5. DISCLAIMER IN RESPECT OF JURISDICTION:

The private placement of Bonds is made in India to Companies, Corporate Bodies, Trusts registered under the Indian Trusts Act, 1882, Societies registered under the Societies Registration Act, 1860 or any other applicable laws, provided that such Trust/ Society is authorised under constitution/ rules/ byelaws to hold bonds in a Company, Indian Mutual Funds registered with SEBI, Indian Financial Institutions, Insurance Companies, Commercial Banks including Regional Rural Banks and Cooperative Banks, Provident, Pension, Gratuity, Superannuation Funds as defined under Indian laws. The Offer letter does not, however, constitute an offer to sell or an invitation to subscribe to securities offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Offer letter comes is required to inform him about and to observe

any such restrictions. Any disputes arising out of this issue will be subject to the jurisdiction of the Courts at Himachal Pradesh only. All information considered adequate and relevant about the Issuer has been made available in this Offer letter for the use and perusal of the potential investors and no selective or additional information would be available for a section of investors in any manner whatsoever.

6. DISCLAIMER BY RESERVE BANK OF INDIA:

The Securities have not been recommended or approved by the Reserve Bank of India nor does RBI guarantee the accuracy or adequacy of this document. It is to be distinctly understood that this document should not, in any way, be deemed or construed that the securities have been recommended for investment by the RBI. RBI does not take any responsibility either for the financial soundness of the Issuer, or the securities being issued by the Issuer or for the correctness of the statements made or opinions expressed in this document. Potential investors may make investment decision in the securities offered in terms of this Offer letter solely on the basis of their own analysis and RBI does not accept any responsibility about servicing/ repayment of such investment.

7. DISCLAIMER BY DEBENTURE TRUSTEE:

The debenture trustee is not a guarantor and will not be responsible for any non-payment of interest and redemption and/or any loss or claim.

(A) ISSUER INFORMATION: NAME AND ADDRESS OF THE FOLLOWING:

SR. No	PARTICULARS	:	DETAILS
(i)	REGISTERED OFFICE OF THE ISSUER		
•	Name	:	HIMACHAL PRADESH STATE ELECTRICITY BOARD LTD.
•	Address	:	VIDYUT BHAWAN, SHIMLA
•	Tele No	:	0177-2656022-26
•	Fax No	:	0177-2658908, 2655387
•	Email	:	gulshansai@yahoo.co.uk, r9816375595@gmail.com
•	Website	:	http://www.hpsebl.co.in
(ii)	CORPORATE OFFICE OF THE ISSUER		
•	Name	:	HIMACHAL PRADESH STATE ELECTRICITY BOARD LTD.
•	Address	:	VIDYUT BHAWAN, SHIMLA
•	Tele No	:	0177-2801762
•	Fax No	:	0177-2658908
•	Email	:	gulshansai@yahoo.co.uk, r9816375595@gmail.com
•	Website	:	http://www.hpsebl.co.in
(iii)	COMPLIANCE OFFICER OF THE ISSUER		
•	Name	:	Gulshan Aggarwal
•	Address	:	VIDYUT BHAWAN, SHIMLA
•	Tele No	:	0177-2801762
•	Fax No	:	0177-2658908
•	Email	:	gulshansai@yahoo.co.uk, r9816375595@gmail.com
•	Website	:	http://www.hpsebl.co.in
(iv)	CHIEF FINANCIAL OFFICER OF THE ISSUER		
•	Name	:	Gulshan Aggarwal
•	Address	:	VIDYUT BHAWAN, SHIMLA
•	Tele No	:	0177-2801762
•	Fax No	:	0177-2658908
•	Email	:	gulshansai@yahoo.co.uk, r9816375595@gmail.com
•	Website	:	http://www.hpsebl.co.in

(v) ARRANGER(S) TO THE ISSUE		
A	Name	: AXIS BANK
•	Address	: 2nd Floor, Red Fort Capital, Parsvnath Tower, Bhai Veer Sing Marg, New Delhi-110 001
•	Tele No	: +91-11-4368 2422
•	Fax No	: +91-11-41515449
•	Email	: premanshu.sharma@axisbank.com
•	Website	: www.axisbank.com
B	Name	: ICICI SECURITIES PRIMARY DEALERSHIP LTD.
•	Address	: ICICI bank Towers, 3rd Floor, NBCC Place North Tower, Pragati Vihar, B.P. Marg, Lodi Road, New Delhi - 110001
•	Tele No	: +91-11- 2439 0000
•	Fax No	: +91-11- 2439 0024
•	Email	: rohit.kukreja@isecpd.com
•	Website	: www.icicisecuritiespd.com
C	Name	: TRUST INVESTMENT ADVISORS PVT. LTD
•	Address	: 109/110, 1st Floor, Balarama, Village Parigkhari; Bandra Kurla Complex, Bandra (East), Mumbai – 400 051
•	Tele No	: +91-22-40845000
•	Fax No	: +91-22-40845052/66
•	Email	: mbd.trust@trustgroup.co.in, sumit.singh@trustgroup.co.in
•	Website	: www.trustgroup.co.in
(vi) TRUSTEE OF THE ISSUE		
•	Name	: M/S AXIS Trustee Services ltd.
•	Address	: Axis House, 2 nd Floor, Wadia International Centre, Pandurang marg, Worli, Mumbai-40025
•	Tele No	: 022-2425 5215/2425 5216.
•	Fax No	: 022-4325 3000.
•	Email	: debenturetrustee@axistrustee.com
•	Website	: www.axistrustee.com
(vii) REGISTRAR TO THE ISSUE		
•	Name	: M/S BEETAL FINANCE & COMPUTER SERVICES (P) ltd
•	Address	: Beetal House, 3rd floor, 99 Madangir, Behind Local Shopping centre, Near Data Harsukhdas Mandir, New Delhi-110062.
•	Tele No	: 011- 2996 1281, 2996 1282
•	Fax No	: 011-2996 1284.
•	Email	: beetal@beetalfinancial.com
•	Website	: www.beetalfinancial.com
(viii) CREDIT RATING AGENCY		
A	Name	: BRICKWORK RATINGS INDIA PVT. LTD.
•	Address	: 3rd floor, Raj Alkaa Park, Kelena Agrahara, Bannerghatta Road, bangaluru-560076.
•	Tele No	: +9180 4040 9940
•	Fax No	: 91 80 4040 9941.
•	Email	: nirmal.vk@brickworkratings.com
•	Website	: www.BrickworkRatings.com

B) BRIEF SUMMARY OF BUSINESS/ ACTIVITIES OF COMPANY AND ITS LINE OF BUSINESS CONTAINING ATLEAST FOLLOWING INFORMATION:-

(i) OVERVIEW:-

Himachal Pradesh State Electricity Board Limited (HPSEBL), an undertaking of Government of Himachal Pradesh, was incorporated on 03-12-2009 with the objective to maintain and operate generation, distribution and trading of electricity, electricity used in the State of Himachal Pradesh and to purchase of electrical energy and sale of energy to the other agencies and to co-ordinate, maintain and operate an integrated power distribution system in all aspects including; to acquire, establish, construct erect, lay, operate, run, manage, maintain, enlarge, alter, renovate, modernize, work in the State of Himachal Pradesh.

VISION, MISSION, AIMS AND TARGETS:

- Vision:-Availability of reliable and quality power at competitive rates on a sustainable basis to all.
- Mission: To provide environment friendly, qualitative and reliable power to all sections of the society by creating a value based, customer centric, employee oriented organization, with an aim to enhance the standard of life of the society in which the organization operates.
- Targets: During the year under report, the targets for achieving the goals set out under Power Sector Reforms, implementation of IT initiatives under R-APDRP, computerized billing and accounting, GIS/ GPS asset based valuation, ERP etc.

OBJECTIVES:

The objectives of Himachal Pradesh State Electricity Board Limited are:-

- (a) To plan, promote, organize, maintain and operate an integrated power distribution system in all aspects including; to acquire, establish, construct erect, lay, operate, run, manage, maintain, enlarge, alter, renovate, modernize, work and use in the State of Himachal Pradesh and elsewhere, extra high voltage (EHV), high voltage (HV), medium voltage (MV) and low voltage (LV) lines and associated sub-stations, including distribution centres, cables, wires, accumulators, plants motors, meters, apparatus, computers and materials connected with transmission, distribution, supply of electrical energy, communication and telemetering equipment.
- (b) To plan, promote, organize, maintain and execute Power Project within and outside the State of Himachal Pradesh including execution of new projects.
- (c) To undertake, for and on behalf of others the erection, operation, maintenance, management of extra high voltage, high voltage, medium voltage and low voltage lines and associated sub-stations, equipment apparatus, cables and wires.
- (d) To carry on the business of purchasing, selling, trading electrical energy and co-importing, exporting, wheeling, trading of electrical energy, including formulation of tariff, billing and collection thereof.
- (e) Universal power access through various electrification schemes/ processes/ Programs.
- (f) To improve quality and reliability of power by system strengthening.
- (g) To avoid cost and time overruns on the schemes under execution through effective TMR System.
- (h) Reduction of T&D and AT&C losses.

FUNCTION:

1. Distribution of Electricity in the State of H.P.
2. Sale, Purchase and Trading of Electricity.
3. Operation and Maintenance of all existing Power Generation Plants & electrical system infrastructure associated with evacuation & distribution of electricity.
4. Completion of ongoing HEPs and execution of HEPs so allotted by Go HP along with associated electrical networks.
5. R&M of existing EHV, HV & LV Electrical System networks in the State of H.P. for distribution of electricity.

6. Creation of New and Augmentation of EHV, HV & LV Electrical System Network commensurate with load growth, rural electrification system extension, distribution loss reduction and quality improvement of power in the State of Himachal Pradesh.

WORKS:

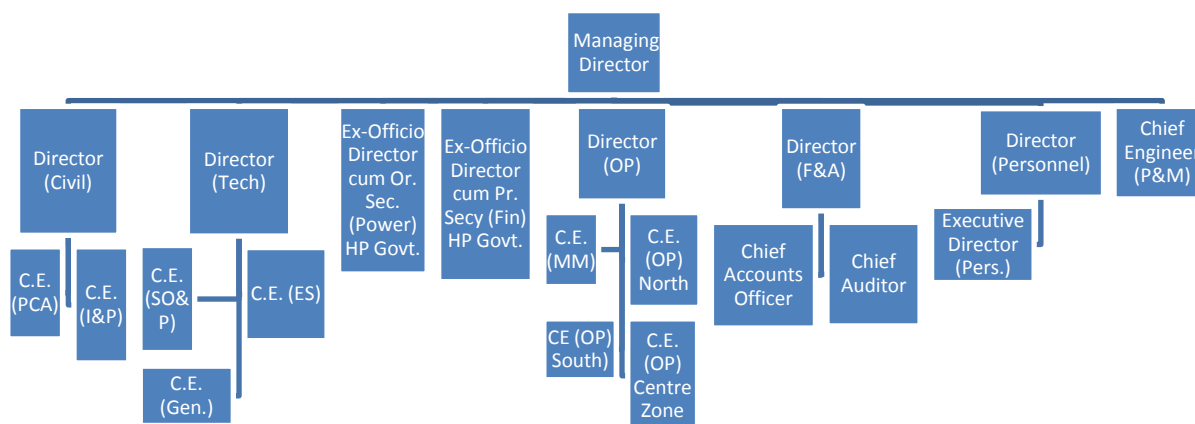
The Company has 471.58 MW installed capacity of Generating Stations and the execution of the following projects continued to progress satisfactory during the period under review:

Sr. No	Name of Project	Installed capacity (MW)	Estimated/ Revised cost (In Lac)	Date of start	Targeted date of commissioning
1.	Uhl-III in Distt Mandi	100	94080.00	Oct-2002	July,2016 (1st Unit)

ENVIRONMENT:

All the Environment Management Plans (EMP) of the State Government or the Company are proposed to be implemented diligently with a view to ensure safeguarding environment and improving the same, wherever possible. To this end, the HPSEBL may go beyond the provisions in EMP.

(ii) CORPORATE STRUCTURE:-



(iii) KEY OPERATIONAL AND FINANCIAL PARAMETERS FOR THE LAST 3 AUDITED YEARS:-

(a) STANDALONE BASIS:

Indicators	(Rs. in crores)		
	FY 2014-15 (Provisional)	FY 2013-14 (Audited)	FY 2012-13 (Audited)
Net worth	593.22	585.93	685.67
Total Term Debts			
Of which – Non Current Maturities of Long Term Borrowings			
Short Term Borrowings	2110.29	1811.03	2632.99
Current Maturities of Long Term Borrowings			
Other Long term liabilities and provisions			
Net Fixed assets	5106.12	5019.92	4994.23
Non-Current Assets			
Cash & cash equivalents			
Current Investments	11.48	10.51	18.49
Current Assets	2546.52	2208.93	1671.93
Current Liabilities	6240.76	5401.25	5411.67
Net sales	5570.52	5050.90	4221.67
EBITDA			

EBIT			
Interest			
PAT	(124.67)	(136.98)	(340.28)
Dividend amounts	-	-	-
Current ratio	0.41:1	0.41:1	0.31:1
Interest coverage ratio	0.96:1	0.81:1	0.28:1
Debt/equity ratio	7.74:1	7.47:1	6.49:1
Debt Service Coverage Ratios	0.30:1	0.24:1	0.22:1

Gross Debt: Equity Ratio of the Company:

Before the issue of debt securities	7.74
After the issue of debt securities	7.83

(iv) **PROJECT COST AND MEANS OF FINANCING, IN CASE OF FUNDING OF NEW PROJECTS:-**
N.A.

(v) **SUBSIDIARIES OF THE COMPANY (If any):**
Beas Valley Power Corporation Ltd.

(C) **A BRIEF HISTORY OF THE ISSUER SINCE ITS INCORPORATION GIVING DETAILS OF IT'S FOLLOWING ACTIVITIES:-**

(i) **DETAILS OF SHARE CAPITAL AS ON LAST QUARTER END (31.12.2015):-**

Particulars	Rs. In Crores
Authorized Share Capital	1100.0000
Issued, Subscribed and Paid-up Share Capital	553.2818

(ii) **CHANGES IN ITS CAPITAL STRUCTURE AS ON LAST QUARTER END, FOR THE LAST FIVE YEARS:-**

Date of change (AGM/EGM)	Amount (Rs. in lakhs)	Particulars
-	500	Incorporation
26.03.2013	110000	26.03.2013

(iii) **EQUITY SHARE CAPITAL HISTORY OF THE COMPANY AS ON LAST QUARTER END , FOR THE LAST FIVE YEARS:-**

Date of Allotment	No of Equity Shares	Face Value (Rs.)	Issue Price (In Rs)	Consideration (Cash, other than cash, etc)	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Equity share capital (Rs.)	Cumulative Equity share premium (in Rs.)	Remarks
26.7.2012	200	100	100	CASH Other than Cash	At par	200	20000	----	-
16.01.2013	200	100	100	Other than Cash	At par	400	40000	----	-
07.03.2013	10000	100	100	Other than Cash	At par	10400	1060000	----	-
18.03.2013	1000	100	100	Other than Cash	At par	11400	1140000	----	-

10.09.2013	44671780	100	100	Other than Cash as per transfer scheme	At par	44653180	4465318000	-	-
18.10.2014	4416000	100	100	Other than Cash as per transfer scheme	At par	49069180	49069180000	-	-
05.03.2015	3134000	100	100	Other than Cash as per transfer scheme	At par	52203180	52203180000	-	-
04.06.2015	3125000	100	100	Other than Cash as per transfer scheme	At par	55328180	55328180000	-	-

(iv) DETAILS OF ANY ACQUISITION OR AMALGAMATION IN THE LAST 1 YEAR: - NIL

(v) DETAILS OF ANY REORGANIZATION OR RECONSTRUCTION IN THE LAST 1 YEAR: -

Type of Event	Date of Announcement	Date of Completion	Details
NIL	NIL	NIL	NIL

(D) DETAILS OF THE SHAREHOLDING OF THE COMPANY AS ON THE LATEST QUARTER END (31.12.2015)

(i) SHAREHOLDING PATTERN OF THE COMPANY AS ON LAST QUARTER END (31.12.2015)

Sl. No.	Particulars (Government of Himachal Pradesh through following nominees)	Total No. of Equity Shares (each face value of Rs. 100)	No. of Shares in demat form	Total Shareholding as % of total No. of equity shares.
1	Sh.Tarun Shridhar, IAS, Set No. 13/VI, RICHMOND, Jakhu, Shimla-1, HIMACHAL PRADESH INDIA.	400	NIL	0.002530%
2	Sh. Rajeev Sharma, IAS, H.No. 24, Type-V, Officer Colony, Kusumpti, Shimla, Himachal Pradesh, INDIA.	200	NIL	
3	Dr. Shrikant Baldi, IAS, S/O Sh. Ram Jas Baldi, Old Brock Hourst No. 1, Chotta Shimla, Shimla, 171002, Himachal Pradesh, India	200	NIL	
4.	Jai Parkash Kalta, Kalta Villa, Below B.C.S. Phase-III, New Shimla, Shimla, 171009, Himachal Pradesh, INDIA	200	NIL	
5.	Pavan Kumar Kohli, House No.-62, Housing Board Colony, Saproon, Solan, 173211, Himachal Pradesh, INDIA	200	NIL	
6.	Sh. Sudripto Roy, IAS, S/O Sh. Sunil Chand Roy, H-1455, Second Floor, C.R. Park, Delhi-110019, INDIA	200	NIL	

7	Governor, H P on behalf of Addl. Chief Secretary, GoHP.	55326600	Nil	99.997470%
	Total			100%

Notes: - Shares pledged or encumbered by the promoters (if any) - NIL

(ii) LIST OF TOP 10 HOLDERS OF EQUITY SHARES OF THE COMPANY AS ON THE LATEST QUARTER END (31.12.2015)

Sl. No.	Particulars (Government of Himachal Pradesh through following nominees)	Total No. of Equity Shares (each face value of Rs. 100)	No. of Shares in demat form	Total Shareholding as % of total No. of equity shares.
1	Sh.Tarun Shridhar, IAS, Set No. 13/VI, RICHMOND, Jakhu, Shimla-1, HIMACHAL PRADESH INDIA.	400	NIL	0.002530%
2	Sh. Rajeev Sharma, IAS, H.No. 24, Type-V, Officer Colony, Kusumpti, Shimla, Himachal Pradesh, INDIA	200	NIL	
3	Dr. Shrikant Baldi, IAS, S/O Sh. Ram Jas Baldi, Old Brock Hourst No. 1, Chotta Shimla, Shimla, 171002, Himachal Pradesh, India	200	NIL	
4.	Jai Parkash Kalta, Kalta Villa, Below B.C.S. Phase-III, New Shimla, Shimla, 171009, Himachal Pradesh, INDIA	200	NIL	
5.	Pavan Kumar Kohli, House No.-62, Housing Board Colony, Saproon, Solan, 173211, Himachal Pradesh, INDIA	200	NIL	
6.	Sh. Sudripto Roy, IAS, S/O Sh. Sunil Chand Roy, H-1455, Second Floor, C.R. Park, Delhi-110019, INDIA	200	NIL	
7	Governor, H P on behalf of Addl. Chief Secretary, GoHP.	55326600	Nil	99.997470%
	Total			100%

(E) FOLLOWING DETAILS REGARDING THE DIRECTORS OF THE COMPANY:-

(i) DETAILS OF THE CURRENT DIRECTORS OF THE COMPANY *

Sl. No.	Name/ Designation/ DIN NO.	Age	Address	Date of Appointment	Details of Other Directorship
1	Shrikant Baldi, Nominee Director, 01763968	54	Old Brock Hourst No. 1,, Chotta Shimla, Shimla, 171002, Himachal Pradesh, INDIA	5.07.2011 2	H.P. State Electronics Devp. Corpn Ltd., HPPCL, HPTCL, Mashobra Resorts Ltd., Himachal Pradesh Mahila Vikas Nigam,, H.P. Road and other Infrastructure Development Corpn. Ltd.

					Himachal Emta Power Ltd., H.P. Tourism Development Corpn Ltd. & HPSCS corpn Ltd.
2	Tarun Shridhar Nominee Director, 02749561	58	Set No. 13/VI, RICHMOND, Jakhu, Shimla-1, HIMACHAL PRADESH INDIA.	01.10.201 5	HPPCL, HPPTCL, BVPCL, SJVNL.
3	Akshay Sood, Whole-time- Director, 03164183	50	B 227, SECTOR 3 TEHSIL SHIMLA (RURAL) DISTT SHIMLA, SHIMLA, 171009, Himachal Pradesh, INDIA	28.06.201 1	BVPCL
4.	Partap Chand Negi, Managing Director, 05120188	56	V.P.O- Jeori, Tehsil- Rampur, Distt.- Shimla, Shimla, 172101, Himachal Pradesh, INDIA	12.10.201 1	BVPCL
5.	Jai Parkash Kalta, Whole-time- Director, 05299040	53	Kalta Villa, Below B.C.S. Phase-III, New Shimla, Shimla, 171009, Himachal Pradesh, INDIA	01.06.201 2	BVPCL
6.	Ravinder Kumar Sharma, Whole-time- Director, 06366354	53	Type-IV, HPSEB Colony, Kelston, Shimla, 171001, Himachal Pradesh, INDIA	07.02.201 4	BVPCL, HPTCL
7.	Rajeev Sharma Director, 06366354	53	H.No. 24, Type-V, Officer Colony, Kusumpti, Shimla, Himachal Pradesh, INDIA	05.11.201 4	BVPCL.
8.	Pavan Kumar Kohli, Whole Time- Director, 06812411	54	House No.-62, Housing Board Colony, Saproon, Solan, 173211, Himachal Pradesh, INDIA	16.12.201 3	BVPCL
9.	Anita Tegta Director, 03349937	62	B-IV/14, New Brock Hurst, Shimla-2, Himachal Pradesh, INDIA	31.08.201 5	-
10.	Sharabh Chhopal Negi., Director, 06675739	61	Set No. 4, Willy Park,Chaura Maidan, Shimla-4, Himachal Pradesh, INDIA	31.08.201 5	-
11.	Ajay Sharma, Nomnee Director, 07074897	53	VPO-Kharanal, VIA Paprola, Baijnath, Kangra-176115, himachal Pradesh, INDIA	27.11.201 4	-

To the best of the knowledge of HPSEBL, Names of none of the current directors are appearing in the RBI defaulter list and/or ECGC default list

(ii) DETAILS OF CHANGE IN DIRECTORS SINCE LAST THREE YEARS:-

Sl. No.	Name	Period	DIN No.	Date of Appointment	Date of ceased as a Director
1.	Sh. Rawther Dawood Nazeem, Nominee Director, IAS	18.12.2012-19.09.2014		18.09.2014	Ceased as Nominee Director on 18.09.2014
2.	Sh. Ram Dass Dhiman, IAS, CMD,	07.05.2011-21.05.2013	01687377	21.05.2013	Ceased as Nominee Director on 21.05.2013
3.	Sh. Deepak Sanan, IAS, Nominee Director,	05.05.2010-28.12.2012		28.12.2012	Ceased as Nominee Director on 28.12.2012
4.	Sh. Bhola Datt Suyal, IFS, Nominee Director.	18.12.2012-21.02.2013		21.02.2013	Ceased as Nominee Director on 21.02.2013
5.	Sh. Subhasish Panda, IAS, Nominee Director	18.12.2012-02.01.2013		02.01.2013	Ceased as Nominee Director on 02.01.2013
6.	Sh. Maneesh Garg, IAS, Nominee Director	02.01.2013-16.09.2013		16.09.2013	Ceased as Nominee Director on 16.09.2013
7.	Sh. Rakesh Kanwar, HAS, Nominee Director	21.02.2013-18.07.2013		18.07.2013	Ceased as Nominee Director on 18.07.2013
8.	Sh. Anil Kumar Dutta, Whole-time-Director	15.06.2010-30.09.2013		30.09.2013	Ceased as Whole-time-Director on 30.09.2013
9.	Sh. Shyam Lal Sharma, Whole-time-Director	03.08.2011-12.10.2011		12.10.2011	Ceased as Whole-time-Director on 12.10.2011
10.	Sh. Hans Raj Sharma, HAS, Nominee Director	18.07.2013-		22.01.2014	Ceased as Nominee Director on 22.01.2014
11.	Sh. Kamleshwar Singh Dhaulta, Nominee Director	28.02.2014-18.09.2014		28.02.2014	Ceased as Nominee Director on 18.09.2014
12.	Sh. S.K.B.S. Negi, IAS, Nominee Director	28.12.2012-30.11.2015		28.12.2012	Ceased as Nominee Director on 30.11.2015

(F) FOLLOWING DETAILS REGARDING THE AUDITORS OF THE COMPANY:-

(i) DETAILS OF THE AUDITOR OF THE COMPANY:-

Name	Address	Auditor since
M/s Anil Karol & Co. Chartered Accountants,	1st floor, 77 Lower Bazaar, Shimla-1	2009-10
M/s Anil K. Sood & Company. Chartered Accountants,	U/F Floor, 56 Lower bazaar, Shimla-1 Himachal Pardesh	2013-14

(ii) DETAILS OF CHANGE IN AUDITOR SINCE LAST THREE YEARS:-

Name	Address	Date of Appointment	Auditor of the Company since	Remarks (Appointment ref no.)
M/s Anil Karol & Co. Chartered Accountants,	1st floor, 77 Lower bazaar, Shimla-1	Appointed by Comptroller and Auditor General of India, New Delhi		2009-13
M/s Anil K. Sood & Company. Chartered Accountants,	U/F Floor, 56 Lower bazaar, Shimla-1 Himachal Pardesh	Appointed by Comptroller and Auditor General of India, New Delhi		2013-14

(G) DETAILS OF BORROWINGS OF THE COMPANY, AS ON THE LATEST QUARTER END (31.12.2015)

(i) DETAILS OF SECURED LOAN FACILITIES AS ON (31.12.2015)

Lender's Name	Type of Facility	Amt Sanctioned (in Rs. Crore)	Principal Amt Outstanding (in Rs. Crore)	Repayment Date / Schedule	Security
Term Loan					
M/s REC	Long term loan		861.65	Repayment as per schedule of respective schemes	Escrow/Assets/Govt. Guarantee.
M/s PFC Ltd. (including R-APDRP Loans	Long term loan		420.51	Repayment as per schedule of respective schemes	Assets/Govt. Guarantee.
Over Drafts					
State Bank of India	Over Draft	116.64	112.09	Monthly payment of interest	OD Limit
H.P. State co-op Bank	Over Draft	178.00	147.55	Monthly payment of interest	OD Limit
KCC bank	Over Draft	189.00	181.25	Monthly payment of interest	OD Limit
UCO bank	Over Draft	55.00	52.66	Monthly payment of interest	OD Limit
PNB	Over Draft	40.89	37.93	Monthly payment	OD Limit

				of interest	
State bank of Patiala	Over Draft	54.15	48.75	Monthly payment of interest	OD Limit
Bank of Baroda	Over Draft	36.86	31.98	Monthly payment of interest	OD Limit
Central Bank of India	Over Draft	12.00	9.83	Monthly payment of interest	OD Limit
P&S bank	Over Draft	43.00	41.57	Monthly payment of interest	OD Limit
Indian bank	Over Draft	9.90	9.83	Monthly payment of interest	OD Limit

(ii) DETAILS OF UNSECURED LOAN FACILITIES AS ON (31.12.2015)

Lender's Name	Type of Facility	Amt Sanctioned (in Rs. Crore)	Principal Amt Outstanding (in Rs. Crore)	Repayment Date / Schedule
A:Guaranteed by State Govt.				
LIC of India	Term Loan	250.00	100.000	Rs. 2.50 cr p.a. yearly
Non-SLR Bonds	Non-SLR Bonds	868.17	868.17	(Detail under NCD's)
State Bank of India	Term Loan	300.84	300.84	Rs. 2.63 Cr. per month w.e.f. April, 2016
Kangra central Co-Operative Bank Ltd	Term Loan	290.00	290.00	Rs. 3.45 Cr. per month w.e.f. April, 2016
Punjab & Sind Bank	Term Loan	257.40	257.40	Rs. 3.06 Cr. per month w.e.f. May, 2016
Canara Bank	Cash Credit Limit	200.00	199.76	March, 2017
B: Loans against Escrow Cover				
H.P. State Co-Op. Bank	TL	300.00	99.94	EMI basis for seven years with moratorium of two years
KCC bank D/shalla	STL	200.00	112.00	Rs. 5.97 Cr per month w.e.f. May, 2015.
Central bank of India	STL	50.00	50.00	Rs. 0.60 Cr. per month w.e.f. May, 2016
ADB Loan	Term Loan	11.63	11.63	Long Term.
Cash Credit Limits				

State Bank of India	CCL	100.00	99.94	For one year
KCCB Ltd.	CCL	200.00	115.00	For one year
PNB	CCL	100.00	100.38	For one year

(iii) DETAILS OF NCDS :- (as on 31.12.2015)

Debenture Series	Tenor / Period of Maturity	Coupon	Amount	Date of allotment	Redemption Date/ Schedule	Credit Rating	Secured / unsecured
Non-SLR Bonds 08.75%	10 years	08.75%	265.90 Cr.	26.06.2013	26.06.2021 : 30% 26.06.2022 : 30% 26.06.2023 : 40%	A(SO) by Brickwork (India) Ltd.	Govt. Guarantee
09.85% Bonds to SBI	15 years	09.85%	65.29 Cr.	11.04.2014 & 04.06.2014	10.04.2029 & 03.06.2029	Un rated	Govt. Guarantee
09.85% Bonds to KCCB Ltd	15 years	09.85%	60.00 Cr.	29.03.2014	28.03.2029	Un rated	Govt. Guarantee
09.85% Bonds to P&S Bank	15 years	09.85%	140.00 Cr.	01.04.2014	31.03.2029	Un rated	Govt. Guarantee
Non-SLR Bonds 09.13%	10 years	09.13%	234.10 Cr.	03.12.2014	03.12.2022 : 30% 03.12.2023 : 30% 03.12.2024 : 40%	A(SO) by Brickwork (India) Ltd.	Govt. Guarantee

(iv) LIST OF TOP 10 DEBENTURE HOLDERS (AS ON 31.12.2015)

S.No	Name of Debenture Holder	Amount (In crore)
1	Punjab & Sind Bank	161.88
2	United India Insurance Corp Ltd.	75.00
3	Kangra central Co-Operative Bank Ltd.	60.00
4	State Bank of India	65.29
5	Central bank of India	50.00
6	Board of Trustee for Bokaroo Steel	39.00
7	APEPDCL Pension & Gratuity Fund	30.00
8	SPMCIL Employees Provident and Pension Trust	30.00
9	Delhi Devilment Board Authority	30.00
10	Indian Oil Corporation of India.	20.00

- (v) **THE AMOUNT OF CORPORATE GUARANTEE ISSUED BY THE ISSUER ALONG WITH NAME OF THE COUNTERPARTY (LIKE NAME OF THE SUBSIDIARY, JV ENTITY, GROUP COMPANY, ETC) ON BEHALF OF WHOM IT HAS BEEN ISSUED.**

“NO”

- (vi) **DETAILS OF COMMERCIAL PAPER:- THE TOTAL FACE VALUE OF COMMERCIAL PAPERS OUTSTANDING AS ON THE LATEST QUARTER END TO BE PROVIDED AND ITS BREAKUP IN FOLLOWING TABLE:**

Maturity date	Amount outstanding
N.A	N.A

- (vii) **DETAILS OF REST OF THE BORROWING (IF ANY INCLUDING HYBRID DEBT LIKE FCCB, OPTIONALLY CONVERTIBLE DEBENTURES / PREFERENCE SHARES) AS ON 31.12.2015.:-**

Party Name (in case of Facility) / Instrument Name	Type of Facility / Instrument	Amount Sanctioned / Issued	Principal Amt outstanding	Repayment Date / Schedule	Credit Rating	Secured / Unsecured	Security
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

- (viii) **DETAILS OF ALL DEFAULT/S AND/OR DELAY IN PAYMENTS OF INTEREST AND PRINCIPAL OF ANY KIND OF TERM LOANS, DEBT SECURITIES AND OTHER FINANCIAL INDEBTEDNESS INCLUDING CORPORATE GUARANTEE ISSUED BY THE COMPANY, IN THE PAST 5 YEARS.**

The payment of interest & Principal is being done in a timely manner on the respective due dates. There has never been any delay in servicing interest and principal repayment in the past.

- (ix) **DETAILS OF ANY OUTSTANDING BORROWINGS TAKEN/ DEBT SECURITIES ISSUED WHERE TAKEN / ISSUED (I) FOR CONSIDERATION OTHER THAN CASH, WHETHER IN WHOLE OR PART, (II) AT A PREMIUM OR DISCOUNT, OR (III) IN PURSUANCE OF AN OPTION;**

The HPSEBL (Company) does not have any outstanding borrowing / debt securities where taken / issued for consideration other than cash either at premium or at discount or in pursuance of an option

- (H) **DETAILS OF PROMOTERS OF THE COMPANY:-**

- i. **DETAILS OF PROMOTER HOLDING IN THE COMPANY AS ON THE LATEST QUARTER END:-**

Sl. No.	Name of the Shareholders	Total No. of Equity Shares	No. of shares in demat form	Total shareholding as % of total no. of equity shares	No. of Shares Pledged	% of Shares pledged with respect to shares owned
1	Governor, H P on behalf of Addl. Chief Secretary, GoHP.	55326600	NIL	99.997470%	NIL	NIL
2	Akshay Sood, Whole-time-Director, B 227, SECTOR 3 TEHSIL SHIMLA (RURAL)	200	NIL		NIL	NIL

	DISTT SHIMLA, SHIMLA, 171009, Himachal Pradesh, INDIA			0.002630%		
3	Sushil Kumar Bhim Sen Negi, Director, Abey File Cottage, Lakkar Bazar, Shimla, 171001, Himachal Pradesh, INDIA	400	NIL		NIL	NIL
4	Dr. Shrikant Baldi, IAS, S/O Sh. Ram Jas Baldi, Old Brock Hourst No. 1, Chotta Shimla, Shimla, 171002, Himachal Pradesh, India	200	NIL		NIL	NIL
5	Jai Parkash Kalta, Kalta Villa, Below B.C.S. Phase-III, New Shimla, Shimla, 171009, Himachal Pradesh, INDIA	200	NIL		NIL	NIL
6	Pavan Kumar Kohli, House No.-62, Housing Board Colony, Saproon, Solan, 173211, Himachal Pradesh, INDIA	200	NIL		NIL	NIL
7	Sh. Sudripto Roy, IAS, S/O Sh. Sunil Chand Roy, H-1455, Second Floor, C.R. Park, Delhi- 110019, INDIA	200	NIL		NIL	NIL

(I) ABRIDGED VERSION OF AUDITED CONSOLIDATED (WHEREVER AVAILABLE) AND STANDALONE FINANCIAL INFORMATION (LIKE PROFIT & LOSS STATEMENT, BALANCE SHEET AND CASH FLOW STATEMENT) FOR AT LEAST LAST THREE YEARS AND AUDITOR QUALIFICATIONS, IF ANY. *

*** PROVISIONAL BALANCE SHEET, PROFIT AND LOSS ACCOUNT, STATEMENT OF CASH FLOW FOR FY 2014-15**

HIMACHAL PRADESH STATE ELECTRICITY BOARD LTD.

Balance Sheet as at 31st March,2015.

(Amount in Lacs.)					
Particulars	Note No.	As at 31st March,2015		As at 31st March,2014	
		3	4	5	6
I. EQUITY AND LIABILITIES					
1 Shareholders' Funds					
(a) Share Capital	2.1	52203.18		45893.18	
(b) Reserves and Surplus	2.2	1201.54		9513.33	
(c) Money Received against Share Warrants		0.00	53404.72	0.00	55406.51
2 Share Application Money Pending Allotment	2.3		5914.09		3186.40
3 Non-Current Liabilities					
(a) Long-Term Borrowings	2.4	209771.51		228073.19	
(b) Deferred Tax Liabilities (Net)		0.00		0.00	
(c) Other Long Term Liabilities	2.5	64918.57		65616.36	
(d) Long-Term Provisions	2.6	0.00	274690.08	0.00	293689.54
4 Current Liabilities					
(a) Short-Term Borrowings	2.7	211028.54		181103.30	
(b) Trade Payables	2.8	185515.89		158677.93	
(c) Other Current Liabilities	2.9	210386.31		185783.10	
(d) Short-Term Provisions	2.1	17145.46	624076.20	14561.42	540125.75
TOTAL			958085.09		892408.20
II. ASSETS					
Non-Current Assets					
1 (a) Fixed Assets					
(i) Tangible Assets	2.11	510612.38		501992.25	
(ii) Intangible Assets	2.12	1603.28		2051.97	
(iii) Capital Work-in-Progress	2.13	113434.45		99466.37	
		625650.11		603510.59	
(b) Non-Current Investments	2.14	43077.51		41306.89	
(c) Deferred Tax Assets (net)		0.00		0.00	
(d) Long-Term Loans and Advances	2.15	18955.66		11403.50	
(e) Other Non-Current Assets	2.16	14601.75	702285.03	14243.66	670464.63
2 Current Assets					
(a) Current Investments	2.17	1147.83		1051.06	
(b) Inventories	2.18	7039.32		7696.53	
(c) Unbilled Revenue		0.00		0.00	
(c) Trade Receivables	2.19	76550.40		55709.52	
(d) Cash and Cash equivalents	2.2	11791.77		13558.89	
(e) Short-Term Loans and Advances	2.21	46592.58		41993.11	
(f) Other Current Assets	2.22	112678.16	255800.06	101934.46	221943.57
TOTAL			958085.09		892408.20

The accompanying notes form an integral part of these financial statements

For and on behalf of Company

Auditors Report

As per our report of even date

(Er. P. Singh)
Managing Director

(Rajeev Sharma, IAS)
Director (E&A)

(Gulshan Aggarwal)
Chief Accounts Officer

Place Shimla

Date 28-09-2015

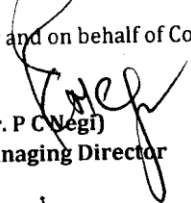
HIMACHAL PRADESH STATE ELECTRICITY BOARD LTD.
Statement of Profit and Loss for the year ended 31st March, 2015

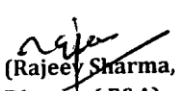
(Amount in Lacs)

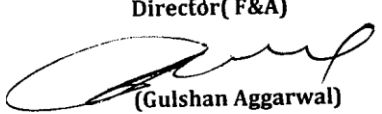
SI No.	Particulars	Refer Note No.	Year ended 31st March, 2015	As at 31st March, 2014
I.	Revenue from Operations	2.23	557052.15	505090.40
II.	Other Income	2.24	13815.24	17292.49
III.	Total Revenue (I + II)		570867.39	522382.89
IV.	Expenses:			
	Purchase of Power	2.25	360847.71	299272.73
	Employee Benefits Expense	2.26	131486.55	125545.12
	Finance Costs	2.27	43904.50	54617.27
	Depreciation and Amortization expense	2.28	30603.24	30726.43
	Other expenses	2.29	17177.06	27399.68
	Total Expenses		584019.06	537561.23
V.	Profit / (Loss) before exceptional and extraordinary items and tax (III-IV)		(13151.67)	(15178.34)
VI.	Exceptional items		0.00	0.00
VII.	Profit / (Loss) before extraordinary items and tax (V - VI)		(13151.67)	(15178.34)
VIII.	Extraordinary Items	2.30	(684.63)	(1480.00)
IX.	Profit / (Loss) before tax (VII- VIII)		(12467.04)	(13698.34)
X	Tax expense:			
	(1) Current Tax		0.00	0.00
	(2) Deferred Tax		0.00	0.00
XI	Profit / (Loss) for the period from operations (VII-VIII)		(12467.04)	(13698.34)

The accompanying notes form an integral part of these financial statements

For and on behalf of Company


 (Er. P C Negi)
 Managing Director


 (Rajeev Sharma, IAS)
 Director (F&A)


 (Gulshan Aggarwal)
 Chief Accounts Officer

Place: Shimla

Date: 28-03-2015

Auditors Report
 As per our report of even date

For Anil K. Sood & Co.
 Chartered Accountants
 FR NNR0329.

(Anil K. Sood)
 Partner
 M No.

*** BALANCE SHEET, PROFIT AND LOSS ACCOUNT, STATEMENT OF CASH FLOW FOR FY 2013-14**

HIMACHAL PRADESH STATE ELECTRICITY BOARD LTD.



Balance Sheet as at 31st March, 2014.

Particulars	Note No.	(Amount in Lacs.)			
		As at 31st March, 2014		As at 31st March, 2013	
EQUITY AND LIABILITIES					
Shareholders' Funds					
(a) Share Capital	2.1	45893.18		11.40	
(b) Reserves and Surplus	2.2	9513.33		23903.07	
(c) Money Received against Share Warrants		0.00	55406.51	0.00	23914.47
Share Application Money Pending Allotment	2.3		3186.40		44653.18
Non-Current Liabilities					
(a) Long-Term Borrowings	2.4	228073.18		150734.25	
(b) Deferred Tax Liabilities (Net)		0.00		0.00	
(c) Other Long Term Liabilities	2.5	65616.36		64476.00	
(d) Long-Term Provisions	2.6	0.00	293689.54	0.00	215210.25
Current Liabilities					
(a) Short-Term Borrowings	2.7	181103.30		263299.11	
(b) Trade Payables	2.8	158677.93		104248.96	
(c) Other Current Liabilities	2.9	185783.10		161736.92	
(d) Short-Term Provisions	2.1	14561.42	540125.75	11881.17	541166.16
TOTAL			892408.20		824944.06
ASSETS					
Non-Current Assets					
(a) Fixed Assets					
(i) Tangible Assets	2.11	501992.25		499423.12	
(ii) Intangible Assets	2.12	2051.97		958.69	
(iii) Capital Work-in-Progress	2.13	99466.38		99372.57	
		603510.60		599754.38	
		0.00		0.00	
(b) Non-Current Investments	2.14	41306.89		38806.89	
(c) Deferred Tax Assets (net)		0.00		0.00	
(d) Long-Term Loans and Advances	2.15	11403.50		2347.00	
(e) Other Non-Current Assets	2.16	14243.66	670464.63	14993.67	655901.94
Current Assets					
(a) Current Investments	2.17	1051.06		1849.84	
(b) Inventories	2.18	7696.53		9447.29	
(c) Billed Revenue		0.00		0.00	
(d) Trade Receivables	2.19	55709.52		42697.96	
(e) Cash and Cash equivalents	2.2	13558.89		22405.25	
(f) Short-Term Loans and Advances	2.21	41993.11		37909.32	
(g) Other Current Assets	2.22	101934.46	221943.57	54732.46	169042.12
TOTAL			892408.20		824944.06

The accompanying notes form an integral part of these financial statements

For and on behalf of Company

(Rajeev Sharma, IAS)
Director (F&A)
(Gulshan Aggarwal)
Chief Accounts Officer

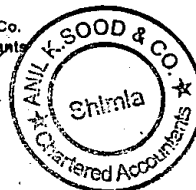
Shimla

28/03/2015

Auditors Report

As per our report of even date

For Anil K. Sood & Co.
Chartered Accountants
FRN
007760N
(CA Anil K. Sood)
Partner
M. No. 086068



HIMACHAL PRADESH STATE ELECTRICITY BOARD LTD.
Statement of Profit and Loss for the year ended 31st March, 2014

(Amount in Lacs)

No.	Particulars	Refer Note No.	Year ended 31st March, 2014	As at 31st March, 2013
I.	Revenue from Operations	2.23	505090.40	422166.66
II.	Other Income	2.24	17292.49	37240.52
III.	Total Revenue (I + II)		522382.89	459407.17
IV.	Expenses:			
	Purchase of Power	2.25	299272.73	262938.30
	Employee Benefits Expense	2.26	125545.12	114084.26
	Finance Costs	2.27	54617.27	42946.27
	Depreciation and Amortization expense	2.28	30726.43	20955.29
	Other expenses	2.29	27399.68	52389.57
	Total Expenses		537561.23	493313.69
V.	Profit / (Loss) before exceptional and extraordinary items and tax (III-IV)		(15178.34)	(33906.52)
VI.	Exceptional items		0.00	0.00
VII.	Profit / (Loss) before extraordinary items and tax (V - VI)		(15178.34)	(33906.52)
VIII.	Extraordinary Items	2.30	(1480.00)	121.69
IX.	Profit / (Loss) before tax (VII- VIII)		(13698.34)	(34028.20)
X.	Tax expense:			
	(1) Current Tax		0.00	0.00
	(2) Deferred Tax		0.00	0.00
XI.	Profit / (Loss) for the period from operations (VII-VIII)		(13698.34)	(34028.20)

The accompanying notes form an integral part of these financial statements

For and on behalf of Company

(E. P. Negi)
Managing Director

(Rajeev Sharma, IAS)
Director (F&A)

(Gulshan Aggarwal)
Chief Accounts Officer

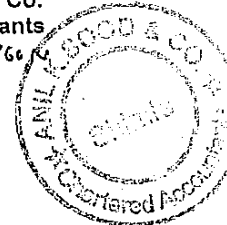
Place: Shimla

Dated: 28/12/2015

Auditors Report
As per our report of even date

For Anil K. Sood & Co.
Chartered Accountants
FR NHP 0329 of 76

(Anil K. Sood)
Partner
M.No. 08668



HIMACHAL PRADESH STATE ELECTRICITY BOARD LIMITED
Cash Flow statement for year ended 31st March, 2014

Sr. No.	Description	2013-14 (Rs. In Lacs)	2012-13 (Rs. In Lacs)
	A: Cash Flow from Operating Activities		
	(indirect method)		
1	Net profit/(Loss) Before Tax.	(13698.34)	(34028.20)
2	Add:- Non Cash transactions:		
	Depriciation Including adjustment	30726.43	20955.29
	Interest Income	(136.93)	(105.10)
	Deffered Revenue Expenses write back	(477.97)	(1094.32)
	Interest & finance charges	54617.27	42946.27
	Unbilled Revenue	(24252.28)	(19055.03)
	Loss on a/c of flood, cyclone, fire etc.	(1480.00)	121.69
3	Operarting Profit/(Loss) Before Working Capital Changes (1+2)	45298.18	9740.60
4	Adjustment for		
	Decrease in trade & other Recoverables	33045.69	38852.37
	Descrease in Store & spare	1899.58	1007.30
	Decrease in Trade Payable	(57968.94)	8392.80
5	Cash Generated from Operations (3+4)	22274.51	57993.07
6	Borrowing for working Capital	0.00	0.00
7	Sub-Total (5-6)	22274.51	57993.07
8	Net prior Period (Expenses/Income (Net of Priod period Dep.)	(13145.89)	(11943.80)
9	Fringe benefit Tax	0.00	0.00
10	Net cash Flow from Operating Activities (7+8+9)(A)	9128.62	46049.27
11	B: Cash Flow From Investing Activities.		
	i) Purchase of fixed assets & CWIP-increased/(decreased)	22737.34	50689.20
	ii) Disposal of fixed assets.	0.00	0.00
	iii) Service line contribution- Increased.	171.71	20987.13
	iv) purchase of investments- Increased/(decreased)	7960.52	(54933.07)
	v) Deffered revenue expenditure- Increased	(406.97)	(406.97)
	vi) Interest Income	136.93	105.10
	Net Cash Used in Investing Activities.	30599.53	16441.39
12	C: Net Cash Used In Financing activities		
	i) Proceeds from long term & Other Borrowings	118110.45	114594.97
	ii) Repayment of Long Term & Other Borrowings	(114781.29)	(95917.28)
	iii) Interest & finance Charges (paid)	(54617.27)	(45509.98)
	iv) Consumer security deposits-Increased	1765.80	2054.86
	v) Grant-increased	1595.98	2326.85
	vi) Reserves funds	(649.18)	11170.48
	vii) Equity -HPSEB Ltd..	0.00	(57524.00)



	Net Cash generated from Financing Activities (I to VII) (C)	18515.51	(68804.10)
13	Net increase in Cash and cash equivalent (A+B+C)	(8847.36)	(6313.44)
14	Opening balance of Cash and cash Equivalents	22406.25	28719.69
15	Closing Balance of Cash & Cash Equivalents.	13558.89	22406.25

(Er. P.C. Negi)
Managing Director

(Sh. Rajeev Sharma)
Director (F&A)

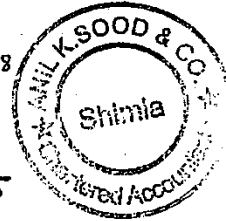
(Gulshan Aggarwal)
Chief Accounts Officer

For Anil K. Sood & Co.
Chartered Accountants
Firm No. NR0329) 0077602

(CA Anil K Sood)
M. NO. 048287) 086068

Place: Shimla

Date: 28/11/2015



*** UNAUDITED BALANCE SHEET, PROFIT AND LOSS ACCOUNT, STATEMENT OF CASH FLOW FOR FY 2012-13**

HIMACHAL PRADESH STATE ELECTRICITY BOARD LTD.

Balance Sheet as at 31st March, 2013.

Particulars		Note No.	As at 31st March, 2013		As at 31st March, 2012	
			3	4	5	6
(Amount in ₹)						
I EQUITY AND LIABILITIES						
1 Shareholders' Funds						
	(a)	2.1	1,140,000		140,000	
	(b)	2.2	460,847,296		3,426,744,867	
	(c)		-	459,707,296	-	3,426,884,867
2 Share Application Money Pending Allotment		2.3		10,217,718,000		9,717,718,000
3 Non-Current Liabilities						
	(a)	2.4	15,273,424,046		16,147,730,340	
	(b)		-		-	
	(c)	2.5	6,467,717,699		4,295,949,213	
	(d)	2.6	-	21,741,141,745	-	20,443,679,553
4 Current Liabilities						
	(a)	2.7	26,329,910,506		23,387,836,707	
	(b)	2.8	10,395,447,566		11,440,042,795	
	(c)	2.9	17,060,126,243		15,457,161,672	
	(d)	2.10	2,858,505,212	56,643,839,527	1,029,130,161	51,314,171,335
TOTAL				88,143,141,976		84,032,453,756
II ASSETS						
1 Non-current assets						
(a) Fixed Assets						
	(i)	2.11	49,842,991,411		44,260,816,053	
	(ii)	2.12	95,868,752		-	
	(iii)	2.13	9,828,321,980		12,732,793,969	
			59,767,182,149		56,993,610,022	
	(b)	2.14	9,633,089,000		8,805,120,024	
	(c)		-		-	
	(d)	2.15	178,850,470		102,709,622	
	(e)	2.16	1,507,913,446	71,087,035,065	1,514,721,002	67,416,250,699
2 Current Assets						
	(a)	2.17	184,984,292		203,420,878	
	(b)	2.18	941,282,161		1,041,123,769	
	(c)	2.19	4,227,564,919		5,010,671,966	
	(d)	2.20	2,240,678,415		2,871,989,102	
	(e)	2.21	4,678,701,264		6,394,370,114	
	(f)	2.22	4,792,899,840	17,956,106,911	3,573,647,325	17,467,203,055
TOTAL				88,143,141,976		84,032,453,754

The accompanying notes form an integral part of these financial statements

For and on behalf of Company

(Er. P. C. Negi)
Managing Director

(Akshay Sood, IAS)
Director (F&A)

(Gulshan Aggarwal)
Chief Accounts Officer

Place Shimla
Date

Auditors Report
As per our report of even date

For Anil Kari & Co.
Chartered Accountants
Firm No. 04816N

(Umesh Walla)
Partner
M No. 098287

HIMACHAL PRADESH STATE ELECTRICITY BOARD LTD.
Statement of Profit and Loss for the year ended 31st March, 2013

(Amount in)			
Particulars	Refer Note No.	Year ended 31st March,2013	Year ended 31st March,2012
I. Revenue from Operations	2.23	42,125,644,828	38,284,572,581
ii. Other Income	2.24	(272,802,095)	1,940,944,171
III. Total Revenue (I + II)		41,852,842,733	40,225,516,752
IV. Expenses:			
Purchase of Power	2.25	26,660,091,012	26,576,220,639
Employee Benefits Expense	2.26	13,748,708,375	10,402,696,025
Finance Costs	2.27	3,857,051,647	2,611,071,833
Depreciation and Amortization expense	2.28	2,092,878,446	1,997,564,733
Other expenses	2.29	900,957,088	3,797,157,982
Total Expenses		47,259,686,568	45,384,711,212
V. Profit / (Loss) before exceptional and extraordinary items and tax (III-IV)		(5,406,843,835)	(5,159,194,460)
VI. Exceptional items		-	-
VII. Profit / (Loss) before extraordinary items and tax (V - VI)		(5,406,843,835)	(5,159,194,460)
VIII. Extraordinary Items	2.30	12,168,758	(31,635,576)
IX. Profit / (Loss) before tax (VII- VIII)		(5,419,012,593)	(5,127,558,364)
X Tax expense: (1) Current Tax (2) Deferred Tax			
XI Profit / (Loss) for the period from operations (VII-VIII)		(5,419,012,593)	(5,127,558,364)

The accompanying notes form an integral part of these financial statements

For and on behalf of Company

(Er. P C Negi)
Managing Director

(Akshay Sood, IAS)
Director (F&A)

(Gulshan Aggarwal)
Chief Accounts Officer

Place: Shimla
Date:

* **AUDITOR QUALIFICATIONS – 2014-15- Not audited as yet.**

* **AUDITOR QUALIFICATIONS – 2013-14- DISCLAIMER**

* **AUDITOR QUALIFICATIONS – 2012-13- DISCLAIMER**

(J) ABRIDGED VERSION OF LATEST AUDITED/ LIMITED REVIEW HALF YEARLY CONSOLIDATED (WHEREVER AVAILABLE) AND STANDALONE FINANCIAL INFORMATION (LIKE PROFIT & LOSS STATEMENT, AND BALANCE SHEET) AND AUDITORS QUALIFICATIONS, IF ANY.

(K) ANY MATERIAL EVENT/ DEVELOPMENT OR CHANGE HAVING IMPLICATIONS ON THE FINANCIALS/CREDIT QUALITY (E.G. ANY MATERIAL REGULATORY PROCEEDINGS AGAINST THE ISSUER/PROMOTERS, TAX LITIGATIONS RESULTING IN MATERIAL LIABILITIES, CORPORATE RESTRUCTURING EVENT ETC) AT THE TIME OF ISSUE WHICH MAY AFFECT THE ISSUE OR THE INVESTOR'S DECISION TO INVEST / CONTINUE TO INVEST IN THE DEBT SECURITIES.

The Issuer hereby confirms that there has been no material event, development or change having implications on the financials/ credit quality of the Issuer (e.g. any material regulatory proceedings against the Issuer/ promoters of the Issuer, tax litigations resulting in material liabilities, corporate restructuring event etc) at the time of Issue which may affect the Issue or the investor's decision to invest/ continue to invest in the debt securities of the Issuer.

(L) THE NAMES OF THE DEBENTURE TRUSTEE(S) SHALL BE MENTIONED WITH STATEMENT TO THE EFFECT THAT DEBENTURE TRUSTEE(S) HAS GIVEN HIS CONSENT TO THE ISSUER FOR HIS APPOINTMENT UNDER REGULATION 4 (4) AND IN ALL THE SUBSEQUENT PERIODICAL COMMUNICATIONS SENT TO THE HOLDERS OF DEBT SECURITIES.

In accordance with the provisions of (i) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008, as amended, (ii) Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide circular no. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012, as amended, (iii) Section 117B of the Companies Act, 1956 (1 of 1956) and (iv) Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, the Issuer has appointed Axis Trustee Services Ltd. to act as Trustees ("Trustees") for and on behalf of the holder(s) of the Bonds. The address and contact details of the Trustees are as under:

DEBENTURE TRUSTEE:

Name	: Axis Trustee Services Ltd.
Address	: Axis House, 2 nd Floor, Wadia International Centre, Mumbai-400023.
Tel No	: +91-22 - 2262 6283
Fax No	: +91-22-- 2267-7552
Website	: www.axistrusee.com.com

The Company hereby undertakes that a Trust Deed shall be executed by it in favour of the Trustees within 60 days of the closure of the Issue. The Trust Deed shall contain such clauses as may be prescribed under Companies Act, 2013 and those mentioned in Schedule IV of the Securities and Exchange Board of India (Bond Trustees) Regulations, 1993. Further the Trust Deed shall not contain any clause which has the effect of (i) limiting or extinguishing the obligations and liabilities of the Trustees or the Company in relation to any rights or interests of the holder(s) of the Bonds, (ii) limiting or restricting or waiving the provisions of the Securities and Exchange Board of India Act, 1992 (15 of 1992); Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and circulars or guidelines issued by SEBI, (iii) indemnifying the Trustees or the Company for loss or damage caused by their act of negligence or commission or omission.

The Bond holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Trustees or any of their agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Bonds as the Trustees may in their absolute discretion deem necessary or require to be done in the interest of the holder(s) of the Bonds. Any payment made by the Company to the Trustees on behalf of the bond holder(s) shall discharge the Company pro tanto to the bond holder(s). The

Trustees shall protect the interest of the bond holders in the event of default by the Company in regard to timely payment of interest and repayment of principal and shall take necessary action at the cost of the Company. No bond holder shall be entitled to proceed directly against the Company unless the Trustees, having become so bound to proceed, fail to do so. In the event of Company defaulting in payment of interest on Bonds or redemption thereof, any distribution of dividend by the Company shall require approval of the Trustees.

The Trustees shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed in the Trustees by the holder(s) of the Bonds and shall further conduct itself, and comply with the provisions of all applicable laws, provided that, the provisions of Section 20 of the Indian Trusts Act, 1882, shall not be applicable to the Trustees. The Trustees shall carry out its duties and perform its functions as required to discharge its obligations under the terms of SEBI Debt Regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, the Debenture Trusteeship Agreement, the Deed of Hypothecation, Offer letter and all other related transaction documents, with due care, diligence and loyalty.

The Trustees shall be vested with the requisite powers for protecting the interest of holder(s) of the Bonds including but not limited to the right to appoint a nominee director on the Board of the Issuer in consultation with institutional holders of such Bonds. The Trustees shall ensure disclosure of all material events on an ongoing basis and shall supervise the implementation of the conditions regarding creation of security for the Bonds.

(M) THE DETAILED RATING RATIONALE (S) ADOPTED (NOT OLDER THAN ONE YEAR ON THE DATE OF OPENING OF THE ISSUE)/ CREDIT RATING LETTER ISSUED (NOT OLDER THAN ONE MONTH ON THE DATE OF OPENING OF THE ISSUE) BY THE RATING AGENCIES SHALL BE DISCLOSED.

“BWR A(SO)” by Brickwork Ratings India Private Limited for the current issue of Bonds.

Other than the credit ratings mentioned hereinabove, Issuer has not sought any other credit rating from any other credit rating agency (ies) for the Bonds offered for subscription under the terms of this Offer letter

The above ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agencies and each rating should be evaluated independently of any other rating. The ratings obtained are subject to revision at any point of time in the future. The rating agencies have the right to suspend, withdraw the rating at any time on the basis of new information etc.

Copies of Rating Letter(s) and Rating rationale(s) are enclosed elsewhere in this Offer letter.

(N) IF THE SECURITY IS BACKED BY A GUARANTEE OR LETTER OF COMFORT OR ANY OTHER DOCUMENT / LETTER WITH SIMILAR INTENT, A COPY OF THE SAME SHALL BE DISCLOSED. IN CASE SUCH DOCUMENT DOES NOT CONTAIN DETAILED PAYMENT STRUCTURE (PROCEDURE OF INVOCATION OF GUARANTEE AND RECEIPT OF PAYMENT BY THE INVESTOR ALONG WITH TIMELINES); THE SAME SHALL BE DISCLOSED IN THE OFFER DOCUMENT.

Copies of Government Guarantee Letter are enclosed elsewhere in this Offer letter.

(O) COPY OF CONSENT LETTER FROM THE DEBENTURE TRUSTEE SHALL BE DISCLOSED.

Copy of letter Axis Trustee Services Ltd. conveying their consent to act as Trustee for the current issue of Bonds is enclosed elsewhere in this Offer letter.

(P) NAMES OF ALL THE RECOGNISED STOCK EXCHANGES WHERE THE DEBT SECURITIES ARE PROPOSED TO BE LISTED CLEARLY INDICATING THE DESIGNATED STOCK EXCHANGE.

The Bonds are proposed to be listed on the Wholesale Debt Market (WDM) Segment of the BSE. The Company shall obtain an in-principle approval from the BSE for listing of said Bonds on its Wholesale Debt Market (WDM) Segment.

In pursuance of SEBI Debt Regulations, the Issuer shall make listing application to BSE within 15 days from the Deemed Date of Allotment of Bonds and seek listing permission within 20 days from the Deemed Date of Allotment of Bonds. In the event of delay in listing of Bonds beyond 20 days from the Deemed Date of Allotment, the Issuer shall pay penal interest of 1.00% p.a. over the Coupon Rate from the expiry of 30 days from the Deemed Date of Allotment till the listing of Bonds to the Bondholder(s).

In connection with listing of Bonds with BSE, the company hereby undertakes that:

- (a) It shall comply with conditions of listing of Bonds as may be specified in the Listing Agreement with BSE.
- (b) Ratings obtained by the company shall be periodically reviewed by the credit rating agencies and any revision in the rating shall be promptly disclosed by the company to BSE.
- (c) Any change in rating shall be promptly disseminated to the holder(s) of the Bonds in such manner as BSE may determine from time to time.
- (d) The company, the Trustees and BSE shall disseminate all information and reports on Bonds including compliance reports filed by the company and the Trustees regarding the Bonds to the holder(s) of Bonds and the general public by placing them on their websites.
- (e) Trustees shall disclose the information to the holder(s) of the Bonds and the general public by issuing a press release in any of the following events:
 - a. default by the company to pay interest on Bonds or redemption amount;
 - b. revision of rating assigned to the Bonds;
 - c. Failure to create charge on the assets.
- (f) The information referred to in para (e) above shall also be placed on the websites of the Trustees, company and BSE.
- (g) The Issuer shall, till the redemption of Bonds, submit its latest audited/ limited review half yearly consolidated (wherever available) and standalone financial information such as Statement of Profit & Loss, Balance Sheet and Cash Flow Statement and auditor qualifications, if any, to the Trustees within the timelines as mentioned in Simplified Listing Agreement issued by SEBI vide circular No. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009 as amended from time to time. Besides, the Issuer shall within 180 days from the end of the financial year, submit a copy of the latest annual report to the Trustees and the Trustees shall be obliged to share the details so submitted with all Qualified Institutional Buyers ("QIBs") and other existing Bondholder(s) within two working days of their specific request.

(Q) OTHER DETAILS:

(i) DRR CREATION -The Company shall create a Debenture Redemption Reserve as and when the Company earns profits as required under section 71(4) of the Companies Act, 2013 read with Rule 18(7) (a) of the Companies (Share Capital and Debentures) Rules, 2014.

(ii) ISSUE/INSTRUMENT SPECIFIC REGULATIONS - RELEVANT DETAILS (COMPANIES ACT, RBI GUIDELINES, ETC).

1. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008, as amended and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide circular no. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012) and CIR/IMD/DF/18/2013 DATED OCTOBER 29, 2013 and The Securities and Exchange Board of India (Issue and Listing of Debt

Securities) (amendment) regulations, 2014 issued vide circular no. LAD-NRO/GN/2013-14/43/207 dated January 31, 2014 and section 42 of the companies act, 2013 and the companies (prospectus and allotment of securities) rules, 2014.

2. The Companies Act, 2013 to that extend applicable and notified.
3. The Companies Act, 1956 provisions to the extent not replaced by notifications w.r.t Act of 2013 (18 of 2013)
4. Income Tax Act, 1961 & Income Tax Rules, 1962,
5. Indian Trust Act, 1882
6. Companies (Share Capital and Debentures) Rules, 2014.

(iii) APPLICATION PROCESS.

WHO CAN APPLY

The following categories are eligible to apply for this private placement of debentures:

- 1. Applications by QUALIFIED INSTITUTIONAL BUYERS (“QIBS”):**
 - a. Mutual Funds,
 - b. Public Financial Institutions specified in Section 2(72) of the Companies Act 2013;
 - c. Scheduled Commercial Banks;
 - d. State Industrial Development Corporations;
 - e. Insurance companies registered with the Insurance Regulatory and Development Authority;
 - f. Provident Funds and Pension Funds with minimum corpus of Rs. 25.00 crore;
 - g. National Investment Funds set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;
 - h. Insurance funds set up and managed by army, navy or air force of the Union of India.
- 2. Applications by “NON - QIBS”:**
 - a. Companies and Bodies Corporate authorized to invest in bonds/ debentures;
 - b. Co-operative banks and Regional Rural Banks authorized to invest in bonds/ debentures;
 - c. Gratuity Funds and Superannuation Funds;
 - d. Provident Funds and Pension Funds with corpus of less than Rs. 25.00 crore;
 - e. Societies authorized to invest in bonds/ debentures;
 - f. Trusts authorized to invest in bonds/ debentures;
 - g. Statutory Corporations/ Undertakings established by Central/ State legislature authorized to invest in bonds/ debentures;
 - h. High net worth Individuals to whom this document is addressed to.

However, out of the aforesaid class of investors eligible to invest, Offer letter and FORM PAS-4 is intended solely for the use of the person to whom it has been sent by HPSEBL (The “ISSUER”) for the purpose of evaluating a possible investment opportunity by the recipient(s) in respect of the securities offered herein, and it is not to be reproduced or distributed to any other persons (other than professional advisors of the prospective investor receiving this Offer letter and FORM PAS-4 from HPSEBL (The “ISSUER”).

All investors are required to comply with the relevant regulations/ guidelines applicable to them for investing in the issue of Bonds/ Debentures as per the norms approved by Government of India, Reserve Bank of India or any other statutory body from time to time.

WHO CAN NOT APPLY

1. Minors without a guardian name (A guardian may apply on behalf of a minor. However, Applications by minors must be made through Application Forms that contain the names of both the minor Applicant and the guardian);
2. Non-resident investors being an individual including NRIs, QFIs (Individual) and FPIs (individual);
3. Venture Capital Fund and Foreign Venture Capital Investor;
4. Overseas Corporate Bodies; and
5. Person ineligible to contract under applicable statutory/regulatory requirements.
6. Hindu Undivided Families;

*** APPLICATION BY VARIOUS APPLICANT CATEGORIES ***

APPLICATION UNDER POWER OF ATTORNEY OR BY LIMITED COMPANIES

In case of applications made under a Power of Attorney or by a Limited Company or a Body Corporate or Registered Society or Mutual Fund, and scientific and/or industrial research organizations or Trusts etc, the relevant Power of Attorney or the relevant resolution or authority to make the application, as the case may be, together with the certified true copy thereof along with the certified copy of the Memorandum and Articles of Association and/or Bye-Laws as the case may be must be attached to the Application Form or lodged for scrutiny separately with the photocopy of the application form, quoting the serial number of the application form and the Bank's branch where the application has been submitted, at the office of the Registrars to the Issue after submission of the application form to the Bankers to the issue or any of the designated branches as mentioned on the reverse of the Application Form, failing which the applications are liable to be rejected. Such authority received by the Registrars to the Issue more than 10 days after closure of the subscription list may not be considered.

APPLICATIONS UNDER POWER OF ATTORNEY

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signature(s) of all the authorized signatories and the tax exemption certificate/document, if any, must be lodged along with the submission of the completed Application Form. Further modifications/ additions in the power of attorney or authority should be notified to the Company or to its Registrars or to such other person(s) at such other address(es) as may be specified by the Company from time to time through a suitable communication.

APPLICATION BY PROVIDENT FUNDS, SUPERANNUATION FUNDS, GRATUITY FUNDS & PENSION FUNDS

As per revised regulation, notification dated 9th June 2015, issued by Ministry of Labour.

RETIREMENT FUNDS FOLLOWING MINISTRY OF FINANCE GUIDELINES

As per revised regulation, notification dated 2nd March 2015, issued by Ministry of Finance

APPLICATION BY NON-BANKING FINANCE COMPANIES (NBFCs)/ RESIDUARY NON-BANKING FINANCE

Companies (RNBFC's) As per Circular No. DFC (COC) No. 2/02.04/96-97 dated July 24, 1996 issued by the Reserve Bank of India, NBFCs and RNBFCs are required to invest, inter alia, up to 10% of their Deposits in Government Guaranteed Bonds to meet their liquidity requirements. The Reserve Bank of India has issued its Circular No: DFC.121/ED/ (G)-98 dated January 31, 1998 has specified that NBFCs are required to maintain liquid assets of 15.00% on and from April, 26 1999. The applications must be accompanied by certified true copies of (i) Memorandum and Articles of Association (ii) Power of Attorney (iii) resolution

authorizing investment and containing operating instructions (iv) specimen signatures of authorized signatories. Application by Insurance Companies As per Circular No. 32(I)/INVT/93 dated September 20, 1994 issued by Insurance Division, Department of Economic Affairs, Ministry of Finance, Government of India; Insurance companies are required to invest up to 10% of their net surplus funds in State Government Securities or Government Guaranteed bonds.

The applications must be accompanied by certified true copies of (i) Memorandum and Articles of Association/ Other documents governing the constitution (ii) Power of Attorney (iii) resolution authorizing investment and containing operating instructions and (iv) Specimen signatures of authorized signatories.

APPLICATION BY INSURANCE COMPANIES

As per IRDA Circular F.No.IRDA/Reg./5/47/2008 dated August 30, 2008 insurance Companies can invest in these State Government guaranteed bonds within the meaning of Section 27A of Insurance Act' 1938 and as per investment policy approved by the Board of Directors/ Investment Committee.

The application must be accompanied by certified true copies of (i) Certificate of Information and Memorandum & Articles of Association (ii) Resolution of the Board of Directors and Identification of those who have authority to operate (iii) Power of Attorney granted to its managers, officers or employee to transact on its behalf (iv) Copy of PAN allotment letter and (v) copy of the Telephone bill.

APPLICATIONS BY COMPANIES/BODIES CORPORATE/FINANCIAL INSTITUTIONS/STATUTORY CORPORATIONS

The applications must be accompanied by certified true copies of (i) Memorandum and Articles of Associations / Constitution / Bye-Law(s) (ii) certified true copy of the resolution authorizing investment and containing operating instructions (iii) specimen signatures of authorized signatories and (iv) relevant certificate(s) in the prescribed form(s) under Income Tax Rules, 1962, if exemption is sought from deduction of tax at source on interest income.

APPLICATION BY REGIONAL RURAL BANKS

The Reserve Bank of India has permitted, vide its circular no. RPCD.RRB.BC. 882/03.05.34/ 96-97 dated December 13, 1996, the RRBs to invest their non-SLR surplus resources in bonds of public sector undertakings. The RBI has vide circular no. RPCD (H)/04.03.06/98-99 dated November 02, 1998 clarified that single exposure norms would be applicable in respect of investment in debentures and bonds of public sector undertakings.

The application must be accompanied by certified true copies of (i) Government notification/ Certificate of In / Memorandum and Articles of Association/ other documents governing the constitution (ii) resolution authorizing investment and containing operating instructions (iii) specimen signatures of authorized signatories (iv) Form 15H for claiming exemption from deduction of tax at source on income from interest on application money and (v) Form 15AA for claiming exemption from deduction of tax at source on the interest income.

APPLICATION BY CO-OPERATIVE BANKS

All cooperative banks including primary urban cooperative banks can invest in these bonds to the extent permissible under applicable Reserve Bank of India notification in force from time to time. The applications must be accompanied by certified true copies of (i) Government Notification/ Certificate of Registration/ Other documents governing constitution (ii) resolution authorizing investment and containing operating instructions (iii) specimen signatures of authorized signatories and (iv) Recognition certificate from Income Tax Department.

APPLICATION BY COMMERCIAL BANKS/ MUTUAL FUNDS

The Reserve Bank of India vide its Circular DBOD No.DIR: BC.4/13.7.05/94 dated 25th January 1994 to all scheduled commercial banks, has withdrawn the ceiling of 5 % of incremental deposits of the previous year for investments in equity shares and debentures of Public Sector Undertakings. The Reserve Bank of India has vide its Circular No.DP.BD.3221.01.018/98 dated April 29, 1998 clarified that investment in bonds and debentures where payment of interest and principal is guaranteed by the Central/State Government shall carry zero risk weight for the purpose of capital adequacy. The Reserve Bank of India has however, vide Circular No. MPD-BC 181/07.01.279/98-99 dated 30.10.1998 introduced a 2.5% risk weight on Central/State Government securities and in securities guaranteed by them by the year ending March 2000. Further, an additional risk weight of 20% is introduced in the Government guaranteed securities of Government undertakings with effect from financial year 2000-01. the application must be accompanied by certified true copies of 1} Certificate of Incorporation, Memorandum & Articles of Association, 2} Power of Attorney 3} Resolution authorizing investment and containing operating instruction 4} SEBI registration certificate where ever applicable 5) Specimen signature of authorized signatories.

APPLICATION BY CHARITABLE/ RELIGIOUS TRUST

The payment of interest and principal repayments on the bonds being guaranteed by Government of Himachal Pradesh, these bonds fall within section 20(a) of the Indian Trust Act, 1882 and hence are considered as eligible investment for Trusts which are registered under the said Act. Other trusts, whose trust deeds provide for Investments in the Bonds may also apply to this issue of Bonds, subject to the approval of the Charity Commissioner or other appropriate authority, as the case may be investments in these bonds will qualify as eligible investments under section 11(5) of the Income Tax Act, 1961.

The application must be accompanied by certified true copies of 1} Trust Deed/bye laws 2} Certificate of Registration 3} Resolution authorizing investment and containing operating instruction 4} Specimen signature of authorized signatories 5} Relevant certificates in the prescribed form (s) under Income Tax Rules, 1962, if exemption is sought from deduction of tax at source on interest income.

APPLICATION BY PORT TRUSTS

As per section 88 of the Major Port Trusts Act, 1963 the bonds being guaranteed by the Government of Himachal Pradesh are categorized as public security for the purpose of investments by Port Trusts.

APPLICATION BY MUTUAL FUNDS

In case of applications by Mutual Funds, a separate application must be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications, provided that the application made by the Asset Management Company/ Trustees/ Custodian clearly indicate their intention as to the scheme for which the application has been made.

SUBMISSION OF DOCUMENTS

Investors need to submit the certified true copies of the following documents, along-with the Application Form, as applicable:

- Memorandum and Articles of Association/ Constitution/ Bye-laws/ Trust Deed;
- Government notification/ Certificate of incorporation(in case of Primary Co-operative Bank and RRBs);
- SEBI Registration Certificate, if applicable;
- Board Resolution authorizing investment along with operating instructions;
- Power of Attorney/ relevant resolution/ authority to make application;
- Form 15AA granting exemption from TDS on interest, if any;

- Form 15G/ 15H for claiming exemption from TDS on interest on application money, if any;
- Order u/s197 of Income Tax Act, 1961;
- Order u/s10 of Income Tax Act, 1961;
- Copy of Permanent Account Number Card (“PAN Card”) issued by the Income Tax Department;
- Specimen signatures of the authorized signatories (ink signed), duly certified by an appropriate authority.

(R) PROCEDURE FOR APPLYING FOR DEMAT FACILITY

1. The applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL/ CDSL prior to making the application.
2. The applicant must necessarily fill in the details (including the beneficiary account number and Depository Participant’s ID appearing in the Application Form under the heading ‘Details for Issue of Bonds in Electronic/ Dematerialized Form’.)
3. Bonds allotted to an applicant will be credited directly to the applicant’s respective Beneficiary Account(s) with the DP.
4. For subscribing the Bonds names in the application form should be identical to those appearing in the account details in the depository. In case of joint holders the names should necessarily be in the same sequence as they appear in the account details in the depository.
5. Non-transferable allotment advice/refund orders will be directly sent to the applicant by the Registrars to the Issue.
6. If incomplete/incorrect details are given under the heading ‘Details for Issue of Bonds in Electronic/ Dematerialized Form’ in the application form it will be deemed to be an incomplete application and the same may be held liable for rejection at the sole discretion of the Issuer.
7. For allotment of Bonds the address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence with the applicant. The Applicant is therefore responsible for the correctness of his/her demographic details given in the application form vis-à-vis those with his/her DP. In case the information is incorrect or insufficient the Issuer would not be liable for losses, if any.
8. It may be noted that Bonds will be issued in electronic form. The same can be traded only on the Stock Exchanges having electronic connectivity with NSDL/ CDSL. The BSE, where the Bonds of the HPSEBL are proposed to be listed has connectivity with NSDL/ CDSL.
9. Payment of interest or repayment of principal would be made to those Bond holders whose names appear on the list of beneficial owners given by the Depositories to the Issuer as on Record Date/ Book Closure Date. In case of those Bond for which the beneficial owner is not identified by the Depository as on the Record Date/ Book Closure Date, the issuer would keep in abeyance the payment of interest or repayment of principal, till such time that the beneficial owner is identified by the Depository and conveyed to the Issuer, whereupon the interest or principal would be paid to the beneficiaries, as identified, within a period of 30 (thirty) days.
10. The Bonds shall be directly credited to the Beneficiary Account as given in the Application Form and after due verification, allotment advice/ refund order, if any, would be sent directly to the applicant by the Registrars to the Issue but the confirmation of the credit of the Bonds to the applicants Depository Account will be provided to the applicant by the Depository Participant of the applicant.

(S) HOW TO APPLY:

This being a private placement offer, investors who are established/ resident in India and who have been addressed through this communication directly only are eligible to apply.

1. The remittance of application money is to be made through Electronic transfer of funds through RTGS mechanism for credit as per details given hereunder:

<p>"HPSEBL Bond Issue" at "Punjab National Bank", Branch Office Mall Road Shimla having IFSC Code No : PUNBO042700 Account No.: 0427002106672683 Branch Code: 042700, MICR Code 171024002"</p>
<p>"HPSEBL Bond Issue" at "AXIS Bank", Branch Office: SDA Complex Kasumpti, Shimla having IFSC Code No : UTIB0000050 Account No.: 914020048597872 Branch Code:050 MICR Code 171211002.</p>
<p>"HPSEBL Bond Issue" at "State Bank of India", Branch Office Mall Road Shimla having IFSC Code No : SBIN0000718 Account No.: 32987632995 Branch Code: 000718 MICR Code 171002002 "</p>
<p>"HPSEBL Bond Issue" at "ICICI Bank", Branch Office Mall Road Shimla having IFSC Code No :ICIC0006353 Account No.: 635305001675 Branch Code: 6353 MICR Code 171229002 "</p>

2. Cash, Money Orders, Postal Orders shall not be accepted. The Issuer assumes no responsibility for any applications lost in mail. The entire amount of Rs.10 lakhs per Bond is payable on application.
3. All Application Forms duly completed (along with all necessary documents as detailed in this Offer letter) must be delivered before the closing of the issue to the Arranger(s) to the Issue. While forwarding the application form, applicants must ensure that the relevant UTR number/ or any other evidence of having remitted the application money is obtained. Detailed instructions for filling up the application form are provided elsewhere in this Offer letter.
4. Applications for the Bonds must be in the prescribed form (enclosed) and completed in BLOCK LETTERS in English and as per the instructions contained therein. Applications should be for the number of Bonds applied by the Applicant. Applications not completed in the prescribed manner are liable to be rejected. The name of the applicant's bank, type of account and account number must be filled in the Application Form. This is required for the applicant's own safety and these details will be printed on the refund orders and interest/ redemption warrants.
5. The applicant or in the case of an application in joint names, each of the applicant, should mention his/her Permanent Account Number (PAN) allotted under the Income-Tax Act, 1961 or where the same has not been allotted, the GIR No. and the Income tax Circle/Ward/District. As per the provision of Section 139A (5A) of the Income Tax Act, PAN/GIR No. needs to be mentioned on the TDS certificates. Hence, the investor should mention his PAN/GIR No. if the investor does not submit Form 15G/15AA/other evidence, as the case may be for non-deduction of tax at source. In case neither the PAN nor the GIR Number has been allotted, the applicant shall mention "Applied for" and in case the applicant is not assessed to income tax, the applicant shall mention 'Not Applicable' (stating reasons for non-applicability) in the appropriate box provided for the purpose. Application Forms without this information will be considered incomplete and are liable to be rejected.
6. All applicants are requested to tick the relevant column "Category of Investor" in the Application Form. Public/ Private/ Religious/ Charitable Trusts, Provident Funds and Other Superannuation Trusts and other investors requiring "approved security" status for making investments. No separate receipts shall be issued for the application money. However, Arranger(s) to the Issue at their Designated Branch (es) receiving the duly completed Application Form(s) will acknowledge the receipt of the applications by stamping and returning the acknowledgment slip to the applicant. Applications shall be deemed to have been received by the Issuer only when submitted to Arranger(s) to the Issue at their designated branches or on receipt by the Registrar as detailed above and not otherwise.
7. For further instructions about how to make an application for applying for the Bonds and procedure for remittance of application money, please refer to the Summary Term Sheet and the Application form carefully.

***INVESTOR GRIEVANCE AND REDRESSAL SYSTEMS**

Arrangements have been made to redress investor grievances expeditiously as far as possible, the Issuer endeavors to resolve the investor's grievances within 30 days of its receipt. All grievances related to the issue quoting the Application Number (including prefix), number of Bonds applied for, amount paid on application and details of collection centre where the Application was submitted, may be addressed to the Compliance Officer at registered office of the Issuer. All investors are hereby informed that the Issuer has appointed a Compliance Officer who may be contracted in case of any pre-issue/ post-issue related problems such as non-credit of letter(s) of allotment/ bond certificate(s) in the demat account, non-receipt of refund order(s), interest warrant(s)/ cheque(s) etc. Contact details of the Compliance Officer are given elsewhere in this Offer letter.

Investor Relations Officer	Gulshan Aggarwal
Designation/ Dept	Chief Accounts Officer
Address	VIDYUT BHAWAN, SHIMLA
Ph No	0177-2801762
Fax	0177-2658908
Email	gulshansai@yahoo.co.uk, r9816375595@gmail.com
Website	http://www.hpsebl.co.in

(T) TERM SHEET:

ISSUE DETAILS

Security Name	10.39% HPSEBL Series 2015-16 (1 st Tranche)
Issuer	Himachal Pradesh State Electricity Board Limited ("HPSEBL'/THE ISSUER')
Type of Instrument	State Government Guaranteed, Unsecured, Redeemable, Taxable, Non Convertible Bonds
Nature of Instrument	Unsecured
Seniority	Pari-passu
Mode of Issue	Private Placement
Eligible Investors	<p>1. QUALIFIED INSTITUTIONAL BUYERS ("QIBS"):</p> <p>a. Mutual Funds, b. Public Financial Institutions specified in Section 2(72) of the Companies Act 2013; c. Scheduled Commercial Banks; d. State Industrial Development Corporations; e. Insurance Companies registered with the Insurance Regulatory and Development Authority; f. Provident Funds and Pension Funds with minimum corpus of Rs. 25.00 crore; g. National Investment Funds set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; h. Insurance funds set up and managed by army, navy or air force of the Union of India.</p> <p>2. NON - QIBS:</p> <p>a. Companies and Bodies Corporate authorized to invest in bonds/ debentures; b. Co-operative Banks and Regional Rural Banks authorized to invest in bonds/ debentures; c. Gratuity Funds and Superannuation Funds; d. Provident Funds and Pension Funds with corpus of less than Rs. 25.00 crore; e. Societies authorized to invest in bonds/ debentures; f. Trusts authorized to invest in bonds/ debentures; g. Statutory Corporations/ Undertakings established by</p>

	Central/ State legislature authorized to invest in bonds/ debentures; h. High net worth Individuals to whom this document is addressed to.
Non- Eligible classes of investors	1. Minors without a guardian name (A guardian may apply on behalf of a minor. However, Applications by minors must be made through Application Forms that contain the names of both the minor Applicant and the guardian); 2. Non-resident investors being an individual including NRIs, QFIs (Individual), and FPIs (individual); 3. Venture Capital Fund and Foreign Venture Capital Investor; 4. Overseas Corporate Bodies; and 5. Person ineligible to contract under applicable statutory/regulatory requirements. 6. Hindu Undivided Families;
Listing (including name of stock Exchange(s) where it will be listed and timeline for listing)	Proposed on the Wholesale Debt Market (WDM) Segment of the BSE
Rating of the Instrument	"BWR A(SO)" by Brickwork Ratings India Private Limited
Issue Size	Rs. 150 Crore
Green Shoe Option to retain oversubscription (Amount)	Rs. 150 Crore
Objects of the Issue	To meet the working capital requirements and Capital expenditure of HPSEBL
Details of the utilization of the Proceeds	To meet the working capital requirements and Capital expenditure of HPSEBL
Coupon Rate	10.39% P.A.
Step Up/Step Down Coupon Rate	Not Applicable
Coupon Payment Frequency	Half yearly
Coupon payment dates	First Interest Payment on 29-09-2016, then 29-03-2017 and subsequent interest payments on every half year from deemed date of allotment.
Coupon Type	Fixed
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc).	Not Applicable
Day Count Basis	Actual/ Actual (as per SEBI Circular no CIR/IMD/DF/18/2013 dated 29th Oct 2013)
Interest on Application Money	In respect of Investors to whom Bonds are Allotted in the Issue, interest on Application Money shall be paid at the Coupon Rate (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) on the aggregate face value amount of Bonds for the period starting from and including the date of realization of Application Money in Issuer's Bank Account up to but excluding the Deemed Date of Allotment. Such interest on Application Money shall be paid by the Issuer to the relevant Applicants within 15 days from the Deemed Date of Allotment.
Interest on Refunded Money against which Allotment is not made	In respect of applications, which are valid but rejected on account of oversubscription, interest on refunded money shall be paid at the Coupon Rate (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) (excluding the valid rejections) for

	the period starting from and including the date of realization of Application Money in Issuer's Bank Account up to but excluding the Deemed Date of Allotment. The refund amounts together with interest thereon shall be paid by the Issuer to the relevant Applicants within 15 days from the Deemed Date of Allotment.
Tenor	10 years
Redemption Date	1. 30% at the end of 8 th year 2. 30% at the end of 9 th year 3. 40% at the end of 10 th year
Redemption Amount	At Par
Redemption Premium /Discount	None
Issue Premium /Discount	None
Bond Series	Series 2015-16 (1 st Tranche)
Issue Price	Rs. 10, 00,000/- (Rupees Ten Lakhs) per Bond.
Face Value	Rs. 10, 00,000/- (Rupees Ten Lakhs) per Bond.
Discount at which security is issued and the effective yield as a result of such discount.	None
Put option Date	At the end of 7 th Years from Deemed date of allotment
Put option Price	At Par
Call Option Date	At the end of 7 th Years from Deemed date of allotment
Call Option Price	At Par
Put Notification Time	30 Days Prior to the Put Option Date
Call Notification Time	30 Days Prior to the Call Option Date
Minimum Application and in multiples of Debt securities thereafter	Minimum application is of 5 bond of face value of Rs. 10 lakhs and in multiple of 1 bond thereafter
Basis of Allotment (if any)	The issuer reserves the right to reject any/all applications fully or partially at its sole discretion, without assigning any reason whatsoever.
Issuance mode of the Instrument	Demat only
Trading mode of the Instrument	Demat only
Settlement mode of the Instrument	Payment of interest and repayment of principal shall be made by way of cheque(s)/ interest/ redemption warrant(s)/ demand draft(s)/ credit through direct credit/ RTGS/ Fund Transfer/ NECS/ NEFT or any other electronic mode offered by the Banks.
Business Day Convention	Means a day (other than a Sunday or a Bank holiday) on which banks are open for general business in Himachal Pradesh. 1. If any Coupon Payment Date falls on a day that is not a Business Day ('Business Day' being a day on which Commercial Banks are open for Business in Himachal Pradesh), the payment shall be made by the Issuer on the next working Business Day along with interest for such additional period. <i>Further, interest for such additional period so paid, shall be deducted out of the interest payable on the next Coupon Payment Date.</i> 2. If the Redemption Date and Coupon Payment Date of the debentures falls together on a day that is not a Business Day ('Business Day' being a day on which Commercial Banks are open for Business in Himachal Pradesh), the redemption proceeds shall be paid by the Issuer on previous working Business Day along with interest accrued on the debentures

	until but excluding the date of such payment.
Record Date	15 days prior to each Coupon Payment Date and Put/ Call Option Due Date and Redemption Date. In the event the Record Date falls on a day which is not a Business Day, the immediately succeeding Business Day will be considered as the Record Date.
Depository	National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
Security (where applicable)	NA
Guarantee	Unconditionally and Irrevocable Guarantee by the Government of Himachal Pradesh for repayment of Principal amount and Interest thereon during the pendency of the Bonds.
Transaction Documents	The Issuer has executed/ shall execute the documents including but not limited to the following in connection with the Issue: 1. Letter appointing Trustees to the Bondholders; 2. Debenture Trusteeship Agreement; 3. Debenture/Bond Trust Deed; 4. Rating letter from Brickwork Ratings India Private Limited.; 5. Tripartite Agreement between the Issuer; Registrar and NSDL for issue of Bonds in dematerialized form; 6. Tripartite Agreement between the Issuer, Registrar and CDSL for issue of Bonds in dematerialized form; 7. Letter appointing Registrar and MoU entered into between the Issuer and the Registrar; 8. Application made to BSE Limited for seeking their in-principle approval for listing of Bonds; 9. Listing Agreement with BSE Limited; 10. Letters appointing Arrangers to the Issue.
Conditions Precedent to Disbursement	The subscription from investors shall be accepted for allocation and allotment by the Issuer subject to the following: 1. Rating letter(s) from the aforesaid rating agencies not being more than one month old from the issue opening date; 2. Letter from the Trustees conveying their consent to act as Trustees for the Bondholder(s); 3. Application to BSE for seeking its in-principle approval for listing of Bonds. 4. Unconditional & Irrevocable Government Guarantee Letter
Condition Subsequent to Disbursement	The Issuer shall ensure that the following documents are executed/ activities are completed as per time frame mentioned elsewhere in this Offer letter: 1. Credit of demat account(s) of the allottee(s) by number of Bonds allotted within 2 working days from the Deemed Date of Allotment; 2. Making listing application to BSE within 15 days from the Deemed Date of Allotment of Bonds and seeking listing permission within 20 days from the Deemed Date of Allotment of Bonds in pursuance of SEBI Debt Regulations; Besides, the Issuer shall perform all activities, whether mandatory or otherwise, as mentioned elsewhere in this Offer letter.
Events of Default	• Default in payment: In case of default in payment of

	<p>Interest and/or principal redemption on the due dates.</p> <p>• Delay in Listing: In case of delay in listing of the debt securities beyond 20 days from the date of allotment.</p>
Remedies	<p>Upon the occurrence of any of the Events of Default, the Trustees shall on instructions from majority Bondholder(s), declare the amounts outstanding to be due and payable forthwith and the security created under the security documents shall become enforceable, and the Trustees shall have the right to enforce any security created pursuant to the security documents towards repayment of the amounts outstanding and/or exercise such other rights as the Trustees may deem fit under the applicable laws.</p>
Additional Covenants	<p><u>DEFAULT IN PAYMENT:</u> In case of default in payment of interest and/or principal redemption on the due dates, additional interest of at least @ 2% p.a. over the Coupon Rate will be payable by the Issuer for the defaulting period.</p> <p><u>DELAY IN LISTING:</u> In case of delay in listing of the debt securities beyond 20 days from the Deemed Date of Allotment, the Company will pay penal interest of at least 1% p.a. over the coupon rate from the expiry of 30 days from the Deemed Date of Allotment till the listing of such debt securities to the investor.</p> <p><u>ALLOTMENT OF SECURITIES:</u> As per Company Act 2013 under section 42(6) of the Act, the Company shall allot the Debentures/ Bonds within (60)sixty days from the date of receipt of the application money for such Debentures/ Bonds and if the Company is not able to allot the Debentures/ Bonds within such period, it shall repay the application money to the subscribers within fifteen days from the date of completion of (60)sixty days and if the Company fails to repay the application money within the aforesaid period, it shall be liable to repay such money with interest at the rate of 12% p.a. from the expiry of the sixtieth day.</p> <p>On the happening of any of the event of default, in addition to the rights specified above, the Debenture Holders/Bond Trustees shall have the right as indicated in the SEBI Regulations/ Company Act 2013 from time to time.</p>
Provisions related to Cross Default Clause	Not Applicable
Role and Responsibilities of Debenture Trustee	<p>The Trustees shall perform its duties and obligations and exercise its rights and discretions, in keeping with the Trust Reposed in the Trustees by the Holder(s) of the Bonds and shall further conduct itself and complied with the provisions of all applicable laws provided that, the provisions of Sec. 20 of the Indian Trusts Act, 1882 shall not be applicable to the Trustees. The Trustees shall carry out its duties and perform its functions as required to discharge its obligations under the terms of Companies Act 2013, SEBI Debt Regulations, the Securities and Exchange Board of India (Debenture Trustees), Regulations, 1993, the Bond/Debenture Trusteeship Agreement, Offer letter and</p>

	<p>all other related transaction documents with due care, diligence and loyalty.</p> <p>The Trustees shall be vested with the requisite powers for protecting the interest of Holder(s) of the Bonds. The Trustees shall ensure disclosure of all material events on an ongoing basis and shall supervise the implementation of the conditions regarding creation of security for the Bonds. The Issuer shall, till the redemption of Bonds, submit its latest audited/limited review half yearly consolidated (wherever available) and stand alone financial information such as Statement of Profit & Loss, Balance Sheet and Cash Flow Statement and Audited Qualifications, if any, to the Trustees within the timelines as mentioned in Simplified Listing Agreement issued by SEBI vide Circular No. SEBI/IMD/BOND/1/2009/11/05 dt.May 11, 2009 as amended. Besides, the Issuer shall within 180 days from the end of the Financial Year submit a copy of the latest Annual Report to the Trustees and the Trustees shall be obliged to share the details so submitted with all Bond Holder(s) within two working days of their specific request.</p>
Governing Law and Jurisdiction	The Bonds are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof shall be subject to the jurisdiction of the Courts at Himachal Pradesh only.
Trustees	Axis Trustee Services Ltd.
Registrar	Beetal Finance & Computer Services (P) Ltd.
ISSUE SCHEDULE:	
Issue Opening Date	8 th March, 2016
Issue Closing Date	28 th March, 2016
Pay-in Date	8 th March, 2016 to 28 th March, 2016
Deemed Date of Allotment	29 th March, 2016
Payment Mode	The remittance of application money can be made by cheque/Demand Draft or through Electronic transfer of funds through RTGS mechanism for credit as per details given hereunder:
Collection Bankers:	<ol style="list-style-type: none"> 1. 1 “HPSEBL Bond Issue” at “Punjab National Bank”, Branch Office Mall Road Shimla having IFSC Code No : PUNB0042700 Account No.: 0427002106672683 Branch Code: 042700, MICR Code 171024002” 2. “HPSEBL Bond Issue” at “AXIS Bank”, Branch Office: SDA Complex Kasumpti, Shimla having IFSC Code No : UTIB0000050 Account No.: 914020048597872 Branch Code:050 MICR Code 171211002. 3. “HPSEBL Bond Issue” at “State Bank of India”, Branch Office Mall Road Shimla having IFSC Code No : SBIN0000718 Account No.: 32987632995 Branch Code: 000718 MICR Code 171002002 ” 4. “HPSEBL Bond Issue” at “ICICI Bank”, Branch Office Mall Road Shimla having IFSC Code No : ICIC0006353 Account No.: 635305001675 Branch Code: 6353 MICR Code 171229002 ”

* Subject to deduction of Tax at source as applicable

** The Issuer reserves its sole and absolute right to modify (pre-pone/ postpone) the above issue schedule without giving any reasons or prior notice. In such a case, investors shall be intimated about the revised time schedule by the Issuer. The Issuer also reserves the right to keep multiple Deemed Date(s) of Allotment at its sole and absolute discretion without any notice. In case if the Issue Closing Date/ Pay in Date is/are changed (pre-poned/ postponed), the Deemed Date of Allotment may also be changed (pre-poned/ postponed) by the Issuer at its sole and absolute discretion. Consequent to change in Deemed Date of Allotment, the Coupon Payment Dates and/or Put/ Call Option due Date and/or Redemption Date may also be changed at the sole and absolute discretion of the Issuer.

(U) DISCLOSURE OF CASH FLOWS: As per SEBI Circular No: CIR/IMD/DF/18/2013 dated October 29, 2013

Company	Himachal Pradesh State Electricity Board Limited	
Tenure	10 Years	
Face Value (per security)	Rs. 10,00,000/- per bond (Rs. Ten Lakh only)	
Deemed Date of Allotment	29 th March, 2016	
Redemption (Partial)	Redemption dates	Face Value per Bond
	29-03-2024	Rs.3,00,000
	28-03-2025	Rs.3,00,000
	27-03-2026	Rs.4,00,000
Coupon Rate	10.39%	
Frequency of the interest payment with specified dates	First Interest Payment on 29-09-2016, then 29-03-2017 and subsequent interest payments on every half year from deemed date of allotment.	
Day count Convention	Actual/Actual	

Cash Flows	Date	No. of days in Coupon Period	Amount (in Rupees)
1st Coupon	Thursday, 29 September, 2016	184	52,234
2nd Coupon	Wednesday, 29 March, 2017	181	51,523
3rd Coupon	Friday, 29 September, 2017	184	52,377
4th Coupon	Thursday, 29 March, 2018	181	51,523
5th Coupon	Monday, 1 October, 2018	186	52,946
6th Coupon	Friday, 29 March, 2019	179	50,954
7th Coupon	Monday, 30 September, 2019	185	52,662
8th Coupon	Monday, 30 March, 2020	182	51,666
9th Coupon	Tuesday, 29 September, 2020	183	51,950
10th Coupon	Monday, 29 March, 2021	181	51,523
11th Coupon	Wednesday, 29 September, 2021	184	52,377
12th Coupon	Tuesday, 29 March, 2022	181	51,523
13th Coupon	Thursday, 29 September, 2022	184	52,377
14th Coupon	Wednesday, 29 March, 2023	181	51,523
15th Coupon	Friday, 29 September, 2023	184	52,377
16th Coupon	Friday, 29 March, 2024	182	51,666
Principal	Friday, 29 March, 2024		3,00,000
17th Coupon	Monday, 30 September, 2024	185	36,762

18th Coupon	Friday , 28 March, 2025	179	36,265
Principal	Friday, 28 March, 2025		3,00,000
19th Coupon	Monday, 29 September, 2025	185	20,723
20th Coupon	Friday, 27 March, 2026	179	20,381
Principal	Friday, 27 March, 2026		4,00,000
TOTAL			19,45,333

* The Cash Flow displayed above is calculated per bond (face value of Rs. 10,00,000).

* The Cash Flow assumes that the call option(s) available on this bond (if applicable) have not been exercised by the "HPSEBL"/ "THE ISSUER".

* The Cash Flow is calculated considering year -2016, 2020 and 2024 as Leap years. Hence number of days taken as 366 days for interest calculations. (Actual/ Actual - as per SEBI Circular no CIR/IMD/DF/18/2013 dated 29th Oct 2013).

* If the date of payment of interest happens to be holiday, the Interest payment will be made on the next working day with Interest for the intervening period.

* If the maturity date and interest payment date falls together on a holiday, redemption and accrued interest payment will be made on the previous working day.

* The cash flow has been prepared based on the best available information on holidays and could further undergo change(s) in case of any scheduled and unscheduled holiday(s) and/or changes in money market settlement day conventions by the Reserve bank of India/ SEBI.

* Interest payments are rounded-off to nearest rupee as per the FIMMDA 'Handbook on market practices'.

* Dates in Color Red are considered falling under Leap Year.

(V) TERMS OF OFFER (DETAILS OF DEBT SECURITIES PROPOSED TO BE ISSUED, MODE OF ISSUANCE, ISSUE SIZE, UTILIZATION OF ISSUE PROCEEDS, STOCK EXCHANGES WHERE SECURITIES ARE PROPOSED TO BE LISTED, REDEMPTION AMOUNT, PERIOD OF MATURITY, YIELD ON REDEMPTION, DISCOUNT AT WHICH OFFER IS MADE AND EFFECTIVE YIELD FOR INVESTOR)

ISSUE SIZE

The Issuer proposes to raise Rs 150 Crore with green shoe option of Rs. 150 Crore aggregating to Rs. 300 Crore.

PRESENT ISSUE

Private Placement Of State Government Guaranteed, Unsecured, Redeemable, Taxable, Non Convertible Bonds Of Rs. 10.00 Lacs Each For Cash At Par Rs. 150 Crore With Green Shoe Option Of Rs. 150 Crore Aggregating To Rs. 300 Crore By Himachal Pradesh State Electricity Board Limited ("HPSEBL"/ "The Issuer") Series 2015-16 (1st Tranche)

NATURE OF THE INSTRUMENT

State Government Guaranteed, Unsecured, Redeemable, Taxable, Non Convertible Bonds.

FACE VALUE, ISSUE PRICE, EFFECTIVE YIELD FOR INVESTOR

Each Bond has a face value of Rs. 10, 00,000/- (Rupees Ten Lacs Only) and is issued at par i.e. for Rs. 10, 00,000/- (Rupees Ten Lacs Only).

MINIMUM APPLICATION

The application should be for a minimum of 5 (Five) Bond and in multiples of 1 (One) Bond thereafter.

LISTING

The Company proposes to list these Bonds on the Wholesale Debt Market (WDM) Segment of the BSE Limited ("BSE").

SECURITY

Not Applicable

OBJECTS OF THE PLACEMENT

The proceeds of the issue shall be used to meet the working capital requirements and Capital expenditure of HPSEBL.

UTILIZATION OF THE ISSUE PROCEEDS

The proceeds of the issue shall be used to meet the working capital requirements and Capital expenditure of HPSEBL.

ELIGIBILITY TO COME OUT WITH THE ISSUE

The Issuer or the person in control of the Issuer, or its promoter, has not been restrained or prohibited or debarred by SEBI/ any other Government authority from accessing the securities market or dealing in securities and such direction or order is in force.

REGISTRATION AND GOVERNMENT APPROVALS

The Company can undertake the activities proposed by it in view of the present approvals and no further approval from any government authority (ies) is required by it to undertake the proposed activities save and except those approvals which may be required to be taken in the normal course of business from time to time.

AUTHORITY FOR THE ISSUE

The present placement of Bonds is being made pursuant to the following:

- The Government of Himachal Pradesh Order No. FIN-IF(C)30-4/91Dt. 22.05.2015
- Resolution passed by the Board of Directors of the company at its meeting held on 05.03.2015
- Resolution passed by the Shareholders of the Company at its meeting held on 05.03.2015

UNDERWRITING

The present Issue of Bonds on private placement basis has not been underwritten.

GUARANTEE

The Bonds are backed with unconditional & irrevocable guarantee from the Government of Himachal Pradesh till the redemption of Bonds.

AN UNDERTAKING THAT THE ISSUER SHALL USE A COMMON FORM OF TRANSFER

The Bonds shall be transferred subject to and in accordance with the rules/ procedures as prescribed by the NSDL/ CDSL/ Depository Participant of the transferor/ transferee and any other applicable laws and rules notified in respect thereof. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Bonds held in electronic form. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant.

The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/ redemption will be made to the person, whose name appears in the records of the Depository. In such cases, claims, if any, by the transferee(s) would need to be settled with the transferor(s) and not with the Company.

The Company undertakes that it shall use a common form/ procedure for transfer of Bonds issued under terms of this Offer letter.

TERMS AND CONDITIONS OF THE ISSUE

This is a confidential Offer letter setting out the terms and conditions pertaining to issue of State Government Guaranteed, Secured, Redeemable, Regular Return, Non-Convertible Taxable Bonds of Rs. 10.00 Lacs each for cash at par aggregating to Rs 300 Crores (Rupees Three Hundred Crores Only)(1st tranche) under Private Placement basis to be issued by **HIMACHAL PRADESH STATE ELECTRICITY BOARD LIMITED**. [HPSEBL] (Hereinafter referred to as the 'Company'/'Issuer'). Your participation is subject to the completion and submission of Application Form along with application money and acceptance of the offer by the Company.

TERMS OF PAYMENT

The full face value of the Bonds applied for is to be paid along with the Application Form. Investor(s) need to send in the Application Form and the cheque(s)/ demand draft(s)/RTGS for the full face value of the Bonds applied for.

Face Value Per Bond	Minimum Application for	Amount Payable on Application per Bond
Rs. 10,00,000/- (Rupees Ten Lacs Only)	5 Bond and in multiples of 1 Bond thereafter	Rs. 10,00,000/- (Rupees Ten Lacs Only)

DEEMED DATE OF ALLOTMENT

Interest on Bonds shall accrue to the Bond holder(s) from the Deemed Date of Allotment. All benefits relating to the Bonds will be available to the investors from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment. The Company reserves the right to keep multiple allotment date(s)/ deemed date(s) of allotment at its sole and absolute discretion without any notice. In case if the issue closing date is changed (pre-poned/ postponed), the Deemed Date of Allotment may also be changed (pre-poned/ postponed) by the Company at its sole and absolute discretion.

MINIMUM SUBSCRIPTION

As the current issue of Bonds is being made on private placement basis, the requirement of minimum subscription shall not be applicable and therefore the Company shall not be liable to refund the issue subscription(s)/ proceed(s) in the event of the total issue collection falling short of issue size or certain percentage of issue size.

BASIS OF ALLOCATION / ALLOTMENT

The issuer reserves the right to reject any/all applications fully or partially at its sole discretion, without assigning any reason whatsoever.

MARKET LOT

The market lot will be one Bond ("Market Lot"). Since the Bonds are being issued only in dematerialised form, the odd lots will not arise either at the time of issuance or at the time of transfer of Bonds.

The market lot will be 1 Bond of the face value of Rs.10 lacs (Rupees Ten Lacs Only).

TRADING OF BONDS

The marketable lot for the purpose of trading of Bonds shall be 1 (one) Bond of face value of Rs. 10 Lacs each. Trading of Bonds would be permitted in demat mode only in standard denomination of Rs. 10 Lacs and such trades shall be cleared and settled in recognized stock exchange(s) subject to conditions specified by SEBI. In case of trading in Bonds which has been made over the counter, the trades shall be reported on a recognized stock exchange having a nationwide trading terminal or such other platform as may be specified by SEBI.

INTEREST ON APPLICATION MONEY

Interest at appropriate coupon rate payable half yearly (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) will be paid to all the applicants on the application money for the Bonds.

Such interest on application money shall be paid from the date of realization of application money upto one day prior to the Deemed Date of Allotment. The interest on application money will be computed on an Actual day basis. Such interest would be paid on all the valid applications, including the refunds. Where the entire subscription amount has been refunded, the interest on application money will be paid along with the Refund Orders. Where an applicant is allotted lesser number of Bonds than applied for, the excess amount paid on application will be refunded to the applicant along with the interest on refunded money.

In case of any delay in allotment beyond 15 working days from the date of closure of issue, interest would be payable at the contracted rate for the period of delay, subject to a maximum of 15 (fifteen) days.

The interest cheque(s)/ demand draft(s) for interest on application money (along with Refund Orders, in case of refund of application money, if any) shall be dispatched by the company within 15 (fifteen) days from the Deemed Date of Allotment and the relative interest warrant(s) along with the Refund Order(s) as the case may be will be dispatched by registered post to the sole/ first applicant at the sole risk of the applicant.

INTEREST ON THE BONDS

The Bonds shall carry interest at appropriate coupon rate p.a. payable half yearly (subject to deduction of tax at source at the rates prevailing from time to time under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof for which a certificate will be issued by the Company) on the outstanding principal amount of Bonds. The interest shall be serviced annually throughout the tenure of the Bonds till final redemption. The Final interest payment would be made on redemption date along with the redemption of principal amount. Interest on Bonds will cease on the date of final redemption in all events.

The Bonds shall carry interest at the Coupon Rate from, and including, the Deemed Date of Allotment up to, but excluding the Put/ Call Option Due Date/ Redemption Date, as the case may be, payable on the "Coupon Payment Dates", on the outstanding principal amount of Bonds till Put/ Call Option Due Date/ Redemption Date, to the holders of Bonds (the "Holders" and each, a "Holder") as of the relevant Record Date. Interest on Bonds will cease from the Put/ Call Option Due Date/ Redemption Date, as the case may be, in all events.

Payment of interest shall be made by way of cheque(s)/ interest warrant(s)/ credit through RTGS/NEFT mechanism. When interest payment is made by way of cheque(s), the same shall be dispatched by the Company at least 7 (seven) days prior to the due date and shall be dispatched by registered post to the sole/ first applicant, at the sole risk of the applicant.

If any interest payment date falls on a day which is not a Business Day ('Business Day' being a day on which Commercial Banks are open for Business in Himachal Pradesh), then payment of interest will be made on the next day that is a business day as per SEBI circular dated October 29th 2013.

In case the Deemed Date of Allotment is revised (pre-poned/ postponed) then the Interest Payment Dates may also be revised pre-poned/ postponed) accordingly by the Company at its sole & absolute discretion.

PAYMENT OF INTEREST/ PRINCIPAL

Payment of interest and repayment of principal shall be made by way of cheque(s)/ demand draft(s)/ RTGS/ NEFT mechanism.

COMPUTATION OF INTEREST

Interest for each of the interest periods shall be computed as per Actual/ Actual day count convention on the face value amount of Bonds outstanding at the Coupon Rate rounded off to the nearest Rupee. Where the interest period (start date to end date) includes February 29, interest shall be computed on 366 days-a-year basis, on the face value amount of Bonds outstanding.

EFFECT OF HOLIDAYS: - As per SEBI Circular Dated October 29, 2013

1. If any Coupon Payment Date falls on a day that is not a Business Day ('Business Day' being a day on which Commercial Banks are open for Business in Himachal Pradesh), the payment shall be made by the Issuer on the next working Business Day along with interest for such additional period.

Further, interest for such additional period so paid, shall be deducted out of the interest payable on the next Coupon Payment Date.

2. If the Redemption Date and Coupon Payment Date of the debentures falls together on a day that is not a Business Day ('Business Day' being a day on which Commercial Banks are open for Business in Himachal Pradesh), the redemption proceeds shall be paid by the Issuer on previous working Business Day along with interest accrued on the debentures until but excluding the date of such payment.

RECORD DATE

The "Record Date" for the Bonds shall be 15 days prior to each Coupon Payment Date, Put/ Call Option Due Date and Redemption Date. In case of redemption of Bonds, the trading in the Bonds shall remain suspended between the Record Date and the Redemption Date. Interest payment and principal repayment shall be made to the person whose name appears as beneficiary with the Depositories as on Record Date. In the event of the Issuer not receiving any notice of transfer at least 15 days before the respective Coupon Payment Date, Put/ Call Option Due Date and Redemption Date, the transferees for the Bonds shall not have any claim against the Issuer in respect of amount so paid to the registered Bondholders.

In the event the Record Date falls on a day which is not a Business Day, the immediately succeeding Business Day will be considered as the Record Date.

PUT & CALL OPTION

The Bondholders as well as the Company shall have the option to redeem the Bonds at par on the end of 7 Year from the Deemed Date of Allotment.

A. PROCEDURE FOR EXERCISE OF PUT OPTION:

The Bondholders shall have the right to "Put" the Bonds i.e. get them redeemed, at par on the end of 7th year i.e. 29.03.2023. For availing of this facility, the Bondholders should forward a request in writing to the Company at least 30 days prior to the respective Put Option Date.

B. PROCEDURE FOR EXERCISE OF CALL OPTION:

The Company shall have the right to "Call" the Bonds i.e. redeem the Bonds in whole and not in part, at par on the end of 7th year i.e. 29.03.2023. In case of exercise of "Call Option" by the Company, it shall notify its intention to do so through a public notice in at least in one English Newspaper circulating in whole or substantially the whole of India and one the Hindi daily newspaper and/ or through notice sent by

registered post/ courier to the sole/ first allottee or sole/ first beneficial owner of the Bonds at least 30 days prior to the respective Call Option Due Date at their registered addresses.

In case the "Put/ Call Option" Due Date falls on a day which is not a business day (Business Day being a day on which commercial Banks are open for business in Himachal Pradesh), the payment due shall be made on the previous working day .

Payment on exercise of "Put/ Call Option" shall be made by way of cheque (s)/ demand draft (s)/ credit through RTGS system in the name of the Bondholders whose name appear on the List of Beneficial Owners given by Depository (ies) to the Company as on the Record Date.

The Bonds shall be taken as discharged on payment of the redemption amount by the Company on exercise of "Put/ Call Option" to the list of beneficial owners as provided by Depository to the Company as on the Record Date. Such payment will be a legal discharge of the liability of the Issuer towards the bondholders. On such payment being made, Company will inform depositories/ Depository Participant and accordingly the account of the Bondholders with Depositories/ Depository Participant will be adjusted.

REDEMPTION

The face value of the Bonds shall be redeemed at par, on the Redemption Date. The Bonds will not carry any obligation, for interest or otherwise, after the Redemption Date. The Bonds shall be taken as discharged on payment of the redemption amount by the Issuer on the Redemption Date to the registered Bondholders whose name appear in the Register of Bondholders on the Record Date. Such payment will be a legal discharge of the liability of the Issuer towards the Bondholders.

Redemption will be as follows:

1. At par 30% of the Amount mobilized and retained in the bond issue at end of 8th year from deemed date of allotment.
2. At par 30% of the Amount mobilized and retained in the bond issue at end of 9th year from deemed date of allotment.
3. At par 40% of the Amount mobilized and retained in the bond issue at end of 10th year from deemed date of allotment.

PAYMENT ON REDEMPTION

Payment on redemption will be made by cheque (s)/ warrants(s)/RTGS in the name of the Bond holder whose name appears on the List of Beneficial owners given by Depository to the Company as on the Record Date. On the Company dispatching the redemption warrants to such Beneficiary (ies) by registered post/ courier, the liability of the Company shall stand extinguished.

The Bonds shall be taken as discharged on payment of the redemption amount by the Company on maturity to the list of Beneficial Owners as provided by NSDL/ CDSL/ Depository Participant. Such payment will be a legal discharge of the liability of the Company towards the Bond holders. On such payment being made, the Company will inform NSDL/ CDSL/ Depository Participant and accordingly the account of the Bond holders with NSDL/ CDSL/ Depository Participant will be adjusted.

The Company's liability to the Bond holders towards all their rights including for payment or otherwise shall cease and stand extinguished from the due date of redemption in all events. Further the Company will not be liable to pay any interest or compensation from the date of redemption. On the Company dispatching the amount as specified above in respect of the Bonds, the liability of the Company shall stand extinguished.

DEPOSITORY ARRANGEMENTS

The Company has appointed Beetal Finance & Computer Services (P) Ltd., as Registrars & Transfer Agent for the present bond issue. The Company shall make necessary depository arrangements with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) for issue and holding of Bond in dematerialized form. In this context the Company shall sign two tripartite agreements as under:

- Tripartite Agreement between Himachal Pradesh State Electricity Board Ltd., Beetal Finance & Computer Services (P) Ltd. and National Securities Depository Limited (NSDL) for depository option to the investors. However, the Company has already entered in to tripartite Agreement with NSDL and Beetal Finance & Computer Services (P) Ltd.on 12.06.2013. In the opinion of HPSEBL entering to fresh Tripartite Agreement is not required.
- Tripartite Agreement between between Himachal Pradesh State Electricity Board Ltd., Beetal Finance & Computer Services (P) Ltd. and Central Depository Services (India) Limited (CDSL) for depository option to the investors. However, the Company has already entered in to tripartite Agreement with CDSL and Beetal Finance & Computer Services (P) Ltd. on 12.06.2013. In the opinion of HPSEBL entering to fresh Tripartite Agreement is not required.

Investors can hold the Bonds only in dematerialized form and deal with the same as per the provisions of Depositories Act, 1996 as amended from time to time.

LIST OF BENEFICIAL OWNERS

The Company shall request the Depository to provide a list of Beneficial Owners as at the end of the Record Date. This shall be the list, which shall be considered for payment of interest or repayment of principal amount on maturity, as the case may be.

LETTER OF ALLOTMENT AND BOND CERTIFICATE

The beneficiary account of the investor(s) with National Securities Depository Limited (NSDL)/ Central Depository Services (India) Limited (CDSL)/ Depository Participant will be given initial credit within 2 days from the Deemed Date of Allotment. The initial credit in the account will be akin to the Letter of Allotment. On completion of the all statutory formalities, such credit in the account will be akin to a Bond Certificate.

ISSUE OF BOND CERTIFICATE(S)

Subject to the completion of all statutory formalities within time frame prescribed in the relevant regulations/ act/ rules etc, the initial credit akin to a Letter of Allotment in the Beneficiary Account of the investor would be replaced with the number of Bonds allotted. The Bonds since issued in electronic (dematerialized) form, will be governed as per the provisions of The Depository Act, 1996, Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, rules notified by NSDL/ CDSL/ Depository Participant from time to time and other applicable laws and rules notified in respect thereof. The Bonds shall be allotted in dematerialized form only.

ISSUE OF DUPLICATE INTEREST/REDEMPTION CHEQUE(S)

If any, Interest /redemption cheque(s) / Demand Draft(s) is lost, stolen or destroyed, then upon production of proof thereof to the satisfaction of HPSEBL and upon furnishing such indemnity as HPSEBL may deem adequate and upon payment of any expenses incurred by HPSEBL in connection thereof, new interest/redemption cheque (s) / Demand Draft(s) will be issued. A fee may be charged by HPSEBL not exceeding such sum as may be prescribed by law on each duplicate interest/ redemption cheque(s) / Demand Draft(s) issued in accordance with this provision. If any interest/redemption cheque(s) / Demand Draft(s) is/are mutilated or defaced, then, upon surrender of such interest /redemption cheque(s) / Demand Draft(s), HPSEBL shall cancel the same and issue a duplicate interest/redemption cheque(s) / Demand Draft(s) in lieu thereof. The procedure for issue of the duplicate shall be governed by the provisions of the Bond Regulations.

DISPATCH OF REFUND ORDERS

The Company shall ensure dispatch of Refund Order(s) by Registered Post only and adequate funds for the purpose shall be made available to the Registrar to the Issue by the Issuer Company.

JOINT-HOLDERS

Where two or more persons are holders of any Bond(s), they shall be deemed to hold the same as joint tenants with benefits of survivorship subject to other provisions contained in the Articles.

SHARING OF INFORMATION

The Company may, at its option, use on its own, as well as exchange, share or part with any financial or other information about the Bond holders available with the Company, with its subsidiaries and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither the Company or its subsidiaries and affiliates nor their agents shall be liable for use of the aforesaid information.

MODE OF TRANSFER OF BONDS

Bonds shall be transferred subject to and in accordance with the rules/ procedures as prescribed by the NSDL/ CDSL/ Depository Participant of the transferor/ transferee and any other applicable laws and rules notified in respect thereof. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Bonds held in electronic form. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant.

Transfer of Bonds to and from NRIs/ OCBs, in case they seek to hold the Bonds and are eligible to do so, will be governed by the then prevailing guidelines of RBI. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/ redemption will be made to the person, whose name appears in the records of the Depository. In such cases, claims, if any, by the transferee(s) would need to be settled with the transferor(s) and not with the Company.

SUCCESSION

In the event of the demise of the sole/first holder of the Bond(s) or the last survivor, in case of joint holders for the time being, the Company shall recognize the executor or administrator of the deceased Bond holder, or the holder of succession certificate or other legal representative as having title to the Bond(s). The Company shall not be bound to recognize such executor or administrator, unless such executor or administrator obtains probate, wherever it is necessary, or letter of administration or such holder is the holder of succession certificate or other legal representation, as the case may be, from a Court in India having jurisdiction over the matter. The Company may, in its absolute discretion, where it thinks fit, dispense with production of probate or letter of administration or succession certificate or other legal representation, in order to recognize such holder as being entitled to the Bond (s) standing in the name of the deceased Bond holder on production of sufficient documentary proof or indemnity.

Where a non-resident Indian becomes entitled to the Bond by way of succession, the following steps have to be complied with:

- Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the Bond was acquired by the NRI as part of the legacy left by the deceased holder.
- Proof that the NRI is an Indian National or is of Indian origin.

Such holding by the NRI will be on a non-repatriation basis and all the payment will be made through proper banking channel and the payments will be made only in Indian National Rupee..

RIGHT TO ACCEPT OR REJECT APPLICATIONS

The Company reserves its full, unqualified and absolute right to accept or reject any application, in part or in full, without assigning any reason thereof. The rejected applicants will be intimated along with the refund warrant, if applicable, to be sent. Interest on application money will be paid from the date of realization of the cheque(s)/ demand drafts(s) till one day prior to the date of refund. The application forms that are not complete in all respects are liable to be rejected and would not be paid any interest on

the application money. Application would be liable to be rejected on one or more technical grounds, including but not restricted to:

- Number of Bonds applied for is less than the minimum application size;
- Applications exceeding the issue size;
- Bank account details not given;
- Details for issue of Bonds in electronic/ dematerialized form not given; PAN/GIR and IT Circle/Ward/District not given;
- In case of applications under Power of Attorney by limited companies, corporate bodies, trusts, etc relevant documents not submitted;

In the event, if any Bond(s) applied for is/ are not allotted in full, the excess application monies of such Bonds will be refunded, as may be permitted.

FICTITIOUS APPLICATIONS

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who—

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name.

Shall be liable for action under section 447.”

FUTURE BORROWINGS

The Company shall be entitled, from time to time, to make further issue of bonds and / or Bonds and other such instruments to the public / members of the Company / banks / financial institutions / bodies corporate / mutual funds and / or any other person(s) and /or to raise further loans, advances and/or avail of further financial and / or guarantee facilities from all or any of the above without obtaining the approval of the Bondholders and/or the Trustee.

RIGHTS OF BOND HOLDER(S)

The Bond holders will not be entitled to any rights and privileges of share holders other than those available to them under statutory requirements. The Bonds shall not confer upon the holders the right to receive notice, or to attend and vote at the general meetings of shareholders of the Company. The principal amount and interest, if any, on the Bonds will be paid to the sole holder only, and in the case of joint holders, to the one whose name stands first in the Register of Bond holders. The Bonds shall be subject to other usual terms and conditions incorporated in the Bond certificate(s) that will be issued to the allottee (s) of such Bonds by the Company and also in the Trustee Agreement / Trust Deed.

MODIFICATION OF RIGHTS

The rights, privileges, terms and conditions attached to the Bonds may be varied, modified or abrogated with the consent, in writing, of those holders of the Bonds who hold at least three fourth of the outstanding amount of the Bonds or with the sanction accorded pursuant to a resolution passed at a meeting of the Bondholders, provided that nothing in such consent or resolution shall be operative against the Company where such consent or resolution modifies or varies the terms and conditions of the Bonds, if the same are not acceptable to the Company.

BONDHOLDER NOT A SHAREHOLDER

The bondholders will not be entitled to any of the rights and privileges available to the shareholders. If, however, any resolution affecting the rights attached to the Bonds is placed before the members of the Company, such resolution will first be placed before the bondholders through the Trustees for their consideration.

NOTICES

All notices required to be given by the Issuer or by the Trustees to the Bondholders shall be deemed to have been given if sent by ordinary post/ courier to the original sole/ first allottees of the Bonds and/ or if published in one All India English daily newspaper and one regional language newspaper.

All notices required to be given by the Bondholder(s), including notices referred to under "Payment of Interest", "Put/ Call option" and "Payment on Redemption" shall be sent by registered post or by hand delivery to the Issuer or to such persons at such address as may be notified by the Issuer from time to time.

EVENT OF DEFAULT

The following shall constitute an "Event of Default" by the Issuer:

- **Default in payment:** In case of default in payment of Interest and/or principal redemption on the due dates.
- **Delay in Listing:** In case of delay in listing of the debt securities beyond 20 days from the date of allotment.

ADDITIONAL COVENANTS

1. **DEFAULT IN PAYMENT:**
In case of default in payment of interest and/or principal redemption on the due dates, additional interest of at least @ 2% p.a. over the Coupon Rate will be payable by the Issuer for the defaulting period.
2. **DELAY IN LISTING:**
In case of delay in listing of the debt securities beyond 20 days from the Deemed Date of Allotment, the Company will pay penal interest of at least 1% p.a. over the coupon rate from the expiry of 30 days from the Deemed Date of Allotment till the listing of such debt securities to the investor.
3. **ALLOTMENT OF SECURITIES:** As per Company Act 2013 under section 42(6) of the Act, the Company shall allot the Debentures/ Bonds within (60)sixty days from the date of receipt of the application money for such Debentures/ Bonds and if the Company is not able to allot the Debentures/ Bonds within such period, it shall repay the application money to the subscribers within fifteen days from the date of completion of (60)sixty days and if the Company fails to repay the application money within the aforesaid period, it shall be liable to repay such money with interest at the rate of 12% p.a. from the expiry of the sixtieth day.
4. On the happening of any of the event of default, in addition to the rights specified above, the Debenture Holders/Bond Trustees shall have the right as indicated in the SEBI Regulations/ Company Act 2013 from time to time.

PAN/GIR NUMBER

All applicants should mention their Permanent Account Number or the GIR Number allotted under Income Tax Act, 1961 and the Income Tax Circle/ Ward/ District. In case where neither the PAN nor the GIR Number has been allotted, the fact of such a non-allotment should be mentioned in the Application Form in the space provided.

TAX DEDUCTION AT SOURCE

Tax as applicable under the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof will be deducted at source. Tax exemption certificate/ document, under Section 193 of the Income Tax Act, 1961, if any, must be lodged at the registered office of the Company or at such other place as may be notified by the company in writing, at least 30 (thirty) calendar working days before the interest payment dates.

Tax exemption certificate/ declaration of non-deduction of tax at source on interest on application money, should be submitted along with the application form. Where any deduction of Income Tax is made at source, the Company shall send to the Bondholder(s) a Certificate of Tax Deduction at Source. Regarding deduction of tax at source and the requisite declaration forms to be submitted, prospective investors are advised to consult their own tax consultant(s).

Tax Deducted at source will be paid to Income tax authorities on accrual or payment whichever is earlier basis

TAX BENEFITS TO THE BOND HOLDERS OF THE COMPANY

The holder(s) of the Bonds are advised to consider in their own case, the tax implications in respect of subscription to the Bonds after consulting their own tax advisor/ counsel.

CLOSURE OF BOND ISSUE

In case the Company subscribes the entire money i.e. to the extent of total issue size including oversubscription, as mentioned in this document, much before the Issue closure date, as mentioned in this Offer letter, HPSEBL reserves the right to close the Bond Issue from further subscription even before the Issue Closure date, extend the issue beyond the closure date mentioned in this Offer letter and consequently deemed date of allotment at the sole discretion of the Company.

SIGNATURES

Signatures should be made in English or in any of the Indian Languages. Thumb impressions must be attested by an authorized official of a Bank or by a Magistrate/ Notary Public under his/her official seal.

ACKNOWLEDGEMENTS

No separate receipts will be issued for the application money. However, the Bankers to the Issue receiving the duly completed Application Form will acknowledge receipt of the application by stamping and returning to the applicant the acknowledgement slip at the bottom of each Application Form.

DISPUTES & GOVERNING LAW

The Bonds are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof will be subject to the jurisdiction of the Courts at Himachal Pradesh only.

FORCE MAJEURE

The Company reserves the right to withdraw the issue prior to the closing date in the event of any unforeseen development adversely affecting the economic and regulatory environment. The Company reserves the right to change the Issue Schedule.

THE DISCOUNT AT WHICH SUCH OFFER IS MADE AND THE EFFECTIVE PRICE FOR THE INVESTOR AS A RESULT OF SUCH DISCOUNT

The bonds are being issued at face value and not at discount to offer price.

(W) MATERIAL CONTRACTS & AGREEMENTS INVOLVING FINANCIAL OBLIGATIONS OF THE ISSUER

By very nature of its business, the Issuer is involved in a large number of transactions involving financial obligations and therefore it may not be possible to furnish details of all material contracts and agreements involving financial obligations of the Issuer. However, the contracts referred to in Para A below (not being contracts entered into in the ordinary course of the business carried on by the Issuer) which are or may be deemed to be material have been entered into by the Issuer. Copies of these contracts together with the copies of documents referred to in Para B may be inspected at the Registered Office of the Issuer between 10.00 a.m. and 2.00 p.m. on any working day until the issue closing date.


A. MATERIAL CONTRACTS:

- a. Copy of letter appointing Registrar and Transfer Agents and copy of Agreement entered into between the Company and the Registrar.
- b. Copy of letters appointing Arranger(s) to the Issue
- c. Copy of letter appointing Trustees to the Bondholders.

B. DOCUMENTS:

- a. Memorandum and Articles of Association of the Company as amended from time to time.
- b. Board Resolution dated 05.03.2015 and Shareholders Resolution dated 05.03.2015 authorizing issue of Bonds offered under terms of this Offer letter.
- c. Letter of consent from the Axis Trustee Services Ltd. for acting as trustees for and on behalf of the holder(s) of the Bonds.
- d. Letter of consent from the Beetal Finance & Computer Services (P) Ltd. for acting as Registrars to the Issue.
- e. Application made to the BSE for grant of in-principle approval for listing of Bonds.
- f. Letter from Brickwork Ratings India Private Limited conveying the credit rating for the Bonds.
- g. Tripartite Agreement between the Issuer, NSDL and Registrars for issue of Bonds in dematerialised form.
- h. Tripartite Agreement between the Issuer, CDSL and Registrars for issue of Bonds in dematerialized form.
- i. Government Guarantee letter(s)

(X) FORM NO. PAS - 4

FORM NO. PAS - 4	
PRIVATE PLACEMENT OFFER LETTER	
<i>[Pursuant to section 42 and rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014]</i>	
	HIMACHAL PRADESH STATE ELECTRICITY BOARD LIMITED (A Government of Himachal Pradesh Undertaking) CIN No. U40109HP2009SGC031255 Head Office: Vidyut Bhawan, Shimla – 171004 Tel: (0177) – 2656022-26, 2801762 Fax: (0177) – 2658908 Website: http://www.hpsebl.co.in
1. GENERAL INFORMATION	
a. Name, address, website and other contact details of the company indicating both registered office and corporate office;	

SR. No	PARTICULARS	:	DETAILS
(i)	REGISTERED OFFICE OF THE ISSUER		
•	Name	:	Himachal Pradesh State Electricity Board Ltd.
•	Address	:	Vidyut Bhawan, Shimla
•	Tele No	:	0177-2656022-26
•	Fax No	:	0177-2658908, 2655387
•	Email	:	gulshansai@yahoo.co.uk, r9816375595@gmail.com
•	Website	:	http://www.hpsebl.co.in
(ii)	CORPORATE OFFICE OF THE ISSUER		
•	Name	:	Himachal Pradesh State Electricity Board Ltd.
•	Address	:	Vidyut Bhawan, Shimla
•	Tele No	:	0177-2801762
•	Fax No	:	0177-2658908
•	Email	:	gulshansai@yahoo.co.uk, r9816375595@gmail.com
•	Website	:	http://www.hpsebl.co.in

b. Date of incorporation of the company: 03.12.2009.

c. Business carried on by the company and its subsidiaries with the details of branches or units, if any;

Please refer page number 10 of this Offer letter.

*** Subsidiaries with the details of branches or units, if any;**

Please refer page number 12 of this Offer letter.

d. Brief particulars of the management of the company;

Please refer page :- <http://www.hpseb.com/organisation.html>

e. Names, addresses, DIN and occupations of the directors;

Please refer page number 14 of this Offer letter.

f. Management's perception of risk factors;

Nil- Backed By State Governemnt Guarantee.

g. Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of -

i) Statutory dues: Company has not defaulted for payment of any statutory dues

ii) Debentures and interest thereon: Company has met all liabilities for payment of Principal and interest within due dates. There is no default.

iii) Deposits and interest thereon: Company has no deposit scheme.

iv) Loan from any bank or financial institution and interest thereon. There is no default. Company has paid all Principal and interest payment within due dates

h. Names, designation, address and phone number, email ID of the nodal/ compliance officer of the company, if any, for the private placement offer process;

Name	:	Shri Gulshan Agarwal
Address	:	HIMACHAL PRADESH STATE ELECTRICITY BOARD LTD., VIDYUT BHAWAN, SHIMLA
Tele No	:	0177-2801762

Fax No		0177-2658908
Email	:	gulshansai@yahoo.co.uk, r9816375595@gmail.com
Website	:	http://www.hpsebl.co.in

2. PARTICULARS OF THE OFFER

a. Date of passing of board resolution;

The present placement of Bonds is being made pursuant to the resolution passed by the Board of Directors of the company at its meeting held on 5th March, 2015

b. Date of passing of resolution in the general meeting, authorizing the offer of securities; 05.03.2015.

c. Kinds of securities offered (i.e. whether share or debenture) and class of security;

PRIVATE PLACEMENT OF STATE GOVERNMENT GUARANTEED, UNSECURED, REDEEMABLE, TAXABLE, NON CONVERTIBLE BONDS OF RS. 10.00 LACS EACH FOR CASH AT PAR RS. 150 CRORE WITH GREEN SHOE OPTION OF RS. 150 CRORE AGGREGATING TO RS. 300 CRORE BY HIMACHAL PRADESH STATE ELECTRICITY BOARD LIMITED ("HPSEBL"/ "THE ISSUER") SERIES.

d. Price at which the security is being offered including the premium, if any, along with justification of the price;

Price at which the security is being offered	Face Value	Rs. 10,00,000/-
	Discount	Nil
	Premium	Nil
	Total(Justification)	Rs. 10,00,000/-

e. Name and address of the valuer who performed valuation of the security offered; Not applicable as present placement is for Bonds in the nature of debentures

f. Amount which the company intends to raise by way of securities;

Rs. 150 Crore with a green shoe option of Rs. 150 Crore aggregating to Rs. 300 Crore .

g. Terms of raising of securities: Duration, if applicable, Rate of dividend or rate of interest, mode of payment and repayment;

Please refer page number 39 of this Offer letter.

h. Proposed time schedule for which the offer letter is valid; As per issue schedule mentioned in Term sheet of this Offer letter.

Please refer page number 2 of this Offer letter.

i. Purposes and objects of the offer;

The proceeds of the issue shall used to meet the working capital requirements and Capital expenditure of HPSEBL.

j. Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects;

NIL

k. Principle terms of assets charged as security, if applicable;

NIL

3. DISCLOSURES WITH REGARD TO INTEREST OF DIRECTORS, LITIGATION ETC.

i. Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons.

Nil

ii. Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the offeree company during the last three years immediately preceding the year of the circulation of the offer letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed.

Nil

iii. Remuneration of directors (during the current year and last three financial years);

Year	Remuneration of Managing Director (Amount INR)	Director's Sitting fee
2012-13	1447521/-	-
2013-14	2089344/-	-
2014-15	2171084/-	-

iv. Related party transactions entered during the last three financial years immediately preceding the year of circulation of offer letter including with regard to loans made or, guarantees given or securities provided: N.A.

v. Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of circulation of offer letter and of their impact on the financial statements and financial position of the company and the corrective steps taken and proposed to be taken by the company for each of the said reservations or qualifications or adverse remark:

Please refer page:- <http://www.hpseb.com/financialstatement.html>

vi. Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last three years immediately preceding the year of circulation of offer letter in the case of company and all of its subsidiaries. Also if there were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the offer letter and if so, section-wise details thereof for the company and all of its subsidiaries : N.A.

vii. Details of acts of material frauds committed against the company in the last three years, if any, and if so, the action taken by the company: N.A.

4. FINANCIAL POSITION OF THE COMPANY

a) the capital structure of the company in the following manner in a tabular form-

(i) (a) the authorised, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value);

Particulars	Number of Securities	Description	Aggregate Nominal Value (Rs. In Cr)
Authorised Capital	110000000	Equity	1100.00

Issued, Subscribed and Paid-up share Capital	45893180	Equity	553.28
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(b) Size of the present offer; Rs. 150 Crore with green shoe option of Rs. 150 Crore aggregating to Rs. 300 Crore

(c) paid up capital:

- A) After the offer:** Since the said offer pertains to State Government Guaranteed, Unsecured, Redeemable, Taxable Non-Convertible Bonds, it will not have any impact on issued share capital of the company
- B) After conversion of convertible instruments (if applicable):** Not Applicable

(d) share premium account (before and after the offer) : Not Applicable

(ii) The details of the existing share capital of the issuer company in a tabular form, indicating therein with regard to each allotment, the date of allotment, the number of shares allotted, the face value of the shares allotted, the price and the form of consideration.

Provided that the issuer company shall also disclose the number and price at which each of the allotments were made in the last one year preceding the date of the offer letter separately indicating the allotments made for considerations other than cash and the details of the consideration in each case;

N.A.

(b) Profits of the company, before and after making provision for tax, for the three financial years immediately preceding the date of circulation of offer letter;

(Rs.in Crs)

Profits before and after making provision for tax	Details	Preceding Year 3 (2014-15) <i>(Rs.in Crs)</i>	Preceding Year 1 (2013-14) <i>(Rs.in Crs)</i>	Preceding Year 2 (2012-13) <i>(Rs.in Crs)</i>
		PBT	(124.67)	(136.98)
PAT	(124.67)	(136.98)	(340.28)	

(c) Dividends declared by the company in respect of the said three financial years; interest coverage ratio for last three years (Cash profit after tax plus interest paid/interest paid)

Year	Dividend	Interest Coverage Ratio (Cash Profit/ interest Cost)
F.Y 2014-15	NIL	0.96:1
F.Y 2013-14	NIL	0.81:1
F.Y 2012-13	NIL	0.28:1

(d) A summary of the financial position of the company as in the three audited balance sheets immediately preceding the date of circulation of offer letter;

Please refer page no 11 of this Offer letter.

(e) Audited Cash Flow Statement for the three years immediately preceding the date of circulation of offer letter;

Please refer page no 22 to 29 of this Offer letter.

(f) Any change in accounting policies during the last three years and their effect on the profits and the reserves of the company.

Sl	F.Y	Details of change in accounting policies	Effect on the profits and loss and reserves of the Company.
i	2014-15	No	No
ii	2013-14	No	No
iii	2012-13	No	No

DECLARATION

The issuer undertakes that this Offer letter contains full disclosures in conformity with FORM PAS-4 prescribed under section 42 and rule(1) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008 as amended and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide circular no. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012, as amended and as per SEBI Circular CIR/IMD/DF/18/2013 Dated October 25, 2013 and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) (amendment) regulations, 2014 issued vide circular no. LAD-NRO/GN/2013-14/43/207 dated January 31, 2014.

The Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder. It is to be distinctly understood that compliance with the Companies Act, 2013 and the rules does not imply that payment of dividend or repayment of redemption amount, is guaranteed by the Government of India.

The Company undertakes that the monies received under the issue shall be utilized only for the purposes and 'Object of the Issue' indicated in the Offer letter.

The Issuer accepts no responsibility for the statements made otherwise than in the Offer letter or in any other material issued by or at the instance of the issuer and that any one relying on such information from any other source would be doing so at his own risk.

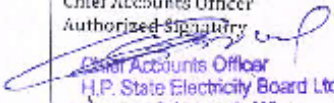
The undersigned has been authorized by the Board of Directors of the company vide resolution dated 05.03.2015 to sign this Offer letter and declared that all the requirements of the Companies Act, 2013, Securities Exchange Board of India (Issue and Listing of Debt Securities), Regulation, 2012 rules, regulations, guidelines and circulars issued there under in respect of the subject matter of this form and matters incidental thereto have been complied with.

Whatever is stated in this Offer letter and in the attachments thereto is true and correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the Promoter subscribing to the Memorandum of Associations and Articles of Association of the Company.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this Offer letter.

For Himachal Pradesh State Electricity Board Limited

Shri Gulshan Aggarwal
Chief Accounts Officer
Authorized Signatory


Chief Accounts Officer
H.P. State Electricity Board Ltd.
Finance & Accounts Wing
Vardh Chawan, Shimla-4

Date: 6th March 2016
Place: Shimla