

vii) **UNDERTAKING OF THE ISSUER**

The Issuer hereby undertakes that the assets on which charge is created are free from any encumbrances and in cases where the assets are already charged to secure a debt, the permission or consent to create a second or pari-passu charge on the assets of the issuer has been obtained or is not required to be obtained from the earlier creditor.

viii) **DUE DILIGENCE BY THE DEBENTURE TRUSTEE**

1. The Bonds shall be considered as secured only if the charged asset is registered with the sub-registrar, registrar of companies, CERSAI or depository, as applicable, or is independently verifiable by the Debenture Trustee.
2. Terms and conditions of the debenture trustee agreement including fees charged by the Debenture Trustee, details of the security to be created and the process of due diligence carried out by the Debenture Trustee:

Terms and conditions of the debenture trustee agreement including fees charged by the Debenture Trustee:

The Issuer has entered into a Debenture Trustee Agreement with Beacon Trusteeship Limited on September 19, 2022 for appointing Beacon Trusteeship Limited as the Debenture Trustee for the Issue on such terms as contained therein. The details of agreed fees in this regard has been stated elsewhere in this Placement Memorandum.

Process of due diligence carried out by the Debenture Trustee:

The Debenture Trustee, either through itself or its agents /advisors/consultants, has/ shall carry out requisite diligence to verify the status of encumbrance and valuation of the assets and whether all permissions or consents (if any) as may be required to create the security as stipulated in the Placement Memorandum and the Applicable Laws, has been obtained.

The Issuer shall provide all assistance to the Debenture Trustee to enable verification from the Registrar of Companies, Sub-registrar of Assurances (as applicable), CERSAI, depositories, information utility or any other authority, as may be relevant, where the assets and/or encumbrances in relation to the assets of the Issuer or any third party security provider are registered / disclosed.

3. Due diligence certificate issued by the Debenture Trustee has been provided in Annexure 6C hereto.

ix) **DETAILS OF THE ISSUE**

Security Name	UPPCL State Government Serviced Bonds Series II/2022
Issuer	U. P. Power Corporation Limited (UPPCL), a company wholly owned by the Government of Uttar Pradesh
Type of Instrument	Secured, Rated, Listed, Redeemable, Taxable, Government of Uttar Pradesh serviced Non-Convertible Bonds; supported by Unconditional & Irrevocable Guarantee by the Government of Uttar Pradesh as a principal debtor & not merely as a surety.

Nature of Instrument (Secured or Unsecured)	Secured
Seniority (Senior or Subordinated)	Senior
Mode of Issue	Private Placement
Eligible Investors	The Eligible Investors are: (a) individuals; (b) Hindu Undivided Family; (c) trust; (d) limited liability partnerships; (e) partnership firm(s); (f) portfolio managers registered with SEBI; (g) association of persons; (h) companies and bodies corporate including public sector undertakings; (i) scheduled commercial banks; (j) regional rural banks; (k) financial institutions; (l) insurance companies; (m) mutual funds; (n) foreign portfolio investors; and (o) any other investor eligible to invest in these Bonds in accordance with applicable law.
Listing	Proposed on the Wholesale Debt Market (WDM) Segment of BSE
Rating of the Instrument	Provisional CRISIL A+ (CE) with Stable outlook by CRISIL Ratings Limited for an aggregate amount upto INR 8,000 crores vide its letter dated 14.03.2022 Provisional IND A+ (CE) with Stable outlook by India Ratings & Research Private Limited for an aggregate amount upto INR 8,000 crores vide its letter dated 14.03.2022 Out of the above, amount of INR 3,951.20 crores were issued in March 2022. CRISIL & India Ratings have subsequently revalidated the rating for the balance amount of INR 4,048.80 crores vide letters dated 12.09.2022 & 09.09.2022 respectively.
Issue Size	Rs. 500 crore plus green shoe option to retain over-subscription up to Rs. 2,988 crore i.e. for an aggregate issue size of Rs. 3,488 crore
Minimum Subscription	INR 80 lakhs (comprising 1 bond of INR 10 lakhs Face Value in each Sub-Series A to H) and in multiples thereof.
Option to retain oversubscription amount (Amount)	Green shoe option to retain over-subscription of INR 2,988 crore i.e. for an aggregate issue size of INR 3,488 crore.
Objects of the issue / purpose for which there is requirement of funds	The net proceeds out of the issue after deduction of issue related expenses would be used by issuer for augmenting the long term resources of the Company for meeting their gross operational funding and working capital requirements.
Details of the utilization of the Proceeds	As mentioned above
Coupon Rate / Dividend Rate	9.95%
Step Up/Step Down Coupon Rate	Not applicable
Coupon/ Dividend Payment Frequency	Quarterly
Coupon/Dividend payment dates (Cumulative / non-cumulative, in case of dividend)	First coupon would be paid on 30 th December 2022 & thereafter as on dates stipulated in the Information Memorandum
Coupon Type (Fixed, floating or other structure)	Fixed

Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc.)	Not applicable																														
Day Count Basis	Actual / Actual																														
Interest on Application Money	Not applicable																														
Default Interest Rate	<p>Including but not restricted to the following:</p> <ul style="list-style-type: none"> • In case of default in payment of interest and/or principal redemption on the due dates, additional interest of @ 2% p.a. over the Coupon Rate will be payable by the issuer for the defaulting period on defaulted amount. • In the event the security stipulated is not created and perfected within the timelines as stipulated in the column titled 'Security', additional interest of 1% (one percent) per annum or such higher rate as may be prescribed by law, shall be payable on the principal amount of the Debt Securities till the date of perfection of the security interest. • In case of delay in listing beyond 4 (four) Business Days from the Issue Closing Date, the Company will pay additional interest of 1% p.a. over the Coupon Rate to the Bond Holders from the deemed date of allotment till the listing of Bonds. Further, the Company shall be permitted to utilise proceeds of its subsequent two privately placed issues, only after receiving final listing approval from the Stock Exchange. 																														
Tenor	<p>Series A to H, for tenor 2 years 6 months to 9 years 6 months, with equal quarterly redemption in each Series, with the first redemption scheduled in the 7th quarter</p> <table border="1"> <thead> <tr> <th>Sub-Series</th> <th>As %age of Issue</th> <th>Amount as per base issue size (INR in crore)</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>12.50%</td> <td>62.50</td> </tr> <tr> <td>B</td> <td>12.50%</td> <td>62.50</td> </tr> <tr> <td>C</td> <td>12.50%</td> <td>62.50</td> </tr> <tr> <td>D</td> <td>12.50%</td> <td>62.50</td> </tr> <tr> <td>E</td> <td>12.50%</td> <td>62.50</td> </tr> <tr> <td>F</td> <td>12.50%</td> <td>62.50</td> </tr> <tr> <td>G</td> <td>12.50%</td> <td>62.50</td> </tr> <tr> <td>H</td> <td>12.50%</td> <td>62.50</td> </tr> <tr> <td>Total</td> <td>100.00%</td> <td>500.00</td> </tr> </tbody> </table>	Sub-Series	As %age of Issue	Amount as per base issue size (INR in crore)	A	12.50%	62.50	B	12.50%	62.50	C	12.50%	62.50	D	12.50%	62.50	E	12.50%	62.50	F	12.50%	62.50	G	12.50%	62.50	H	12.50%	62.50	Total	100.00%	500.00
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Redemption Date	<p>The issue of Rs. 500 crore (plus green-shoe option of Rs. 2,988 crore i.e. for an aggregate amount of up to Rs. 3,488 crore) would comprise of 8 Sub-Series (A to H) as mentioned above of sequentially, redeemable bonds in equal quarterly amount.</p> <p>Each of the Sub-Series 'A' to Sub-Series 'H' would be redeemable in 4 equal quarterly instalments of 3.125% (Rs. 15.625 crore considering the base issue size) of the aggregate</p>																														

	issue size, with redemption of Sub-Series 'A' commencing from the end of 7 th quarter, Sub-Series 'B' commencing from the end of 11 th quarter and so on. Final Redemption Date - Monday, 22 March, 2032
Redemption Amount	At par (INR 10 Lakhs) per bond under each Sub-Series
Redemption Premium/ Discount	At par (INR 10 Lakhs) per bond under each Sub-Series
Issue Price	At par (INR 10 Lakhs) per bond under each Sub-Series
Discount at which such security is offered and the effective yield as a result of such discount.	Not applicable
Put Date	N.A.
Put Price	N.A.
Call Date	N.A.
Call Price	N.A.
Put Notification Time (Timelines by which the investor needs to intimate Issuer before exercising the put)	N.A.
Call Notification Time (Timelines by which the Issuer need to intimate investor before exercising the call)	N.A.
Face Value	Bonds under each Sub-Series would have a face value of INR 10 Lakhs each
Minimum Application and in multiples of thereafter	INR 80 lakhs (comprising 1 bond of INR 10 lakhs Face Value in each Sub-Series A to H) and in multiples thereof.
Issue Timing	10:00 A.M. to 12:30 P.M.
Issue Opening Date	October 04, 2022.
Issue Closing Date	October 04, 2022.
Date of earliest closing of the issue, if any	October 04, 2022.
Pay-in Date	October 07, 2022.
Deemed date of allotment	October 07, 2022.
Settlement mode of the Instrument	Demat only
Depository	National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL)
Disclosure of Interest / dividend / redemption dates	As mentioned in cash flow
Record date	15 days prior to each Coupon Payment 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.

<p>All covenants of the issue (including side letters, accelerated payment clause, etc.)</p>	<ol style="list-style-type: none"> 1. Unconditional and irrevocable guarantee from the Government of Uttar Pradesh for timely servicing of these bonds including providing quarterly funding support for bond servicing through budgetary allocation. 2. Debt Service Reserve Account to the extent of fully covering the servicing requirement of two quarters as liquidity support. 3. Default Escrow Covenant (Enumerated below) to take care of DSRA Impairment 4. Stipulation for invocation of Government Guarantee for impairment in DSRA to a level below the servicing requirement for the immediate servicing quarter.
<p>Description regarding Security (where applicable) including type of security (movable/ immovable/ tangible etc.), type of charge (pledge/ hypothecation/ mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover, revaluation, replacement of security interest to the debenture holder over and above the coupon rate as specified in the Debenture Trust Deed and disclosed in the Placement Memorandum</p>	<p>The bonds would be secured by way of</p> <ol style="list-style-type: none"> 1. Exclusive Charge on the UPPCL BOND SERVICING ACCOUNT SERIES II 2022 and on the amount transferred therein to be utilized only for servicing of the bonds on quarterly servicing dates. 2. Exclusive Charge on the UPPCL DEBT SERVICING RESERVE ACCOUNT BOND SERIES II 2022 and the funds lying there-in. 3. First charge on UPPCL DESIGNATED RECEIPT ACCOUNT BOND SERIES 2022 and UPPCL STATE GOVERNMENT FUNDING RECEIPT ACCOUNT BOND SERIES 2022 and any present and future amount, received by way of Government of Uttar Pradesh funding for servicing these bonds and on account of supply of power from Irrigation and Agriculture departments of the State to the extent of INR 600 crores per quarter. This first charge would be on pari-passu basis with the Bond Holders in the UPPCL State Government Serviced Bonds Series I/2022 and any further issuance for an aggregate issue amount not exceeding INR 8,000 crores. 4. Charge on the residual current assets including book debts and receivables of the company after taking into account the extent of prior charges created in favour of the existing secured lenders of the Issuer. The book value of such assets would provide 100% security cover on the outstanding bonds throughout its entire tenure. This charge in respect of the Series II Bonds would also be on pari-passu basis with the Bond Holders in the UPPCL State Government Serviced Bonds Series I/2022 and any further issuance for an aggregate issue amount not exceeding INR 8,000 crores. <p>No further encumbrance would be created on these current assets which in any way shall be senior to the charge of the bondholders mentioned above.</p> <p>Further, the receipts for supply of power from Irrigation & Agriculture departments of INR 600 crores per quarter flowing into UPPCL STATE GOVERNMENT FUNDING RECEIPT</p>

	<p>ACCOUNT BOND SERIES 2022 both present & future as well as assigned revenue inflows from urban division(s) (as applicable) (which are required to be deposited if the funds from the Irrigation & Agriculture departments is lower than the stipulated amount), to the extent of INR 600 crores per quarter would be hypothecated on pari-passu basis between the Bond Holders of Series II Bonds with the Bond Holders in the UPPCL State Government Serviced Bonds Series I/2022 and any further issuance for an aggregate issue amount not exceeding INR 8,000 crores</p> <p>The charges pertaining to all the above hypothecated assets would be filed with the office of the concern Registrar of Companies and other appropriate agencies.</p>
Transaction Documents	<ol style="list-style-type: none"> 1. Placement Memorandum, 2. Debenture Trustee Agreement 3. Debenture Trust Deed 4. Deeds of Hypothecation and other security documents 5. Deed of Guarantee along with continuation letter 6. Accounts Agreement & Funding Receipt Accounts Agreement 7. Board resolution authorising issue the Bonds and relevant shareholders resolutions 8. Consent of Debenture Trustee and Registrar 9. Security Documents for creation of charge 10. Tripartite agreements with NSDL and CDSL 11. Rating letters and Rating rationale 12. In-principle approval letter issued by BSE
Conditions Precedent to Disbursement	<p>Customary to such type of bond/ debenture issuance, including but not limited to:</p> <ol style="list-style-type: none"> 1. Certified copies of the Government Order (in English) certified by the Company 2. Certified copies of constitutional documents of the Issuer 3. Board resolution and shareholders' resolution for the Issue 4. Certificate from the Issuer providing confirmations 5. Execution of transaction documents that are to be executed before pay-in 6. Provisional rating letter 7. In principle approval from the stock exchanges 8. Depository arrangements with NSDL and CDSL and RTA 9. Due diligence (of security proposed to be offered) by Debenture Trustee and the certificate thereon 10. Creation of DSRA
Condition Subsequent to Disbursement	<ol style="list-style-type: none"> 1. Copies of all corporate actions allotting the bonds 2. Execution of Deed of Hypothecation 3. Execution of Debenture Trustee Deed 4. Creation of security within stipulated timelines 5. Security perfection 6. Filing of return of allotment with ROC 7. Within 30 (thirty) days of the Deemed Date of Allotment, providing a certificate from a chartered accountant in

	<p>relation to utilization of the Proceeds of the issue of the Bonds by the Company.</p> <ol style="list-style-type: none"> 8. Within 4 (four) trading days from the Issue Closing Date, obtaining the final listing approval from the Stock Exchange and listing the Bonds on the wholesale debt market segment of the relevant Designated Stock Exchange. 9. Credit of bonds in the demat accounts of the Bond Holders 10. Others as shall be detailed in the Debenture Trust Deed
Event of Default (including manner of voting /conditions of joining Inter Creditor Agreement)	<ol style="list-style-type: none"> 1. Non-payment of any bond servicing obligation on due date. 2. Any failure on behalf of Issuer to perform or comply with one or more of its material obligations in relation to the bonds issued in pursuance of terms and conditions stated in the Disclosure Document, Debenture Trust Deed, Deed of Guarantee, Debenture Trustee Agreement and all other transaction documents which in opinion of the Trustee is incapable of remedy. 3. Failure by the Government of Uttar Pradesh to provide timely funding support through necessary provisions in the annual State Budget, for any 3 consecutive servicing cycles throughout the tenure of the bonds. 4. Failure to honour invocation of Government of Uttar Pradesh Guarantee for DSRA replenishment within stipulated timelines. 5. Application for initiation of any insolvency proceedings against the Issuer under any applicable bankruptcy / insolvency / winding up or other similar law (including the IBC) filed any time during the pendency of the bonds and not stayed or dismissed within 7 days from the date of such filing. 6. Other events of default which are typical for transactions of this nature and/or set out in the Debenture Trust Deed 7. Occurrence of event of default under UPPCL State Government Serviced Bonds Series I/2022.
Creation of recovery expense fund	The Issuer has created the Recovery Expense Fund for a maximum limit of INR 25,00,000 (Indian Rupees Twenty-Five Lakh) in accordance with the SEBI REF Circular with the BSE Limited.
Conditions for breach of covenants (as specified in Debenture Trust Deed)	Conditions amounting to breach of covenants, their cure period, breaches which constitute Events of Default and their consequences shall be as mentioned in the Debenture Trust Deed
Provisions related to Cross Default Clause	Not Applicable
Role and Responsibilities of Debenture Trustee	As per SEBI (Debenture Trustees) Regulations, 1993, SEBI NCS Regulations, Companies Act, the simplified listing agreement(s), the Debenture Trust Deed, the Debenture Trustee Agreement or other SEBI circulars, notifications, regulations, as applicable, each as amended from time to time

Risk factors pertaining to the Issue	Detailed in the Placement Memorandum
Governing Law and Jurisdiction	The Bonds are governed by and shall be construed in accordance with the Indian laws. Any dispute arising thereof will be subject to the exclusive jurisdiction of Uttar Pradesh (unless otherwise specified in the respective Transaction documents)
SEBI Electronic Book Mechanism Guidelines	The final subscription to the Bonds shall be made by the Eligible Investors through the electronic book mechanism as prescribed by SEBI under the SEBI Electronic Book Mechanism Guidelines by placing bids on the electronic book platform during the Issue period. Minimum Bid Lot: INR 80 lakhs (comprising 1 bond of INR 10 lakhs Face Value in each Sub-Series A to H) and in multiples thereof. Manner of bidding: Closed Book Manner of Allotment: Uniform Price Manner of Settlement: Through ICCL Settlement Cycle: T+2 (T = Bidding date i.e. October 4, 2022)
Government Guarantee	The Government of Uttar Pradesh has provided an unconditional and irrevocable guarantee for all payment obligations in respect of servicing of the bonds (principal plus applicable interests and charges) being issued by UPPCL. The Issuer has issued bonds with a principal amount of (i) INR 3951.20 crores in March 2022; The present issue of bonds will be for an aggregate principal amount of (ii) INR 3,488 crores; and any other subsequent issue to the extent that the total principal amount including (i) and (ii) shall not exceed INR 8000 crores.
Servicing from Government of Uttar Pradesh	Additionally, the Government of Uttar Pradesh, through budgetary allocation has committed to provide quarterly funding support for servicing of these bonds, <i>pro rata</i> in respect of the multiple series of bonds issued by UPPCL from time to time, the aggregate principal amount of such series of issuances not exceeding INR 8000 crores.
Business Day Convention	If the coupon payment date falls on a Sunday or a holiday, the coupon payment shall be made on the next working day. However, the dates of the future payments would continue to be as per the schedule originally stipulated in the offer document. If the maturity date of the debentures, falls on a Sunday or a holiday, the redemption proceeds shall be paid on the previous working day. If a leap year (i.e. February 29) falls during the tenor of the debentures, then the number of days shall be reckoned as 366 days (actual/ actual day count convention) for the entire year, irrespective of whether the interest/ dividend is payable annually, half yearly, quarterly or monthly.

UPPCL Bond Servicing Account	<p>The Issuer would be required to open a designated escrow account - “UPPCL BOND SERVICING ACCOUNT SERIES II 2022” exclusively for the benefit and charged to the Debenture Trustee (on behalf of the bondholders of this Series). In case of further series of issuances, the Issuer shall open similar accounts (Series III, Series IV, etc.).</p> <p>This is a Regular Escrow Account and all funds in this account would be solely utilized for bond servicing throughout the tenor of the bonds.</p>
Debt Service Reserve Account (DSRA)	<p>The Issuer would be required to open a designated escrow account - “UPPCL DEBT SERVICING RESERVE ACCOUNT BOND SERIES II 2022” exclusively for the benefit and charged to the Debenture Trustee (on behalf of the bondholders). In case of further series of issuances, the Issuer shall open similar accounts (Series III, Series IV, etc.)</p> <p>An amount equivalent to the total servicing obligation (Principal & Interest) of the outstanding bonds for the next 2 quarters would need to be maintained by the Issuer in the DSRA account on rolling basis and the initial DSRA amount so calculated would need to be deposited atleast one day prior to the date of pay in.</p> <p>Prior to commencement of principal redemption (from the end of 7th and 8th quarter), the DSRA would need to be suitably augmented within 15 days after the expiry of the 5th and 6th quarter to take care of this enhanced servicing liability.</p> <p>Further, as the servicing liability would progressively come down after the peak, the Issuer would be permitted to take out the excess amount from DSRA progressively under intimation to the Debenture Trustee, subject to no unresolved breach of any covenant.</p> <p>The DSRA would be in the form of cash or cash equivalent (investment in Permitted Instruments and would remain escrowed in favour of the Debenture Trustee).</p>
Permitted Investments	<p>The funds in this Escrow Account and DSRA till such time being utilized would be allowed to be invested in permitted investments i.e. (i) Fixed Deposits with Scheduled Commercial Banks with a minimum Credit Rating of AA, and/ or (ii) in units of liquid mutual funds having the highest possible investment grade rating. These investments are to be pledged in favour of the Debenture Trustee.</p> <p>These investments would be made & liquidated by the Debenture Trustee as per the instruction of the issuer from time to time. However, any investment of funds of Bond Servicing Account other than in Bank FDs would be compulsorily liquidated by the Trustee on T-3 days if not liquidated earlier. The investment in Bank FDs, out of funds lying in UPPCL</p>

	<p>BOND SERVICING ACCOUNT SERIES II 2022 should have a maturity date at least 1 day prior to the next bond servicing date.</p> <p>Similarly, in case of any shortfall persisting in the UPPCL BOND SERVICING ACCOUNT SERIES II 2022 on T-9 days, the trustee should ensure availability of adequate funds to meet such shortfall in cash form in the DSRA, if required, through need-based liquidation of investments.</p>
Collateral Support Structure	<p>The bonds would have further collateral support, by way of Unconditional & Irrevocable guarantee as a continuing obligation, of the Government of Uttar Pradesh as a principal debtor & not merely as a surety.</p> <p>Further, the Deed of Guarantee should also specifically provide for funding support by the Government of Uttar Pradesh for quarterly servicing of the bonds to be made available between 45 and 15 days prior to the relevant quarterly bonds servicing date.</p>
Default Escrow Account	<p>The Issuer has already opened a designated bank account “UPPCL STATE GOVERNMENT FUNDING RECEIPT ACCOUNT BOND SERIES 2022”.</p> <p>The Government of Uttar Pradesh has undertaken to provide necessary funds for quarterly servicing of these bonds for an aggregate amount of INR 8,000 crores on a continuing basis till the final redemption. In terms of the above, the Government of Uttar Pradesh would provide funding support to the Issuer for the present series (Series II) and any subsequent issue of bonds (if any) along with the Series I bonds issued earlier in March 2022, to meet the quarterly servicing obligations in each quarterly payout cycle anytime between 45 and 15 days prior to the bonds servicing date (T-45 to T-15) which would get credited to this account. The amount pertaining to the present series (Series II) out of the aggregate funding support would be transferred to the UPPCL BOND SERVICING ACCOUNT SERIES II 2022 to the extent required as mentioned under Structured Payment Mechanism. This funding support would be by way of Budgetary Allocation from the Government of Uttar Pradesh and would form an integral part of the Deed of Guarantee.</p> <p>Further, the Issuer has been receiving on an average an amount of around INR 4,000 crores per annum for supply of power from irrigation & agriculture departments of Government of Uttar Pradesh in varying monthly instalments. At present the quarterly receipt is around INR 1,000 crores. The issuer would be required to give an undertaking that out of the above, an amount of INR 600 crores per quarter would directly get credited (by way of an irrevocable standing instruction) to UPPCL STATE GOVERNMENT FUNDING RECEIPT ACCOUNT BOND SERIES 2022 throughout the tenure of the</p>

	<p>bonds.</p> <p>The Issuer would be required to give an undertaking that the said account would be kept free of any encumbrance at all points of time. In the event of certain specified conditions, the Debenture Trustee will have a right to create escrow on such account.</p> <p>The Issuer would be required to inform the Debenture Trustee the amount of quarterly flow of funds received from the Government of Uttar Pradesh as mentioned above through this account at the end of every quarter along with the bank statement of the account supporting the same.</p> <p>In the event the flow of such funds from the Irrigation & Agriculture departments is found to be less than INR 500 crores per quarter on an average for any 2 consecutive quarters, the Issuer would be required to assign the revenue flow from one or more of urban division(s) of any of the DISCOMs to this account so as to restore the quarterly fund flow to atleast INR 600 crores. The revenue flow from these division(s) should be free from any kind of encumbrance. These additional receivables, when assigned would also need to be hypothecated in favour of the Debenture Trustee in the same manner as stipulated above. An irrevocable, legally binding undertaking to this effect would be obtained from the Issuer.</p> <p>Any amount, both present and future, received by way of Government of Uttar Pradesh funding for servicing of these bonds and on account of supply of Power from Irrigation and Agriculture Departments to the extent of INR 600 crores per quarter and flowing through UPPCL STATE GOVERNMENT FUNDING RECEIPT ACCOUNT BOND SERIES 2022, would remain hypothecated in favour of the Debenture Trustee. The charge would be filed with the office of the concern Registrar of Companies and other appropriate agencies. This charge in respect of the Series II Bonds would be on a pari passu basis with the existing bond holders of the Series I Bonds and bond holders of any Additional Proposed Bonds subject to the aggregate limit of INR 8,000 crores.</p> <p>Further the amount in this account would be available proportionately towards the debt service requirements for the present series (Series II) along with the earlier issued 'UPPCL State Government Serviced Bonds Series I/2022' and future issuances, if any, subject to the aggregate limit of INR 8,000 crores.</p>
Structured Payment Mechanism	All the collections from the various divisions are transferred to the bank accounts of UPPCL – UPPCL Receipt Accounts.

The Issuer would identify/ create one such receipt account with any particular bank- UPPCL DESIGNATED RECEIPT ACCOUNT BOND SERIES 2022 where there would be a flow of atleast INR 9 crores on every working day for the maximum issue size of INR 8,000 crores which should be free from any encumbrance/ escrow from any of the existing/future lenders or creditors.

In terms of the above, the company is presently maintaining a daily cash flow of INR 4.45 crores in respect of bonds of INR 3951.20 crores issued under 'UPPCL State Government Serviced Bonds Series I/2022'. This amount would need to be augmented by a further amount of INR 3.96 crores to take care of the bonds issued under the present series (Series II Bonds).

The issuer would undertake that starting from the 1st day of each quarter, it would remit on every working day an amount, to UPPCL BOND SERVICING ACCOUNT SERIES II 2022 from the said UPPCL DESIGNATED RECEIPT ACCOUNT BOND SERIES 2022 on first priority basis (proportionate and pari-passu with the bonds issued under the Series I Bonds) by way of an irrevocable standing instruction to the concerned bank, such that the entire fund required for servicing the debt obligation of these bonds falling due on the next servicing date gets built up within a period of 75 days (T-15) i.e. 15 days prior to the quarterly servicing date. Shortfall of transfer, if any, on any particular day would get cumulated & carried forward to the next day on a rolling basis. The issuer would be free to utilize on a daily basis the balance amount, if any, remaining in the account after effecting such transfer with intimation to Debenture Trustee.

In terms of the Deed of Guarantee, the Government of Uttar Pradesh would be providing funding support for servicing of the bonds by way of requisite fund infusion in the UPPCL STATE GOVERNMENT FUNDING RECEIPT ACCOUNT BOND SERIES 2022 anytime between 45 and 15 days prior to every quarterly bond servicing date on similar lines as is being provided for the bonds issued under 'UPPCL State Government Serviced Bonds Series I/2022'. The Issuer would need to give an undertaking that on receipt of the said funds, it would immediately transfer the requisite funds to UPPCL BOND SERVICING ACCOUNT SERIES II 2022 on next working day to ensure full build-up of servicing amount for the next payout date. Thereafter, no daily transfer of funds would be required and the balance amount out of Government of Uttar Pradesh funding would be available to the Issuer for its regular use.

The Debenture Trustee should independently monitor the adequacy of collection in the UPPCL BOND SERVICING

	<p>ACCOUNT SERIES II 2022 on T-14th day and inform the Uttar Pradesh Government of Uttar Pradesh and, through written communication, to fund the short-fall if any by T-10th day in terms of their obligation for providing servicing support in terms of the Deed of Guarantee. This should also be intimated to the concerned Credit Rating agencies.</p> <p>In the event of such shortfall in UPPCL BOND SERVICING ACCOUNT SERIES II 2022 not getting fully bridged through payments by Government of Uttar Pradesh by T-10th day, the Debenture Trustee would call upon the Government of Uttar Pradesh Guarantee on T-9th day for failure of providing timely funding support and to immediately make good such shortfall latest by T-3rd day. The Deed of Guarantee has specifically provided for this funding obligation on the part of the Government of Uttar Pradesh in respect of bonds for an aggregate amount of INR 8,000 crores. Accordingly, the State Government would be required to fund any shortfall in UPPCL BOND SERVICING ACCOUNT SERIES II 2022 within stipulated timelines when called upon by the Debenture Trustee in line with its commitment for providing financial support for servicing of these bonds.</p> <p>On T-2nd day, if the shortfall still persists, then Debenture Trustee would meet such shortfall by transferring funds from the UPPCL DEBT SERVICING RESERVE ACCOUNT BOND SERIES II 2022 and make the necessary payments to the Bond Holders on the due date.</p> <p>However, the T-9th day notice to the Government of Uttar Pradesh to fund the shortfall would continue to remain active and if such funding is received subsequently, the same shall be transferred to UPPCL DEBT SERVICING RESERVE ACCOUNT BOND SERIES II 2022 to make good the impairment.</p> <p>Further, such notice(s) to the Government of Uttar Pradesh would continue to get served if required, as per the same timelines for subsequent and future servicings. If any overdues on account of past servicing from UPPCL DEBT SERVICING RESERVE ACCOUNT BOND SERIES II 2022 continues to remain, then such overdue amount would be added in the subsequent notice.</p> <p>If any of the milestone days mentioned in the T-structure above happens to be a holiday/ bank's closing day, the immediate preceding bank working day would be the deemed date for execution of the relevant action.</p>
Remedial Action Consequential to Impairment of DSRA	<p>In the event of any impairment of DSRA:</p> <p>(i) the escrow mechanism on UPPCL DESIGNATED RECEIPT ACCOUNT BOND SERIES 2022 and</p>

	<p>UPPCL STATE GOVERNMENT FUNDING RECEIPT ACCOUNT BOND SERIES 2022 would get activated on the next working day through an instruction from the Debenture Trustee to the concerned bank to the effect that all funds available/ received would get immediately transferred to UPPCL DEBT SERVICING RESERVE ACCOUNT BOND SERIES II 2022.</p> <p>(ii) all amounts lying to the credit of the UPPCL BOND SERVICING ACCOUNT SERIES II 2022 shall be transferred to the UPPCL DEBT SERVICING RESERVE ACCOUNT BOND SERIES II 2022 on an ongoing basis until the DSRA is replenished. Until such time the Issuer will not be entitled to utilize any cashflows available into the UPPCL DESIGNATED RECEIPT ACCOUNT BOND SERIES 2022.</p> <p>This would remain in force till such time the DSRA gets fully replenished and the full requisite amount for servicing of the bonds for the next quarterly payout date gets built-up in the UPPCL BOND SERVICING ACCOUNT SERIES II 2022. This arrangement would be on pari-passu, proportionate and on similar lines as is presently in force in respect of bonds issued under ‘UPPCL State Government Serviced Bonds Series I/2022’.</p>
<p>Remedial Action for shortfall in DSRA built-up</p>	<p>The Issuer should get the DSRA enhanced within 15 days after the expiry of 5th and 6th quarter for an amount equivalent to the total servicing obligation (Principal & Interest) of the outstanding bonds for the next 2 quarters. In the event the DSRA enhancement not getting completed within the timeline stipulated above the Debenture Trustee on the next working day would activate the escrowing mechanism on the UPPCL DESIGNATED RECEIPT ACCOUNT BOND SERIES 2022 and UPPCL STATE GOVERNMENT FUNDING RECEIPT ACCOUNT BOND SERIES 2022 through a written instruction to the concerned banker to the effect that all funds available/ received would get immediately transferred to DSRA. This would remain in force till the full augmentation of DSRA gets completed. This measure again would be in pari-passu, proportionate and on similar lines as is being available for bonds issued under ‘UPPCL State Government Serviced Bonds Series I/2022’.</p> <p>Simultaneously, the Debenture Trustee would also intimate the Government of Uttar Pradesh and request to ensure suitable DSRA augmentation within a period of next 15 days if the buildup is not completed through a flow of funds from the UPPCL STATE GOVERNMENT FUNDING RECEIPT ACCOUNT BOND SERIES 2022.</p>

<p>Invocation of Government of Uttar Pradesh Guarantee for Shortfall in DSRA</p>	<p>In case of any event, on any payout date (T_i) leading to the funds available in DSRA being lower than the servicing requirement for the immediate next servicing date ($T_i + 90$), a final notice would be served to the Government of Uttar Pradesh on the next working day ($T_i + 1$). It would state the intention to invoke the Government of Uttar Pradesh Guarantee in case the situation is not remedied within the next 10 days ($T_i + 11$).</p> <p>If the irregularity continues beyond the above timeline, the Debenture Trustee shall invoke the Government of Uttar Pradesh Guarantee on the next working day ($T_i + 12$) to the extent of such shortfall in DSRA from the stipulated level.</p> <p>Such invocation of Government of Uttar Pradesh Guarantee can be made any number of times throughout the tenure of the bonds if the situation so warrants.</p>
<p>Remedies</p>	<p>In the event of occurrence of the EOD mentioned above, the Debenture Trustee shall</p> <ol style="list-style-type: none"> 1. Initiate legal recourse against the issuer for recovery of dues. 2. Give a final notice to the Government of Uttar Pradesh clearly stating its intention to invoke the Guarantee and enforce its rights under the Deed of Guarantee if the situation persists for a period of more than 15 working days from the date of such notice. <p>Upon continuation of such event, beyond the time stipulated above, the Debenture Trustee shall invoke the Security and Guarantee of the Government of Uttar Pradesh on the next working day.</p> <p>The invocation of Security and Guarantee for any default would cover the entire liabilities remaining outstanding in these bonds.</p> <p>The escrowing rights on the UPPCL STATE GOVERNMENT FUNDING RECEIPT ACCOUNT BOND SERIES 2022 and the UPPCL DESIGNATED RECEIPT ACCOUNT BOND SERIES 2022 of the issuer by way of daily transfer of available funds to UPPCL BOND SERVICING ACCOUNT SERIES II 2022 would continue to remain active and operational till all the outstanding liabilities get settled.</p>
<p>Debenture Trustee</p>	<p>Beacon Trusteeship Limited</p>
<p>Registrar & Transfer Agent (RTA)</p>	<p>Beetal Financial & Computer Services Private Limited</p>

Notes: