

Mr. Sandeep Modi
Executive Director (Finance),
Chhattisgarh State Power Distribution Company Limited,
6, Vidyut Sewa Bhavan, Dangania,
Raipur, Chhattisgarh – 492 013
Tel: 077-2574340

March 10, 2015

Kind Attn: Mr. Sandeep Modi, Executive Director (Finance).

Dear Sir,

Re: Chhattisgarh State Power Distribution Company Limited's (CSPDCL) INR5bn regular return bond issue guaranteed by Government of Chhattisgarh (GoCG).

India Ratings (see definition below) assigns the following [Expected] ratings, subject to receipt of final transaction documents:-

- INR5bn regular return bond issue: IND A(SO)(exp)

Details of the issue mentioned in the Annexure

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of India Ratings' factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings' ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.



India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

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It will be important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

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In this letter, "**India Ratings**" means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact the undersigned at +91 22 4000 1700.

Sincerely,



Rakesh Valecha
Senior Director



Ananda Bhoumik
Senior Director

Annexure 1: Bond Issue Details

Bonds Structure	
Instrument	Non-convertible, redeemable, taxable, regular return bonds in the nature of debentures
Issue Size	INR5,000m (INR2,500m with green-shoe option of INR2,500m)
Minimum application Size and face value of each Bond	The application size would be one bond having Face Value of INR10m or multiple thereof.
Tenure	20 years
Redemption	At par @ 5% at the end of 6th, 7th, 8th, 9th, 10th, 11th, 12th, 13th, 14th & 15th year and 10% at the end of 16th, 17th, 18th, 19th and 20th year each from deemed date of allotment.
Interest Payment	Semi-Annually starting from the end of six months from deemed date of allotment.
Guarantee	The bonds will be secured by structured payment mechanism backed by Unconditional and Irrevocable Guarantee of the State Government of Chhattisgarh. The guarantee is for the timely repayment of principal and interest and will remain in force till all the bonds issued by Chhattisgarh State Power Distribution Company Limited pursuant to this are redeemed.
Listing	The Bonds will be Listed on the National Stock Exchange of India (NSE)/BSE Limited.
Dematerialization	The bonds will be admitted on National Securities Depository Limited and/ or Central Depository Services (India) Limited for Dematerialization.
Structured Payment Mechanism	CSPDCL will open an escrow account for servicing the interest obligations and redemption of bonds. The company will also appoint a trustee to bondholders. If CSPDCL does not deposit desired funds in the designated escrow account four days in advance from the due date, GoCG will provide the necessary funds in the designated escrow account three days in advance of due date of payment failing which the debenture trustee will have the right to invoke the government guarantee. Interest and principal payment would be serviced through RTGS/NEFT to those bondholders whose names appear in the list of beneficial owners given by the depositories to the company as on record date.
Source: CSPDCL	

