

04th January, 2023**To,**

The Bondholders of ISIN INE847E09029,
INE847E08DK6, INE847E08DM2, INE847E08DN0,
INE847E08DO8, INE847E08DP5 & INE847E08DQ3

Dear Sir/Madam,

**Andhra Pradesh Power Finance Corporation Ltd (“Issuer”/ “Company”)
Event of Default under the Modification-Cum-Accession Agreement (“Agreement”)
executed from time to time.**

We refer to the various Modification-Cum-Accession Deed dated 13th July 2017 entered between the Company, State Bank of India, and SBICAP Trustee Company Limited (“STCL” / “Debenture Trustee”) and Modification-Cum-Accession Agreement dated 24th November 2017 entered between Company, State Bank of India, The Governor of Andhra Pradesh and STCL vide which the Company has issued Listed, Unsecured, Non-convertible, Taxable Bond (“NCDs”) aggregating to Rs. 5650.50 crores bearing ISIN INE847E09029, INE847E08DK6, INE847E08DM2, INE847E08DN0, INE847E08DO8, INE847E08DP5, INE847E08DQ3.

The payment of interest on the Bonds issued under ISIN INE847E08DO8 and INE847E08DN0 was due on 01.01.2023.

Vide email dated 31.12.2022 (copy enclosed for information), the Company has informed us that it has partially defaulted in payment of interest due on 01.01.2023 on the Bonds issued under the ISIN INE847E08DO8 (i.e, Company has paid its share of the interest on 30.12.2022 but has defaulted in payment of the share of Telangana Power Finance Corporation Ltd).

The Government of Andhra Pradesh has offered an unconditional guarantee for servicing of Interest and Redemption to the Bondholders.

In view of the above and considering the earlier defaults/delay in payments failure to create the Recovery Expenses Fund and has not submitted the Quarterly and Half Yearly Compliance, as also the Company has unilaterally decided to make the payment of due interest and repayment of principal to some of the bond holders and the Company has informed that the unpaid / remaining bond holders will be paid by Telangana State Power Finance Corporation Limited (“TSPFCL”) as per the understanding between the Company and TSPFCL, without obtaining the specific consent of the bond holders or the bond trustee, it is proposed to convene an ISIN-wise virtual meeting of the bondholders on 25.01.2022 from 03:00 PM onwards under ISIN INE847E09029, INE847E08DK6, INE847E08DM2, INE847E08DN0, INE847E08DO8, INE847E08DP5, INE847E08DQ3 for considering whether: -

- A. Positive consent for proceeding with the enforcement of the security i.e., the Government Guarantee; or
- B. Negative consent for proceeding with the enforcement of security i.e., the Government Guarantee; or
- C. Positive consent for signing the Inter Creditor Agreement (ICA);
- D. Such other action as may be decided by the Bondholders in the meeting.

Further, it may be noted that the enforcement of security by the Bond Trustee will be undertaken only upon the passing of the resolution as mentioned at item no. 1 above, by the Bondholders representing not less than 75% of the outstanding Bonds by value and 60% of the Bond Holders by the numbers per ISIN wise.

However, please note that in case the default is cured before the date of the proposed meeting, then the meeting shall stand canceled.

The voting link is proposed to be opened w.e.f. 16.01.2023 and will be closed by 25.01.2023 details of which will be shared and hosted on our website.

The Bond holders are also permitted to cast their vote through offline mode i.e. by mailing to the email id dt@sbicaptrustee.com vide registered email id of the Bondholders along with the Letter of Authority.

We once again urge upon the Bondholders to ensure that the e-mail ID, with appropriate authority to cast e-vote, is registered with the RTA / DP on a priority basis, so that proper email IDs appear in BENPOS and quick communications.

Further, the meeting link will be provided shortly and the same will also be hosted on our website <https://sbicaptrustee.com/> Bondholders are advised to regularly visit our website for updates in the matter.

Important Note: The Bondholders shall ensure that they have valid POA/Board resolution for E-Voting and attending the meeting.

For SBICAP Trustee Company Limited



Authorised Signatory

