



नॉर्थ ईस्टर्न इलेक्ट्रिक पावर कॉर्पोरेशन लि.  
(भारत सरकार का उधम)



NORTH EASTERN ELECTRIC POWER CORPORATION LTD.  
(A Government of India Enterprise)

पंजीकृत कार्यालय: ब्रुकलैंड कम्पाउंड, लोअर न्यू कॉलोनी, शिलांग-793003  
Registered Office: Brookland Compound, Lower New Colony, Shillong - 793 003

कंपनी सचिव का कार्यालय  
OFFICE OF THE COMPANY SECRETARY

File No. CS/56/ 43

दिनांक/ Dated 13.04. 2016

सेवा में / To

All Shareholders,

### NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an **Extraordinary General Meeting of the Shareholders** of North Eastern Electric Power Corporation Ltd. will be held at the **Conference Room of NEEPCO Office, 15, NBCC Tower, Bhikaji Cama Place, New Delhi – 110 066** on **Tuesday, 10<sup>th</sup> day of May, 2016** from 4:30 P.M. to transact the following business:

#### SPECIAL BUSINESS:

1. **MOBILIZATION OF RS.1500.00 CRORE LONG TERM BORROWING FOR FUNDING THE CAPITAL EXPENDITURE OF THE CORPORATION**

Order of the Board

(Chiranjeet Sharma)

Company Secretary-cum-LA

#### NOTE:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013 IN RESPECT OF THE BUSINESS SPECIFIED ABOVE IS ANNEXED HEREWITH

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सीआईएन/CIN - U40101ML1976GOI001658

**EXPLANATORY STATEMENT****ITEM NO.:1****MOBILIZATION OF Rs.1500.00 CRORE LONG TERM BORROWING FOR FUNDING THE CAPITAL EXPENDITURE OF THE CORPORATION**

The construction of the Kameng HEP, Tuiriial HEP and Pare HEP is now progressing in full swing and the Revised Cost Estimates (RCEs) for these projects are presently under active finalisation by the MoP. Pending approval of the RCEs the MoP is unlikely to release any further equity as it has already released the entire eligible equity as per the existing approved cost for these projects. Consequently, until the approval of the RCEs, uninterrupted flow of funds to these projects has to be maintained from its internal resources and market borrowings during the remaining construction period so as to ensure that their commissioning schedule can be achieved.

During the current FY, the Corporation has already diverted more than Rs.300 crore from its internal resources for these hydro projects (i.e. Kameng HEP, Tuiriial HEP and Pare HEP) which will need to be recouped as it has considerable equity contribution commitments for its projects under Survey & Investigation, its RE projects and Joint Ventures as well as the RE commitment of 2500 MW.

The following statement shows the internal resources (provisional) incurred upto March, 2016:

Sl.	Particulars	Amount in Rs. crore
1.	Kameng H.E.P.	360.46
2.	Pare H.E.P.	84.09
3.	Tuiriial H.E.P.	91.88
4.	Survey & Investigation	123.07
5.	Joint Ventures Projects	72.95
6.	RE projects (on-going)	10.62
7.	Capex on O&M projects	177.17
	<b>TOTAL</b>	<b>920.24</b>

The following are the details of funding for the Kameng HEP, Tuiriial HEP and Pare HEP:

Particulars	<i>Rs. in crore</i>			
	Kameng H.E.P.	Pare H.E.P.	Tuiriial H.E.P.	Total
<b>Revised Cost Estimate (proposed):</b>	<b>6179.96</b>	<b>1262.27</b>	<b>1381.71</b>	<b>8823.94</b>
• Eligible Equity	1853.99	378.68	207.26	2439.93
• DONER Grant	-	-	300.00	300.00
• Subordinate Loan	-	-	291.96	291.96
• Loan / ECB required	4325.97	883.59	582.49	5792.05
<b>Amounts funded as on 31<sup>st</sup> January, 2016:</b>				
Equity	775.70	172.20	137.04	1084.94
DONER Grant	-	-	259.88	259.88
Subordinate Loan	-	-	291.96	291.96
Loan / ECB	3438.63	738.32	184.63	3623.26
<b>Total funds received</b>	<b>4214.33</b>	<b>910.52</b>	<b>873.51</b>	<b>5998.36</b>
<b>Balance to be funded as on date:</b>				
Equity	1078.29	206.48	70.22	1354.99
DONER Grant	-	-	40.12	40.12
Subordinate Loan	-	-	0.00	0.00
Loan / ECB	887.34	145.27	397.86	1430.47
<b>Total</b>	<b>1965.63</b>	<b>351.75</b>	<b>508.20</b>	<b>2825.58</b>

Thus, as per the proposed RCEs, an additional amount of Rs.1430.17 crore of Loan/ECB will be required for the on-going projects.

The cash-flow projections for the first quarter of 2016-17 show that by the end of May, 2016 the Corporation will only have around Rs.50 crore available to fund its construction projects. Hence, the Corporation will need to raise funds from the market at least by May, 2016. Further, as done in the earlier years, it is required to keep in place a blanket approval of the Board and the Shareholders for FY 2016-17 so that funds can be raised as and when needed throughout the year.

In this regard, it is proposed to seek the approval of the Shareholders for raising an amount of **Rs.1500 crore** during the FY 2016-17 either through either privately placed PSU Bonds, long term INR loan(s) from Financial Institutions or Foreign Currency Loan(s) depending upon evaluation of the market circumstances from time to time. It may be mentioned here that PSU Bonds (i.e. Non Convertible Debentures) have been the cheapest source of borrowing for NEEPCO and would be the preferred route provided the present credit rating of “AA” continues to be assigned by the credit rating agencies. As per existing rules, Provident Fund Trusts and Pension Trusts can only invest in Bonds with rating of “AA” and above.

In case of mobilisation of funds through privately placed PSU Bonds during 2016-17, it is required to seek the approval of the Shareholders (as per the Companies (Prospectus and Allotment of Securities) Rules, 2014 notified on 27<sup>th</sup> March, 2014). The tentative Termsheet in case of issue of such Bonds is as follows:

1. Instrument	Secured, Redeemable Non-Convertible Taxable Bonds in the nature of Debentures
2. Face Value	Rs.10,00,000 per Bond
3. Tenure	10 years / 15 years
4. Redemption	Bullet / Staggered during the last ____ years
5. Redemption Value	_____% of the Face Value
6. Security	First pari-passu charge on fixed assets of the Corporation with minimum asset cover of 100% during the tenure of the Bonds.
7. Rate of interest	Prevailing 10-Year G-Sec rate plus 125 bps (approximately)
8. Interest payment	Semi-annual / Annual

The proposed borrowings of Rs.1500 crore are to be secured by way of mortgage/hypothecation of the Corporation’s fixed assets. In view of Section 180(1) of the Companies Act, 2013, a **special resolution** of the Shareholders will also be required for creation of security for the proposed borrowings.

None of the Directors or Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, financially or otherwise, in the resolution.

The Board of Directors in its 220<sup>th</sup> Board Meeting held on 15<sup>th</sup> February, 2016 has recommended the following resolution for the approval of the shareholders.

**DRAFT RESOLUTIONS:**

Resolved that mobilisation of Rs.1500 crore during 2016-17 for the various on-going projects of the Corporation in the form of Redeemable Non-Convertible Taxable Debentures / NEEPCO PSU Bonds is hereby approved in terms of Rule No.14 (2)(a) of Chapter 3 of the Companies (Prospectus and Allotment of Securities) Rules, 2014.

Resolved that creation of security by way of mortgage and/or hypothecation of the assets of the Corporation for providing security to the Bondholders of the NEEPCO PSU Bonds aggregating Rs.1500.00 crore to be raised during 2016-17 is hereby approved in terms of Section 180(1)(a) of the Companies Act, 2013.

# ROUTE MAP FOR VENUE OF EXTRAORDINARY GENERAL MEETING OF NEEPCO LTD.

