



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

No.CS / 55 (43rd AGM) / 281

Date: 29-08-2019

NOTICE FOR THE 43RD ANNUAL GENERAL MEETING

To,
All Shareholders
All Directors
Auditors
Debenture Trustees

Notice is hereby given that the 43rd Annual General Meeting of the Shareholders of North Eastern Electric Power Corporation Ltd. will be held at the Board Room of NEEPCO Office, 15 NBCC Tower, Bhikaji Cama Place, New Delhi – 110066, on Tuesday, 24th September, 2019, from 5:00 P.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements (including Consolidated Financial Statements) of the Company for the financial year ended 31st March 2019, together with the Board's Report, the Report of Auditors' thereon and Comments of the Comptroller & Auditor General of India.
2. To note the payment of Interim Dividend and declare Final Dividend for the financial year 2018-19.
3. To fix the remuneration of the Statutory Auditors for the year 2019-20.

SPECIAL BUSINESS:

4. To ratify the remuneration of the Cost Auditors for the financial year 2019-20 and in this regard to consider and if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013, M/s Bandyopadhyay Bhaumik & Co the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year 2019-20, be paid the remuneration of Rs.1,95,600.00 (Rupees One Lakh Ninety Five Thousand Six Hundred only) plus GST, as applicable, and out of pocket expenses at actuals and for new project commissioned during the FY 2019-20, for which Cost Audit is to be conducted, additional remuneration amounting to Rs.15,000/- (Rupees Fifteen Thousand only) *plus* GST, as applicable, be paid for each of such projects".

5. To create security by way of mortgage and/or hypothecation of the assets of the Corporation for long term borrowings of Rs.1750 crore during 2020-21 and in this regard to consider and if thought fit, to pass, with or without modification, the following resolution as an **Special Resolution:**

"RESOLVED THAT creation of security by way of mortgage and/or hypothecation of the assets of the Corporation for long term borrowings of Rs.1750 crore during 2020-21 is hereby approved in terms of Section 180(1)(a) of the Companies Act, 2013."

By Order of the Board


(Chiranjeeb Sharma)
Company Secretary-cum-LA

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NOTES:

- 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.**
- The relevant explanatory statement pursuant to Section 102 of the Companies Act, 2013, in respect of Special Business, as set out above is annexed hereto.
- This Notice has being sent pursuant to the provisions of section 101(1) of the Companies Act, 2013.
- Pursuant to Section 139 of the Companies Act, 2013, the Auditors of a Government Company are to be appointed by the Comptroller and Auditor General of India (C&AG) and in pursuance of section 142 of the Companies Act, 2013, their remuneration is to be fixed by the Company in the Annual General Meeting or in such manner as the Company in general meeting may determine. The Comptroller & Auditor General of India has appointed M/s. SPAN & Associates, Chartered Accountant, as the Statutory Auditors of the Company for the financial year 2019-20 at a remuneration of Rs.7,92,000/- (Rupees Seven Lakh Ninety Two Thousand only) plus GST as applicable and out of pocket expenses at actual.
- The Corporation has paid an interim dividend of Rs.68 crores in March' 2019. Your Directors have recommended a final dividend of Rs.39 crore for the year 2018-19. The total dividend payout for the year amounts to Rs.107 Crores i.e. Re.0.30 per equity share. The dividend pay-out represents 50% of Profit after Tax (PAT). The Department of Investment and Public Asset Management (DIPAM) has issued Guidelines dated 27th May, 2016 on Investment Management and Capital Restructuring of CPSEs with the objective of adopting a comprehensive approach for efficient management of the investment of the Government in CPSEs by addressing inter-related issues, such as capital restructuring, dividend, bonus shares etc. In terms of the Clause 5.2 of the said guidelines, every CPSE should pay a minimum annual dividend of 30% of the PAT or 5% of the Net Worth whichever is higher subject to the maximum dividend permitted under the extant legal provisions. The investment of Govt of India in NEEPCO is Rs.3609.81 Crs as on 31/03/2019. The Corporation has been consistently earning profit over Rs.200 Crs in the last five years. The audited figure of PBT for FY 2018-19 is Rs.451.58 Crs and the PAT is Rs.213.94 Crs. The Net Worth of the Corporation as on 31st March 2019 is Rs.6301.29 Crs. Dividend @5% on net worth would be Rs.315.06 Crs. The Long Term Borrowing as on 31.03.2019 is Rs.6772.11Crs. The approved Capital Budget for the year 2019-20 is Rs.241.79 Crs. The effective Cash and Bank balance as on 31.03.2019 stood at (-) Rs.213.37 Crs considering the Working Capital Loans and Short Term Loans but without considering the restricted bank balances. However, the same as on 31.05.2019 is (-) Rs.394.57 Crs. Though the Reserves and Surplus show a healthy figure, the same is not backed by adequate cash balances. The Revised Cost Estimates in respect of Kameng HEP, Tuirial HEP and Pare HEP have not been sanctioned yet resulting the Corporation to utilise the internally available resources to fund the project construction expenditure pending release of equity. The temporary deployment of funds from Internal Resources against these three projects as on 31.03.2019 stood at Rs.2326.64 crs. NEEPCO is a Mini Ratna Category-I company and thus the equity for the future projects will have to be financed from the Internal Resources of the Corporation. The Company is taking up a few more projects in near future and the equity component of 30% for these projects is proposed to be financed from Internal Resources. The pre-investment work of Wah Umiam St-III HEP (85 MW) has started. The major expenditure against the Odisha Solar Project (200 MW) may start soon. The equity component of 30% of these projects is to be sourced internally. Moreover, a substantial part of the net worth of the company is stuck up in the work in progress of the construction projects which do not generate any income. Therefore, NEEPCO is not in a position to pay dividend @ 5% of net worth and may pay dividend @ 50% of PAT. Your Corporation has applied for exemption under Clause 9.3 of the extant guidelines.
- None of the directors of the Company is in any way related to each other.

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EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No.4

Based on the recommendation of the Audit Committee and approval of the Board, M/s. Bandyopadhyay Bhaumik & Co, Cost Auditors, is appointed to conduct the audit of the cost records of the Company for the financial year 2019-20, at a remuneration of Rs.1,95,600.00 (Rupees One Lakh Ninety Five Thousand Six Hundred only) plus GST, as applicable, and out of pocket expenses at actuals. For new project commissioned during the FY 2019-20 for which Cost Audit is to be conducted, additional remuneration amounting to Rs.15,000/- (Rupees Fifteen Thousand only) plus GST, as applicable, would be paid for each of such projects.

As per Rule 14 of the Companies (Audit and Auditors) Rules, 2014 read with section 148(3) of the Companies Act, 2013, the remuneration recommended by the Audit Committee shall be considered and approved by the Board of Directors and ratified subsequently by the shareholders. Accordingly, members are requested to ratify the remuneration payable to the Cost Auditors for the financial year 2018-19.

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 recommends the resolution for your approval.

Item No.5

Tuirial HEP and Pare HEP have been commissioned by the Corporation and both the projects are now generating power for sale. Although the major expenditure on these projects has already been incurred, there are still some amounts of capital expenditure remaining to be incurred. The Kameng HEP is still under construction and is also expected to be commissioned shortly.

The following table shows the expenditure incurred and the sources of funds as on 31st May, 2019:

Particulars	Rs. crore						
	Gol Equity	Gol Loan	DoNER Grant	KfW Loan	Bonds	Internal Resources	Total CAPEX
Kameng HEP	871.70				4508.18	1792.31	7172.19
Pare HEP	206.20			789.52	300.00	396.89	1692.61
Tuirial HEP	164.04	291.96	300.00		515.07	189.16	1460.24
TOTAL	1241.94	291.96	300.00	789.52	5323.25	2378.36	10325.04

As per the latest CEA vetted costs, the following are the eligible Equity and balance Equity to be received from the Gol:

Sl.	Particulars	Price Level	CEA vetted cost	Eligible Equity	Rs. crore	
					Total Equity released upto 31.05.2019	Balance Equity receivable
1.	Kameng HEP	March, 2015	6179.96	1853.99	871.70	982.29
2.	Pare HEP	May, 2018	1640.31	492.09	206.20	285.89
3.	Tuirial HEP	November, 2017	1244.70	186.71	164.04	22.67
	TOTAL			2532.79	1241.94	1290.85

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The CEA vetted RCE for Pare HEP is excluding a component of notional FERV and the RCE for Tuirial HEP has been restricted to indexation cost.

The CEA vetted RCE-I of Rs.6179.96 crore at March, 2015 PL for the Kameng HEP includes a Hard Cost of Rs.4724.67 crore. NEEPCO had submitted an RCE-II (Hard Cost) of Rs.5269.34 crore at September, 2018. However, after subsequent meetings with CWC and NEEPCO, CEA on 10.04.2019 has desired the RCE to be updated to the latest price levels.

The Corporation has been facing liquidity constraints since 2018-19 due to the increase in expenditure on account of increased debt servicing requirements. Further, the GoI released only Rs.61.00 crore against the approved B.E. (NBS) of Rs.267.45 crore for 2018-19. The CAPEX needs of the above mentioned projects have been met by way of short term gap-finance wherever there has been shortage of internal accruals. The delay in the commissioning of the Kameng HEP has also had an effect on the Corporation's liquidity. This delay in commissioning is expected to have a cascading effect on cash flows with the cash deficit of previous years impacting the cash flows of subsequent years.

The following table shows the expected cash inflows and expenditure during the current FY and the next two FYs:

	Rs. crore	
	2019-20	2020-21
Estimated Revenue collections	1800.00	2400.00
Release of GoI Equity anticipated	300.00	0.00
Total inflow:	2100.00	2400.00
Estimated Outflow:		
CAPEX	462.00	120.00
Operation expenses	1000.00	1066.00
Cost of gas	672.00	720.00
Debt servicing	895.00	2178.00
Tax, Dividend, Dividend Tax	280.00	283.00
Miscellaneous (Arrear payments)	225.00	0.00
Total outflow:	3534.00	4367.00
Deficit:	1434.00	1967.00
From STL/Term Loan + Bonds	1100.00	1750.00
From Working Capital Loans	334.00	217.00

The Board in its meeting held on 19th December, 2018 has already approved borrowings of Rs.1000 crore during FY 2018-19 and 2019-20 against which NEEPCO has raised Rs.300 crore through Bonds in 2018-19. A balance of Rs.700 crore is available for 2019-20 and this will suffice to meet the expected expenditure. In addition, the BoD had approved STL of Rs.500 crore during FY 2018-19 and 2019-20 out of which Rs.100 crore has been drawn during 2018-19 leaving a balance of Rs.400 crore for 2019-20. Thus, the approved borrowing available for 2019-20 is Rs.1100.00 crore.

The redemption of bonds raised for executing the above mentioned projects has begun since 2017-18 with a peak redemption value of Rs.958.50 crore due in 2020-21. This is in addition to the annual bond interest payments of around Rs.500 crore. NEEPCO has also availed short term borrowing of Rs.500 crore as gap finance which is to be fully repaid by March, 2021.

The table above shows that there will be increase in deficit in 2020-21 due to high debt servicing requirements. Therefore, it is proposed to avail term loans upto Rs.1750 crore to tide over the situation.

The balance deficit during these years will be met from the Working Capital limits sanctioned to NEEPCO. As on date, NEEPCO is using Working Capital limits of Rs.450 crore with State Bank of India and Rs.200 crore

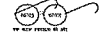
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with Axis Bank. Another WCDL of Rs.300 Cr is also sanctioned by the Canara Bank for which the terms and conditions are being firmed up.

In terms of the Companies Act, 2013, the borrowing powers of the company as on 31.03.2019 (limited review accounts) and estimated borrowing powers as on 31.03.2020 is as follows:


Particulars	Amount in Rs. crore
Paid-up Share Capital	3609.81
Add: Free Reserves	2039.87
Add: Additional borrowing powers as per AGM dated 17.09.2014	4000.00
Less: Debt outstanding	6872.11
Total borrowing powers as on 31.03.2019	2777.57
Less: Borrowings already approved for 2019-20	1100.00
Add: Debt to be repaid during 2019-20	260.00
Estimated borrowing powers as on 31.03.2020	1937.57

In view of the above, the Board in its 252nd meeting held on 20th June, 2019 had passed the following resolutions:

- Resolved that debt up to Rs.1750 crore may be raised during the FY 2020-21 through Short Term Loans or privately placed PSU Bonds or Long Term INR Loans from Financial Institutions or Foreign Currency Loans (FCLs) depending upon the market circumstances.
- Further resolved that creation of security by way of mortgage and/or hypothecation of the assets of the Corporation against these borrowings aggregating Rs.1750.00 crore is hereby recommended for approval of the Shareholders in terms of Section 180(1)(a) of the Companies Act, 2013.

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 recommends the resolution for your approval.


(Chiranjeeb Sharma)
Company Secretary-cum-LA

Date: 29-08-2019

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ATTENDANCE SLIP

43rd Annual General Meeting of the Shareholders of North Eastern Electric Power Corporation Ltd. to be held at the Board Room of NEEPCO Office, 15 NBCC Tower, Bhikaji Cama Place, New Delhi – 110066, on Tuesday, 24th September, 2019, from 5:00 P.M.

FULL NAME OF THE ATTENDING SHAREHOLDER (IN BLOCK LETTERS)	
Folio No.	
No. of Shares held	
FULL NAME OF AUTHORISED REPRESENTATIVE / PROXY (IN BLOCK LETTERS)	

I, hereby record my presence at the 43rd Annual General Meeting of the Shareholders of North Eastern Electric Power Corporation Ltd. at the Board Room of NEEPCO Office, 15 NBCC Tower, Bhikaji Cama Place, New Delhi – 110066, on Tuesday, 24th September, 2019, from 5:00 P.M.

Signature of Shareholder / Authorised Representative / Proxy

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FORM OF PROXY

Name of the member	
Registered Address	
Folio no.	
Email Id	
No. of shares held	

I, being the member of _____ shares of the above named company, hereby appoint:

1	Name		Signature	
	Address			
	E-mail id			
Or failing him				
2	Name		Signature	
	Address			
	E-mail id			
Or failing him				
3	Name		Signature	
	Address			
	E-mail id			

as my/ our proxy to attend and vote (on a poll) for me / us on my/our behalf at the Annual General Meeting of the company, to be held on held at the Board Room of NEEPCO Office, 15 NBCC Tower, Bhikaji Cama Place, New Delhi – 110066, on Tuesday, 24th September, 2019, from 5:00 P.M. and at any adjournment thereof in respect of such resolutions as are indicated below:

No.	Resolution	For	Against
Ordinary Business:			
1	Adopt the Audited Financial Statements (including Consolidated Financial Statements) of the Company for the financial year ended 31 st March 2019, together with the Board's Report, the Report of Auditors' thereon and Comments of the Comptroller & Auditor General of India.		
2	Note the payment of Interim Dividend and declare Final Dividend for the financial year 2018-19.		
3	Fix the remuneration of the Statutory Auditors for the year 2019-20.		
Special Business:			
4	Ratify the remuneration of the Cost Auditors for the financial year 2019-20		
5	Create security by way of mortgage and/or hypothecation of the assets of the Corporation for long term borrowings of Rs.1750 crore during 2020-21		

Signed this _____ day of _____, 2019

Revenue
stamp of
Rs.1/-

Signature of shareholder _____ Signature of Proxy holder _____

NOTES:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
2. The Proxy Form should be signed across the stamp as per specimen signature registered with the Company.
3. Please put 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Appointing a proxy does not prevent a member from attending the meeting in person, if he so wishes.

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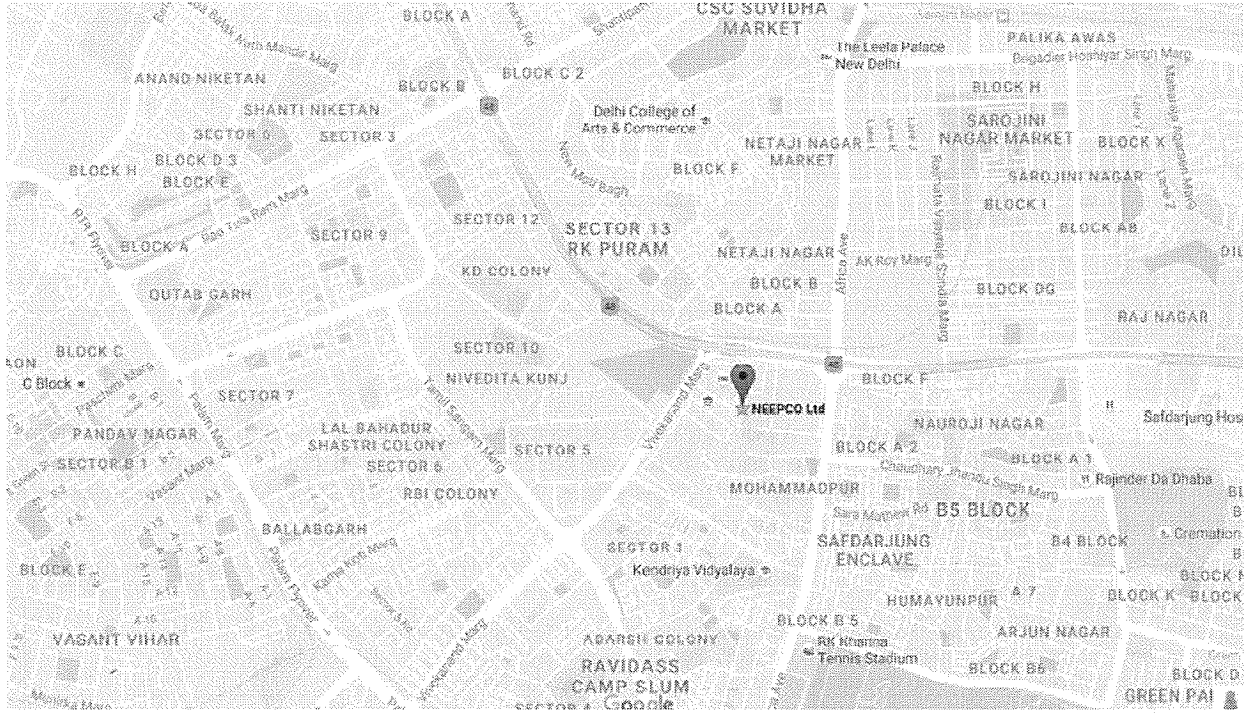
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ROUTE MAP TO THE VENUE OF ANNUAL GENERAL MEETING



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