

Meghalaya Energy Corporation Limited (MeECL)
Tender No. MeECL Bond Series-1/2018-19 dated 29th January, 2019

1	Description of work	Engaging Merchant Bankers for mobilisation of Bonds on private placement basis for Rs. 630 crore in two tranches of (i) Rs. 330 crore with underwriting for not less than Rs.50 crore in Financial Year 2018-19 and (ii) Rs. 300 Cr. in Financial Year 2019-20.
2	Quantum	Rs. 630 crore in two tranches of (i) Rs. 330 crore in Financial Year 2018-19 with underwriting for not less than Rs.50 crore and (ii) Rs. 300 Cr. in Financial Year 2019-20.
3	Due Date & time for receiving of tender	19 th February, 2019 at 3:30 p.m.
4	Pre-Bid Meeting	12 th February, 2019 at 11:30 a.m.
5	Technical bid opening date	19 th February, 2019 at 4:00 p.m.
6	Price bid opening date	22 nd February, 2019 at 11:30 a.m.
<p>Note: If the due date for receiving /opening of the tenders happen to be declared holiday, then the tenders will be received/opened on the subsequent working day, for which no prior intimation shall be given.</p>		
6	Earnest Money Deposit	Rs. 5,00,000/- (Rupees five lakh) only
7	Tender envelope should be addressed to	Company Secretary Meghalaya Energy Corporation Ltd. Lumjingshai, Short Round Road, Shillong, Meghalaya - 793001 e-mail ID: companysecretarymeecl@gmail.com
8	Method of submission of Tender	Sealed Tender in hard copy - Two part System
9	Clarification to be sought for from	Company Secretary Meghalaya Energy Corporation Ltd. Lumjingshai, Short Round Road, Shillong, Meghalaya - 793001 e-mail ID: companysecretarymeecl@gmail.com
10	Required number of tender copies	One Set of Tender Document
11	Place at which tenders will be opened	MeECL's Conference Room Meghalaya Energy Corporation Ltd. Lumjingshai, Short Round Road, Shillong, Meghalaya - 793001
12	Cost of Tender Specification	Rs. 5,000/- within/outside Meghalaya. Rs.100/- to be paid extra if the tender documents are required by post. Payable by Demand Draft/Banker Cheque in favour of Principal Account, MeECL
<p>NOTE: The tender documents shall be supplied to the indenting tenderers after collecting the amount prescribed above (item 12).</p>		



Meghalaya Energy Corporation Limited
(Office of the Company Secretary)

TENDER

For

ENGAGING MERCHANT BANKERS
FOR MOBILISATION OF BONDS ON PRIVATE PLACEMENT BASIS FOR
FIRST TRANCHE OF PROPOSED RS. 330 CRORE BOND
TO BE ISSUED IN THE FINANCIAL YEAR 2018-19
WITH UNDERWRITING FOR NOT LESS THAN RS. 50 CRORE

DUE DATE FOR RECEIVING OF BIDS: 19TH FEBRUARY, 2019 AT 3:30 P.M.

TENDER DOCUMENT
INFORMATION OF MEGHALAYA ENERGY CORPORATION LIMITED (MeECL) - ISSUER

I) General:

The proposed Bond aggregating to Rs. 630 Cr. of Meghalaya Energy Corporation Limited will be issued in two tranches of (i) Rs. 330 crore in Financial Year 2018-19 with underwriting for not less than Rs.50 Crore and (ii) Rs. 300 Cr. in Financial Year 2019-20 with underwriting for not less than Rs.50 Crore.

The Meghalaya Energy Corporation Limited invites sealed bids through "Two-part Limited Tender" system from the Merchant Bankers for mobilisation of Bonds on private placement basis for first tranche of Bond of Rs. 330 crore to be issued in the Financial Year 2018-19 with underwriting for not less than Rs.50 Crore.

II) Background:

The Meghalaya Energy Corporation Ltd. (MeECL) is a Government Company, wholly owned by the Government of Meghalaya, incorporated under the Companies Act, 2013 in the year 2009 and inherited its business from the erstwhile Meghalaya State Electricity Board (MeSEB) in the year 2010. It has wholly owned three subsidiary Companies namely, Meghalaya Power Generation Corporation Ltd. (MePGCL), Meghalaya Power Transmission Corporation Ltd. (MePTCL) and Meghalaya Power Distribution Corporation Ltd. (MePDCL) responsible for Generation, Transmission and Distribution of Electricity respectively throughout the State as State Utilities. The MeECL has an issuer rating of A Minus (SO) assigned by M/s Brickwork Ratings India Private Ltd. on 26th April, 2018 and it is still effective.

The erstwhile Meghalaya State Electricity Board (MeSEB) was formed in the year 1975 after the formation of new State of Meghalaya from undivided State of Assam. The first Hydro Electric project in Meghalaya had started its operation in the year 1921, thereafter different Hydro Electric projects are being constructed throughout the State of Meghalaya utilising the natural water resources, efficient and experienced engineering wing and beautiful working environment of the State.

The following are the projects operated and maintained by the MePGCL:

NAME OF THE PROJECT	TYPE OF DEVELOPMENT	CAPACITY (MW)	DATE OF COMMISSIONING	DESIGN ENERGY (MU)	GENERATION IN 2017-18 (MU)	GENERATION IN 2018-19 UPTO DEC, 2019 (MU)
SONAPANI MHP	RUN-OF THE RIVER	1 X 1.5	1921/2009	5	7.44	5.80
UMTRU, DEHAL, BYRNIHAT	RUN-OF THE RIVER	4 X 2.8	1957	39	0.0 (Under Shut Down)	0.0 (Under Shut Down)
UMIAM STAGE-I, SUMER	STORAGE	4 X 9	1965	116	128.61	68.49 (Rain Constraint)
UMIAM STAGE-II, UM-SUMER	POWER CHANNEL (PONDAGE)	2 X 10	1970	46	63.92	34.62 (Rain Constraint)
UMIAM-UMTRU STAGE-III, KYRDEM KULAI	PONDAGE	2 X 30	1979	139	132.15	111.85
UMIAM-UMTRU STAGE-IV, NONGKHYLLEM	PONDAGE	2 X 30	1992	207	217.27	143.47
MYNTDU LESHKA H.E. PROJECT	RUN-OF THE RIVER	3 X 42	2011-13	486	502.88	354.60
NEW UMTRU HEPROJECT	PONDAGE	2X20	2017-18	235	173.61 (Part of the Year Generated)	160.65
		354.70		1273	1225.89	879.48

The MePTCL (State Transmission utility) is implementing various schemes in order to bring about improvements in the transmission network and is capable of handling the State peak demand of 350 MW, along with the Open Access demand of 50 MW. Details of transmission lines and sub-stations capacity under MePTCL and transformation capacity utilised are as detailed below:

(a) Transmission Lines (as on 31.03.2018)

Transmission Line / Voltage Level	Number of Circuits	Line length
400 kV Line	Double Circuit	2.214 km
220 kV Line	Double Circuit	113.42 km
132 kV Line	Single Circuit	559.624 km
	Double Circuit	218.003 km
	Multi Circuit	5.82 Km
Total length in circuit km (400 kV)		4.428
Total length in circuit km (220 kV)		226.84
Total length in circuit km (132 kV)		1021.68
Total length in circuit km (400 kV, 220 kV & 132 kV)		1252.948

(b) Sub-station (as on 31.03.2018)

Voltage level	Sub-station Capacity (In MVA)							Percentage transformation capacity utilized
	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	Total (as on 31.03.2018)	
400/220 kV	0	0	0	0	0	630	630	60%
220/132 kV	0	0	0	0	100	420	520	60%
132/33/11 kV	20 (-20)	(-40)	60	(-5)	0	465	480	60%
Total							1630	

The MePDCL is executing different flagship programme and increasing its consumer base. The following table shows the growth of the Power Distribution business in Meghalaya:

Details	2006	2013	2017	2018
Number of Consumers	2,03,378	3,17,710	4,12,071	419616
Connected Load	541 MW	623 MW	660.16 MW	711.97MW
Number of Electrified villages	4217	5300	6098	6459
Number of 33/11KV Sub Stations	58	87	103	132
Capacity of 33/11KV Sub Stations	227 MVA	345 MVA	411.68 MVA	481.68
Length of 33KV Lines	1179 Km	1919 Km	2692 Km	2702
Length of 11KV Lines	8846 KM	12043 Km	13096.41 Km	13880.4
Length of LT Lines	7812 KM	12745 Km	16248.5 Km	16496.8
Number of Distribution Sub Stations	4558	7859	9857	10237
Capacity of Distribution Sub Stations	367002 KVA	537604 KVA	674710 KVA	690739 KVA

The MeECL and its three subsidiaries have availed loans mainly from the Power Financial Corporation Ltd. (PFC) and Rural Electrification Corporation Ltd. (REC) for funding the execution of Power Generation Projects by MePGCL and for meeting Power Purchase dues incurred by MePDCL. The Power Finance Corporation Ltd. (the Lender) has assigned an internal rating of 'A' to the MePGCL and 'A+' to the MePTCL on 15th November, 2018 and both ratings are still effective.

III) Bond Issue:

The proposed Bond aggregating to Rs. 630 crore will have a maturity period of 10 (ten) years with bullet repayment and will be backed by the State Government guarantee from the Government of Meghalaya. The Government of Meghalaya has accorded approval for providing above guarantee for the above proposed Bond issue of Rs. 630 cr. The guarantee agreement sets out the modalities for payment of interest and principal through a Bond Servicing Account and a Debt Service Reserve Account, whereby adequate Redemption Reserve and escrow mechanism will be maintained for all debt servicing for these Bonds. The copy of the draft Guarantee Deed is enclosed herewith for reference.

The instant bids invited for first tranche of proposed Rs 330 Crore Bond to be issued in the FY 2018-19. The second tranche of Rs 300 Crore Bond will be issued in the FY 2019-20 based on the price bids and commitment on minimum underwriting of Rs 50 Crore to be invited from the technically qualified bidders of First tranche.

IV) Objectives of the Bond Issue

The loan from PFC and REC were availed at a time when the interest rates were higher. However, since interest rates have fallen substantially since then the management has felt a need to restructure the present borrowing by way of fresh Bond issue.

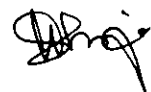
A part of the proceeds of these Bonds are intended to be used to repay/restructure the loans obtained from the PFC and/or REC so that the interest burden of the MePGCL/MePDCL is reduced. The balance of the proceeds will be utilised to reduce the outstanding dues of MePDCL.

V) Earnest Money Deposit:

Tenderers should pay the specified amount towards Earnest Money Deposit as follows:

Earnest money deposit: Rs. 5,00,000/- (Rupees Five lakh only)

1. The Earnest Money Deposit specified above should be in the form of Demand Draft/Banker cheque from any Nationalised/ Scheduled Banks payable at Shillong in favour of Principal Account, MeECL. The above Demand Draft/Banker cheque may be placed either in the 'Outer envelope' or in 'Cover-A'.)
2. Cheque will not be accepted towards EMD and the tenders shall be rejected if EMD is not paid in the prescribed manner.
3. The EMD will not carry any interest.
4. If the Bid Qualification Requirements (Clause VI) are found to be fraudulent / non-genuine, the EMD paid will be forfeited in addition to black listing in future contracts with MeECL & three Subs.
5. The EMD will be forfeited, if the successful bidder -
 - i) Withdraws his tender or backs out after acceptance.
 - ii) Withdraws his tender before the expiry of validity period stipulated in the Specification or fails to remit the Security Deposit.



- iii) Violates any of the provisions of tender regulations contained herein.
 - iv) Revises any of the terms quoted during the validity period.
6. The EMD of the unsuccessful bidders will be refunded on finalization of tender and on application for refund along with pre-stamped receipts.

VI) Bid Qualification Requirements:

1. The merchant bankers shall hold valid SEBI Registration certificate as 'Category-I' merchant banker for minimum 5 financial years and the registration shall be valid during the Bond mobilization period – Copy of the Certificate of Registration issued by SEBI to be enclosed. Mere submission for renewal acknowledgment from SEBI will not be considered as fulfilment of eligibility criteria.
2. The merchant bankers shall underwrite to mobilize minimum Rs. 50,00,00,000/- (Rupees Fifty Core) or above. Such unconditional underwriting should be provided on letterhead of arranger. Also, if the mandated merchant bankers performance is successful for mobilising the underwritten amount of Rs. 50,00,00,000/- (Rupees Fifty Core) or above at the end of defined period, then the work order may be extended for further 1 year for incremental structuring & mobilising requirement of the issuer if mutually agreeable.
3. The merchant banker should have not defaulted on their commitments on private placement of NCD issues in the past with any organization/s.
4. The merchant banker should not be blacklisted with any organization/s.
5. Any joint Venture/ consortium bidding will not be accepted.
6. Any conditional bid will be rejected. Also any bid from merchant banker who does not qualify in any of above criteria BQR (1 to 5) will be rejected.

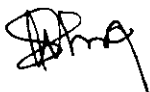
Note: 1. The evidences required for satisfying BQR conditions shall be furnished along with the offer. Otherwise, offers will be summarily rejected. The BQR evidences submitted after the due date & time of submission of tender shall not be accepted.

VII) Scope of Work:

- i) The Arranger has to assist the Issuer in all legal and statutory areas, to provide assistance in preparing the offer documents and to assist in the preparation of 'Disclosure Document'.
- ii) Arranger's service include finalization of Disclosure Document, placement/ marketing of issue, banking of the application money, formalities with SEBI, stock exchange and other functions vested with the merchant bankers and to assist and co-ordinate with the Issuer in connection with listing formalities.

VIII) Rejection of Tenders:

- I. Tender will be summarily rejected if –
 - a) Not accompanied the EMD or proof of exemption from payment of EMD.
 - b) Not meeting the Bid Qualification Requirements (Clause VI).
- II. Tender is liable for rejection if it is -
 - a) Not in the prescribed form of Part 'A' and 'B' enclosed in this specification.
 - b) Not properly signed by the tenderer.



- c) Received after the expiry of the due date and time.
- d) Received by Telex or FAX or telegram or e-mail.
- e) Received without superscription as prescribed in the specification.
- f) Received from the tenderer who is directly or indirectly connected with Government service or Board service or service of Local Authority.
- g) Received from the tenderer whose past performance / undertaking is not satisfactory
- h) Received from the blacklisted / poor firm.
- i) With validity period less than specified in the specification.
- j) Incomplete and evasive offer.

IX) Instruction to Bidders:

1.0. General: Sealed tenders must be superscribed as "Tender No. MeECL Bond Series-1/2018-19 dated 23rd January, 2019" for engaging Merchant Bankers for mobilizing Bonds on private placement basis for First Tranche of Bond of Rs. 330 crore to be issued in Financial Year 2018-19 with underwriting for not less than Rs. 50 crore.

2.0. Tendering Procedure:

- 2.1. The tender should be furnished in sealed double covers; Cover-A and Cover-B along with proof towards Earnest Money Deposit, put in a sealed envelope.
- 2.2. The sealed envelope shall be sent in person /by Registered Post or Courier super scribed as indicated in Clause 1.0. above.
- 2.3. The sealed covers 'A' and 'B' shall contain the following:

Cover-A: Documentary evidence in support of Bid Qualification Requirement as per Item No.VI.

Cover-B: The Price Bid containing 'Schedule of Prices'.

The words 'Cover-A' and 'Cover-B - Price Bid' shall be clearly written on the respective covers to avoid accidental opening of Price Bid during tender opening.

- 2.4. The Demand Draft / Banker's Cheque in respect of EMD should be placed either inside of the Outer envelope or in Cover-A. Offers not satisfying the above requirements will summarily be rejected.
- 2.5. The 'Outer envelope' should be addressed to -

**Company Secretary
Meghalaya Energy Corporation Limited
Lumjingshai, Short Round Road, Shillong,
Meghalaya - 793001**

and reach this office not later than the due date and time.

3.0. Opening of Tender:

- 3.1. The offers containing Cover-A will be opened on the due date and the representatives of the bidders may be present at the time of opening, if they so desire.
- 3.2. The offer contained in Cover-B of the bidders who fulfil the conditions prescribed herein and are qualified in the Bid Qualification Requirements (Clause VI) alone will be opened on day and Time mentioned herein above. The representatives of such bidders may be present at the time of opening, if they so desire. The offers made by the bidders who are not responsive in accordance with the tender documents as per the evaluation of Part-A, will be rejected and their Price Bid will not be opened.
- 3.3. In case the coupon/fee quoted appears to be very high, the MeECL will have a right to negotiate the coupon/fee with the L-1 bidder.
- 3.4. The issuer reserves the right to appoint one or more than one arranger at any point of time without assigning any reasons.



3.5. The issuer reserves the right to scrap the tender at any point of time without assigning any reasons

4.0. Modification/ Clarification of Tender Documents:

- 4.1. At any time after issue of the tender documents and before the opening of the tender, MeECL may make any changes, modifications or amendments of the tender documents and shall send information of such changes to all those who have purchased the tender documents.
- 4.2. The offer shall be furnished as per the price schedule enclosed to this specification only. Offer furnished in the other formats are liable for rejection.
- 4.3. The tenderers are advised to peruse all the clauses in the Specification and Instruction to Tenders before quoting.
- 4.4. A pre-bid meeting will be held on 12th February, 2019 at 11:30 a.m. at MeECL's conference room at Lumjingshai, Shillong -793001 to seek any clarification pertaining to the tender. If, a tenderer has any doubt in the meaning of any of the clauses of the tender, he/she is advised to seek clarification on the same in the above meeting.
- 4.5. Tenderers may also seek any further clarification from Company Secretary, MeECL by emailing at companysecretarymeeccl@gmail.com before 48 hours of the opening of the tender.

5.0. Evaluation and Comparison of Tender Offers:

- 5.1. The Lowest bidder(s) will be selected considering the actual cost of borrowing for the period of 10 years and arranger fees.
- 5.2. In case of discrepancy between the prices quoted in words and figures, the lower of the two shall be considered.
- 5.3. The quoted prices shall be corrected for arithmetical errors.

X) Commercial Terms and Conditions:

1.0. Payment Terms

Once the underwritten issue is successful, issuer will release arranger fees within 7 working days. If the bidder fails to honour their underwritten commitment, the EMD and Security Deposit will be forfeited.

2.0. Security Deposit: Security Deposit Rs. 20,00,000/- (Rupees Twenty Lakh Only)

- 2.1. The successful bidder(s) has to deposit an amount of Rs. 20,00,000/- (Rupees Twenty Lakh Only) as Security Deposit. However, the EMD paid by them will be adjusted towards Security Deposit and the bidder has to pay the balance amount towards Security Deposit in the form of Demand Draft/Banker cheque from any Nationalised/Scheduled Banks payable at Shillong in favour of "Principal Account, MeECL".
- 2.2. The Security Deposit shall be refunded after successful contractual obligation, and it will not carry any interest.
- 2.3. The Security Deposit of the successful bidder will be forfeited, if he/she fails to mobilize the underwritten amount at the accepted terms.

3.0. Validity of the Bid: The bid shall be valid for acceptance for a period of at least 30 working days from the date of opening of the bid.

4.0. Right to Terminate the Contract: In the event of non-fulfilment and negligence, the contract will be terminated and both the security deposit and EMD will be forfeited.

5.0. Alterations: No alterations in the tender will be permitted after its submission.

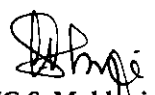


6.0. **Bar of Jurisdiction:** The Courts situated within the city of Shillong alone shall have the jurisdiction to decide all disputes and claims that may arise between the parties. The venue of Arbitration shall be at Shillong and the language of Arbitration shall be English.

7.0. **Reservation of Rights:**

MeECL reserves the right -

- a) Not to accept the lowest or any tender.
- b) To appoint one or more arrangers if the bidders match the lowest financial bid.
- c) To negotiate the coupon, arranger fee and other terms and conditions with the bidders.
- d) To relax or waive any of the conditions stipulated in the tender specification as deemed necessary in the best interest of the MeECL for good and sufficient reasons.
- e) To revise the completion period of the assignment during the pendency of contract.
- f) To vary the terms and conditions for the successful mobilization of the entire quantum of the issue.
- g) The decision of MeECL shall be final and shall be binding on the successful bidder(s).
- h) To cancel the tender without assigning any reason.

 29/1/2019
(G.S. Mukherjee)
Company Secretary

MEGHALAYA ENERGY CORPORATION LTD, SHILLONG
FIRST TRANCHE OF PROPOSED RS 330 CRORE BOND TO BE ISSUED IN THE FY 2018-19
WITH UNDERWRITING FOR NOT LESS THAN RS. 50 CRORE

1.	Name of the Applicant (Merchant Banker)	
2.	Address for communication i) Telephone/Mobile No. ii) FAX No. iii) e-mail id	
3.	Whether copy of certificate of Registration with SEBI enclosed	
4.	Amount/Funds mobilized in the last three financial years (Details of issues of State/ Central Level Undertakings, State/ Central Level Financial Institutions shall be given separately	
5.	Whether Documentary Proof enclosed	
6.	Whether undertaking is furnished	
7.	Whether any conditional bid submitted	Yes /No.
8.	Any other information the Bidder desired to add	

Signature:
Name:
Designation:
Organisation Seal:

Place:
Date:

**MEGHALAYA ENERGY CORPORATION LTD., SHILLONG
FIRST TRANCHE OF PROPOSED RS 330 CRORE BOND TO BE ISSUED IN THE FY 2018-19
WITH UNDERWRITING FOR NOT LESS THAN RS. 50 CRORE**

FORM OF SUBMISSION OF PRICE BID

Sub: Bid for appointment of arrangers for the proposed mobilization of Resources.

1. Name of the Applicant :
(Merchant Banker)
2. Coupon (per annum payable quarterly) :
3. Arranger Fee (one time) :
(Excluding GST).
The fee should be quoted in two decimals

We hereby underwrite and agree to abide by the terms and conditions prescribed in Meghalaya Energy Corporation Ltd's Specification MeECL Bond Series-1/2018-19, dated 29 January, 2019 and other terms and conditions as may be prescribed by MeECL for the successful mobilization of Rs..... crores of Bonds.

Signature:
Name:
Designation:
Organisation Seal:

Place:
Date:

DEED OF GUARANTEE

This Deed of Guarantee ("Deed") is made and executed at _____ on _____ day of _____, 2019 by and between:

THE GOVERNOR OF MEGHALAYA through **Shri _____**, Government of Meghalaya (hereinafter referred to as the "Guarantor" or the "GoM" which expression shall unless excluded by or repugnant to the subject or context include his successors-in-office) of the **One Part**;

IN FAVOUR OF

_____, a company incorporated under the Companies Act, 2013 and having corporate identity number _____, and its registered office at _____, acting in its capacity of debenture trustee in trust and for the benefit of the Bond Holders (hereinafter referred to as the "Debenture Trustee", which expression shall unless repugnant to the context or meaning thereof include its respective successors and permitted assigns and such other person as may be appointed as the Debenture Trustee in its place from time to time in accordance with the provisions of the Debenture Trust Deed), of the **Other Part**;

(The Guarantor and the Debenture Trustee are collectively referred to as the 'Parties' and each as a 'Party')

WHEREAS the Meghalaya Energy Corporation Limited, a company wholly owned by the GoM having CIN U40101ML2009SGC008374 and registered office at LumJingshai, Short Round Road, Shillong, Meghalaya, 793001 ("Company") has offered and /or proposes to offer for subscription in one or more tranches, on private placement basis, to the eligible investors in the domestic financial market, _____ State Government guaranteed, listed, rated, taxable, non-convertible and redeemable Bonds under MECL Bond Series I 2018-19, in the nature of debentures, with tenure of 10 years, redeemable upon maturity in accordance with the redemption schedule detailed in Annexure A ("Bonds") of a face value of Rs.10,00,000/- (Indian Rupees Ten Lakhs only), aggregating up to Rs. _____ (Rupees _____ only), supported by unconditional & irrevocable guarantee by the Government of Meghalaya for timely payment of Interest and repayment of Principal and other matters, unto Information Memorandum (as defined in the Debenture Trust Deed) and pursuant to the Debenture Trust Deed to be executed by the Company ("Debenture Trust Deed");

AND WHEREAS, the Company proposes to / has issued the Bonds at an Interest rate determined as per the electronic book mechanism, as mentioned in the pricing supplement, in accordance with the applicable regulations issued by SEBI and the sanction of the GoM to issue the said Bonds has been accorded vide Government Order No. _____/2017 dated _____, 2017 ("Government Order");

AND WHEREAS, it is one of the terms and conditions of the Debenture Trust Deed and Information Memorandum that the Company shall procure the Guarantor to issue an unconditional, absolute and irrevocable guarantee in favour of the Debenture Trustee acting for

Guarantor	Debenture Trustee
------------------	--------------------------

and on behalf of the Bond Holders as security for the Secured Obligations of the Company under the Transaction Documents (as defined in the Debenture Trust Deed) and that the Guarantor does undertake certain covenants in connection with (i) depositing the Annual Payment Amounts (as defined in the Debenture Trust Deed) in fixed deposits (as defined in the Debenture Trust Deed) only throughout the pendency of the Bonds (as defined in the Debenture Trust Deed), (ii) undertaking to pay sufficient amounts into the Bond Servicing Account (as defined in the Debenture Trust Deed) as set out hereunder and (iii) undertaking to pay such amounts into the Debt Service Reserve Account (as defined in the Debenture Trust Deed) as are required to meet the Debt Service Reserve Amount (as defined in the Debenture Trust Deed) as set out hereunder;

AND WHEREAS, the Company has in accordance with the above referred Government Order, approached the GoM to issue an unconditional and irrevocable guarantee in favour of the Debenture Trustee and undertake the covenants as set out hereunder in accordance with this Deed, for the repayment of the Principal amount of the Bonds and payment of Interest (payable quarterly in accordance with the Debenture Trust Deed) on the said Principal sum from the Deemed Date of Allotment (as defined in the Debenture Trust Deed) along with any Default Interest, and other Secured Obligations;

AND WHEREAS, the GoM confirms that it has received and examined a copy of the Transaction Documents and has agreed and accepted the terms and conditions of the issue of the Bonds by the Company thereunder.

Unless the context otherwise requires capitalised terms used but not defined in this Deed shall have the meaning ascribed thereto in the Debenture Trust Deed and other Transaction Documents (as applicable). The term "Transaction Documents" shall mean and include this Deed, the Debenture Trust Deed, the Debenture Trustee Agreement, the Information Memorandum, the deed of Hypothecation, the Accounts Agreement, and any other agreement(s) entered into in connection with the issuance of the Bonds and designated as such by the Debenture Trustee.

NOW THIS DEED WITNESSES AS FOLLOWS.

1. In consideration of the Bond Holders having subscribed and/or agreeing to subscribe to the Bonds issued and/or to be issued by the Company, the Guarantor does hereby irrevocably, absolutely and unconditionally and as a continuing obligation, guarantees as principal debtor and not merely as surety and undertakes to pay forth with on demand to the Debenture Trustee, without demur or protest, any and all amounts due in respect of the said Bonds including any amount towards Redemption (in whole or in part) of the said Bonds, along with any and all Interest (payable quarterly in accordance with the Debenture Trust Deed), *premia*, costs or other charges thereon along with other Secured Obligations, that may be payable by the Company on account of default in the fulfillment of any of its obligations in respect of the Bonds.
2. Notwithstanding anything contained in this Deed, the maximum liability of the GoM under this Deed shall be the aggregate of the Principal amount, that is Rs. 630 crore/- (Rupees Six Hundred Thirty Crores only) and any monies payable on account of Interest and other Secured Obligations ("**Guarantee Amount**").

2 .

Guarantor	Debenture Trustee
------------------	--------------------------

3. The Debenture Trustee shall invoke the guarantee in terms of this Deed by issuing a demand notice to the Guarantor in writing ("**Demand Notice**") in the form set out in Schedule I (*Form of Demand Notice*) upon the occurrence of: (i) an Event of Default (and if such Event of Default, is not remedied within 3 (three) Business Days from the date of the End of Day (EOD) Intimation Notice); or (ii) the failure of the Company and/or GoM to fund the relevant account with the relevant amount in accordance with *Clause 7(a)(iv)*, or *7(b)(i)* below.
4. The Guarantor hereby declares and confirms that upon receipt of a Demand Notice, or any notice issued in terms of *Clause 7(a)(iv)* or *7(b)(ii)* below, indicating the amounts due or payable by the Company and/or the GoM (as the case may be) in accordance with the Debenture Trust Deed or any other Transaction Documents, the Guarantor shall promptly, without any demur, reservations, recourse, contest or protest and without any reference to the Company, pay such amounts (not exceeding in aggregate the Guarantee Amount) in accordance with this Deed into the bank account as intimated in the Demand Notice or any notice issued in terms of *Clause 7* below or into the Bond Servicing Account or Debt Service Reserve Account (as applicable). The Guarantor agrees that the Debenture Trustee may make more than one demand under this Deed and all such demands shall be cumulative.
5. A Demand Notice or any notice issued in terms of *Clause 7* below, signed by a duly authorised official of the Debenture Trustee, shall be conclusive evidence, against the Guarantor, of the amount for the time being due and/or payable to the Debenture Trustee/Bond Holders from the Company in any action or proceeding brought against the Guarantor in terms of this Deed.
6. A Demand Notice or any notice issued in terms of *Clause 7* below, shall be deemed to have been duly provided by the Debenture Trustee, if provided through facsimile or email to the Guarantor or if delivered personally by hand, marked for the attention of the Office of _____, at the address/notice details as set out below (or as otherwise notified from time to time), notwithstanding that the Demand Notice or any notice issued in terms of *Clause 7* below, may not in fact have been delivered to the Guarantor or that the address to which it is dispatched may have ceased to be the address of the Guarantor.
7. The GoM hereby agrees, undertakes, acknowledges, covenants, declares and confirms to the Debenture Trustee as follows:
 - (a) *Payment Obligation*
 - (i) The Company, shall identify and/or open a no set-off, no lien, bank account with a scheduled commercial bank (hereinafter referred to as the "*Bond Servicing Account*") operated and maintained in terms of the Accounts Agreement.
 - (ii) The Bond Servicing Account shall at all times be kept free from any Encumbrance, charge, lien, security interest or any escrow arrangement (other than as contemplated under the Accounts Agreement).

Guarantor	Debenture Trustee
------------------	--------------------------

- (iii) The Company shall, remit the Bond Payment Amounts to the Bond Servicing Account, such that the Bond Servicing Account is fully funded to the extent of the amounts due on the subsequent Due Date falling at the end of such Payment Period ("**Due Amount**") no later than 15 (fifteen) days prior to such relevant Due Date (as defined in the Debenture Trust Deed)(**T-15 days**) ("**Funding Date**").
- (iv) The Debenture Trustee shall independently monitor the adequacy of credit in the Bond Servicing Account. In the event the Company has not funded the Bond Servicing Account to the extent of the Due Amount, as required under Clause 7 (a) (iii) above on or prior to any Funding Date, the Debenture Trustee shall issue a notice to the Company and GoM in writing in the form set out in Schedule II ("**Shortfall Intimation Notice**") on the day falling 14 days prior to the relevant Due Date (**T-14 days**) ("**Shortfall Demand Date**") to fund the Bond Servicing Account such that it is funded for no less than the Due Amount no later than 10 days prior to each Due Date (**T-10 days**) ("**Shortfall Payment Date**"). The GoM irrevocably and unconditionally undertakes to fund the Bond Servicing Account in accordance with this Clause 7(a)(iv).
- (v) Upon failure of the GoM and the Company to ensure that the Due Amount is collected and/or funded in the Bond Servicing Account on or prior to each Shortfall Payment Date, the Debenture Trustee shall call upon the Guarantee given by the GoM in terms of this Deed by issuing the Demand Notice on the day falling immediately after the relevant Shortfall Payment Date (**T-9 days**) requiring the GoM to make good the shortfall in the Bond Servicing Account by such amounts such that the Bond Servicing Account is funded for no less than the Due Amount no later than 7 (seven) days prior to each Due Date (**T-7 day**) ("**Final Funding Date**").
- (vi) Upon receipt of Demand Notice from the Debenture Trustee, the GoM shall fund the Bond Servicing Account to the extent of such appropriate amounts such that the Bond Servicing Account is funded for no less than the Due Amount, on or prior to the Final Funding Date.
- (vii) In the event that the Bond Servicing Account is not funded by the GoM and/or the Company by the Final Funding Date in accordance with Clause 7 (a) (v) above the Debenture Trustee shall fund such shortfall by transferring the funds from the Debt Service Reserve Account and make the necessary payments to the Bond Holders on the Due Date. It is hereby clarified that, notwithstanding the appropriation of any amount from the Debt Service Reserve Account to service the Due Amount on the Due Date, the obligation of the GoM to pay upon the issuance of the Demand Notice, issued under Clause 7(a) (v) above, shall not be mitigated and the GoM shall continue to remain liable to pay the amount set out in the Demand Notice to the credit of the Bond Servicing Account or as may be intimated by the Debenture Trustee.

Guarantor	Debenture Trustee
------------------	--------------------------

(b) DSRA Replenishment Obligations

- (i) Until the Bonds are finally and fully settled, if at any point in time, the amounts lying in the Debt Service Reserve Account are lower than the Debt Service Reserve Amount, the Debenture Trustee shall issue a final notice in the form set out in Schedule III hereto ("**DSRA Final Notice**") on the next working day requiring the GoM and the Company to fund the Debt Service Reserve Account to the extent of such shortfall (as stated in the DSRA Final Notice) such that the Debt Service Reserve Account is funded fully for the Debt Service Reserve Amount within 10 (ten) days of the issuance of the DSRA Final Notice.
- (ii) In the event that the Debt Service Reserve Account is not funded, up to the required amount, on or prior to 10 (ten) days from the issuance of the DSRA Final Notice, the Debenture Trustee shall invoke the guarantee provided by the GoM in terms of this Deed, to the extent of the shortfall in the Debt Service Reserve Amount, by issuing the Demand Notice on the immediate next working day or thereafter. The GoM agrees and confirms that to make payments against such Demand Notice within 7 (seven) days of the date of such Demand Notice.
- (iii) It is hereby clarified that in case the shortfall in the Debt Service Reserve Amount has arisen on account of the utilization of the same towards the Due Amount and the Demand Notice issued under Clause 7(a)(v) is outstanding, and on account of aforesaid shortfall a Demand Notice under this Clause 7(b)(ii) has also been issued and outstanding, then the GoM shall be liable to make payment under either of such Demand Notices.

(c) Redemption Payment Obligation

The GoM shall, through its Power Department, put a mechanism in place which ensures that on an annual basis and for a continuous period of 10 (ten) years from the Deemed Date of Allotment, an amount of Rs. 41,75,00,000/- (Rupees Forty One Crore Seventy Five Lakh only) each year is unfailingly deposited in a fixed deposit with a bank, approved by the Debenture Trustee, which amounts, together with interest earned thereon, shall be solely utilised for the redemption of the Bonds upon their maturity. Such amounts and deposits shall be operated by the Company, in accordance with the instructions of the Debenture Trustee and such deposits shall be hypothecated in favour of the Debenture Trustee.

- (d) The GoM agrees and confirms to make payments under this Deed free from any withholding or deduction into the Bond Servicing Account and the Debt Service Reserve Account (as the case may be). The GoM represents and warrants that the terms of this Clause 7, are in accordance with and do not breach any provision of the Constitution of India, the laws made by the legislature of the

Guarantor	Debenture Trustee
-----------	-------------------

State of Meghalaya ("State Legislature") and / or the rules made by the Governor of the State of Meghalaya and / or any agreement or memorandum of agreement or understanding or any similar instrument entered into by the GoM or the Company;

8. The GoM undertakes that the obligations under this Deed (including but not limited to the obligations under Clauses 3 to 7) will be recognized through requisite acknowledgement of the same in the budget of the GoM, every year, until the Bonds are completely redeemed and the GoM will provide for the payments of amounts due to the Bond Holders during a particular financial year as a part of the relevant Appropriation Act of the State.
9. To give effect to this Deed, the Debenture Trustee/Bond Holders may act as though the Guarantor is the principal debtor and not merely a surety.
10. The liability of the Guarantor under this Deed shall not be revoked or affected by:
 - (a) any change in the constitution, management, ownership, or corporate existence of the Company;
 - (b) any insolvency, liquidation, bankruptcy, winding-up or similar situation or proceeding in respect of the Company including approval of any resolution plan being agreed to in respect of the Company;
 - (c) winding up (voluntary or otherwise), dissolution, reconstruction and reorganization of the Company or any absorption, merger or amalgamation of the Company with any other company or concern; or
 - (d) the acquisition of the Company and/or of any of its undertaking(s) pursuant to any law;
 - (e) any change in the constitution of the Debenture Trustee/Bond Holders;
 - (f) the granting of any time or extension of time for payment of any amounts due to the Debenture Trustee and/or Bond Holders pursuant to the Transaction Documents;
 - (g) any illegality, invalidity, irregularity or unenforceability of all or any part of the Guarantee Amount or the terms of any Transaction Documents;
 - (h) any incapacity or lack of power, authority or legal personality of any person;
 - (i) any amendment or assignment or novation or charge or succession or variation (however fundamental) to the terms of the Transaction Documents;
 - (j) any other act, thing or omission on the part of the Debenture Trustee and / or Bond Holders or by any other matter or thing whatsoever which under the law relating to sureties would have the effect of so releasing, impairing, discharging

Guarantor	Debenture Trustee
------------------	--------------------------

the Guarantor of its liability under this Deed. The Guarantor hereby waives in favour of the Debenture Trustee and / or Bond Holders so far as may be necessary to give effect to any of the provisions of this Deed, all the suretyship and other rights which the Guarantor might otherwise be entitled to enforce; and/or

- (k) the absence or deficiency of any power or authority on the part of the Guarantor to give guarantees, any irregularity in the exercise of such powers or any other disability or incapacity on the part of the Guarantor.

11. The following events set out below will be considered to be an Event of Default (whether or not caused by any Person whatsoever including any Person outside the control of the Company or of any other Person) (such determination being at the sole discretion of Debenture Trustee):

- (a) The Debenture Trustee shall on each Due Date ascertain whether there are adequate funds in the Bond Servicing Account to make payments to the Bond Holders on the respective Due Date. In case the Bond Servicing Account is not funded adequately by the Company and / or the Guarantor or from the amounts, if any, lying to the credit of Debt Service Reserve Account on each Due Date such that a payment default occurs on the Due Date, the same shall constitute an Event of Default.
- (b) Default is committed by the Company in the performance or observance of any material covenant, condition or provision contained in the Transaction Documents, including but not limited to non-listing of Bonds or in any reports or other information furnished by the Company and any warranties given or deemed to have been given by the Company to the Debenture Trustee.
- (c) The Company has voluntarily or involuntarily become the subject of proceedings under the Insolvency and Bankruptcy Code, 2016 or any bankruptcy or insolvency law or the Company is voluntarily or involuntarily dissolved, a resolution professional or a receiver or a liquidator has been appointed or allowed to be appointed of all or any part of the undertaking of the Company or the Company ceases or threatens to cease to carry on its business or gives notice of its intention to do so.
- (d) If in the opinion of the Debenture Trustee, the Security created in terms of any Transaction Document or any part thereof, is in jeopardy.
- (e) If the Company is unable to pay its debts or if the Company is carrying on business at a loss and it appears to the Debenture Trustee that continuation of its business with endanger the Security created in terms of the Transaction Documents.
- (f) Any failure on behalf of the Company and/ or the Guarantor to perform or comply with any of their material obligations in relation to the Bonds or under

Guarantor	Debenture Trustee
------------------	--------------------------