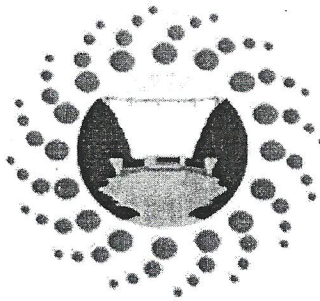


**MEGHALAYA POWER GENERATION  
CORPORATION LIMITED**

**SHILLONG**



**MePGCL**

Generating Clean And Green Energy

**STATEMENT OF ACCOUNTS**

**2012-2013**

**MEGHALAYA POWER GENERATION CORPORATION LIMITED**  
**BALANCE SHEET AS AT 31st MARCH 2013**

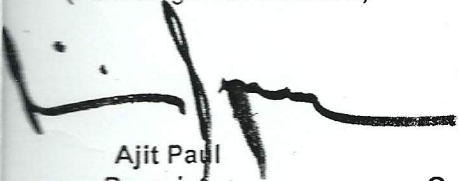
Particulars		Note No.	As At 31st March 2013	As At 31st March 2012
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>			
<b>(1)</b>	<b>Shareholders' funds</b>			
<b>(a)</b>	Share capital	2	5,00,000	5,00,000
<b>(b)</b>	Reserves & surplus	4	1,70,50,35,549	(6,16,536)
			1,70,55,35,549	(1,16,536)
<b>(2)</b>	Equity Capital pending allotment	3	6,70,17,05,891	-
<b>(3)</b>	<b>Non-current liabilities</b>			
<b>(a)</b>	Long-term borrowings	5	9,22,39,54,340	-
			9,22,39,54,340	-
<b>(4)</b>	<b>Current liabilities</b>			
<b>(a)</b>	Short-term borrowings	6	19,67,23,781	-
<b>(b)</b>	Trade Payables	7	39,44,19,896	-
<b>(c)</b>	Other current liabilities	8	78,95,18,937	1,16,536
<b>(d)</b>	Short term provisions	9	8,32,86,242	-
			1,46,39,48,856	1,16,536
	<b>TOTAL</b>		<b>19,09,51,44,637</b>	<b>-</b>
<b>II.</b>	<b>ASSETS</b>			
<b>(1)</b>	<b>Non-current assets</b>			
<b>(a)</b>	Fixed assets			
<b>(i)</b>	Tangible assets	10	13,11,35,20,050	-
<b>(ii)</b>	Capital Work in Progress	11	3,47,75,10,069	-
			16,59,10,30,119	-
<b>(2)</b>	<b>Current assets</b>			
<b>(a)</b>	Inventories	12	8,17,49,510	-
<b>(b)</b>	Cash & Bank Balances	13	6,51,35,257	-
<b>(c)</b>	Short-term loans and advances	14	2,55,75,071	-
<b>(d)</b>	Other current assets	15	2,33,16,54,680	-
			2,50,41,14,518	-
	<b>TOTAL</b>		<b>19,09,51,44,637</b>	<b>-</b>
	Significant accounting policies	1		
	Notes to the financial statements	23		

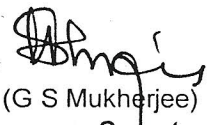
The accompanying notes are an integral part of the financial statements

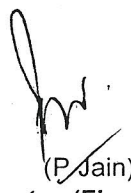
As per our report of even date attached

**A Paul & Co**  
Chartered Accountants  
(Firm Regn. No 312060E)

For and on behalf of the board

  
Ajit Paul  
Proprietor  
M.No. 050527

  
(G S Mukherjee)  
Company Secretary

  
(P Jain)  
Director (Finance)

  
(P B O Warjri)  
Chairman-cum-Managing Director

Place:- Shillong  
Date:- 17<sup>th</sup> July, 2015.

**MEGHALAYA POWER GENERATION CORPORATION LIMITED**  
**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2013**

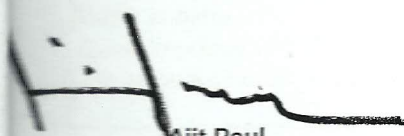
Particulars		Note No.	For the year ended 31st March 2013	For the year ended 31st March 2012
<b>I.</b>	<b>Revenue</b>			
(a)	Revenue from operations	16	1,41,20,06,934	-
(b)	Other income	17	88,26,243	1,050
	<b>Total Revenue</b>		<b>1,42,08,33,176</b>	<b>1,050</b>
<b>II.</b>	<b>Expenses:</b>			
(a)	Employee benefits expense	18	49,48,02,619	-
(b)	Finance costs	19	63,57,91,584	-
(c)	Depecciation & Amortisation expenses	20	73,95,32,582	-
(d)	Other expenses	21	10,63,85,002	39,326
(e)	Prior period items (net)	22	67,53,297	-
	<b>Total Expenses</b>		<b>1,98,32,65,086</b>	<b>39,326</b>
<b>III.</b>	<b>Profit/(Loss) before exceptional and extraordinary items and tax (I-II)</b>		<b>(56,24,31,909)</b>	<b>(38,276)</b>
<b>IV.</b>	Exceptional items		-	-
<b>V.</b>	<b>Profit/(Loss) before extraordinary items and tax (III-IV)</b>		<b>(56,24,31,909)</b>	<b>(38,276)</b>
<b>VI.</b>	Extraordinary items		-	-
<b>VII.</b>	<b>Profit/(loss) before tax (V-VI)</b>		<b>(56,24,31,909)</b>	<b>(38,276)</b>
<b>VIII.</b>	Tax expense			
(a)	Current Tax		-	-
(b)	Deferred Tax		-	-
<b>IX.</b>	<b>Profit/(loss) for the year (VII-VIII)</b>		<b>(56,24,31,909)</b>	<b>(38,276)</b>
<b>X.</b>	Basic and Diluted Earnings per equity share (Face value of Rs. 10/- each):		(11,248.64)	(0.77)
	Significant accounting policies	1		
	Notes to the financial statements	23		

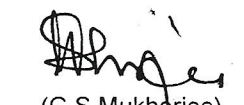
The accompanying notes are an integral part of the financial statements

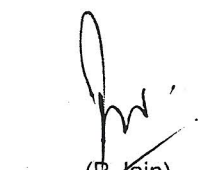
As per our report of even date attached

**A Paul & Co**  
Chartered Accountants  
(Firm Regn. No 312060E)

For and on behalf of the board

  
Ajit Paul  
Proprietor  
M.No: 050527

  
(G S Mukherjee)  
Company Secretary

  
(P Jain)  
Director (Finance)

  
(P B O Warjri)  
Chairman-cum-Managing Director

Place:- Shillong  
Date:- 17<sup>th</sup> July, 2015.



**MEGHALAYA POWER GENERATION CORPORATION LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2013**

Particulars	For the year ended 31st March 2013	For the year ended 31st March 2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before Tax as per Statement of Profit & Loss	(56,24,31,909)	(38,276)
Adjustments for :		
Depreciation & Amortization	73,95,32,582	-
Finance Cost	63,57,91,584	-
Operating Profit before Working Capital Changes	<b>81,28,92,257</b>	<b>(38,276)</b>
Adjustments for increase/decrease in:		
Inventories	(8,17,49,510)	-
Short term loans & advances	(2,55,75,071)	-
Other current assest	(2,33,16,54,680)	-
Trade payables	39,44,19,896	-
Other current liabilities	78,94,02,401	38,276
Short term provisions	8,32,86,242	-
<b>Cash generated from Operations</b>	<b>(35,89,78,465)</b>	-
Taxes Paid	-	-
<b>Net Cash generated from Operations</b>	<b>(35,89,78,465)</b>	-
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets & CWIP	(17,33,07,81,543)	-
<b>Net Cash from Investing Activities</b>	<b>(17,33,07,81,543)</b>	-
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Grants & subsidies	2,26,82,04,573	-
Capital reserves	98,263	-
Increase/Decrease in long term borrowings	9,22,39,54,340	-
Increase/Decrease in short term borrowings	19,67,23,781	-
Finance Cost	(63,57,91,584)	-
Equity Capital pending allotment	6,70,17,05,891	-
<b>Net Cash from Financing Activities</b>	<b>17,75,48,95,264</b>	-
<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>6,51,35,256</b>	-
Opening balance of Cash and Cash Equivalents	-	-
Closing balance of Cash and Cash Equivalents:	6,51,35,257	-
Consisting of:		
Cash in hand	5,22,120	-
Cash Imprests with Staff	1,10,27,257	-
-Balance with bank in Current accounts	5,35,85,880	-
	<b>6,51,35,257</b>	-


As per our report of even date attached

**A Paul & Co**  
Chartered Accountants  
(Firm Regn. No 312060E)

For and on behalf of the board

  
**Ajit Paul**  
Proprietor  
M.No. 050527

  
(G S Mukherjee)  
Company Secretary

  
(P Jain)  
Director (Finance)

  
(P B O Warjri)  
Chairman-cum-Managing Director

Place:- Shillong

Date:- 17<sup>th</sup> July, 2015.



MEGHALAYA POWER GENERATION CORPORATION LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

Note 2 Share capital

Particulars	As At	As At
	31st March 2013	31st March 2012
(a) Authorised 1,00,00,00,000 (Previous year 1,00,00,00,000) Equity Shares of Rs.10 each	10,00,00,00,000	10,00,00,00,000
(b) Issued, subscribed and fully paid up 50,000 (Previous year 50,000) Equity Shares of Rs.10 each	5,00,000	5,00,000
<b>Total</b>	<b>5,00,000</b>	<b>5,00,000</b>

2.1 The Company has only one class of equity shares, having a par value of Rs. 10 per share. Each shareholder is eligible to one vote per share held.

2.2 Reconciliation of the number of shares outstanding: -

Particulars	As at 31 March 2013		As at 31 March 2012	
	No. of shares	Amount	No. of shares	Amount
Equity Shares at the beginning of the year	50,000	5,00,000	50,000	50,00,000
Add:- Shares issued during the year	-	-	-	-
Equity Shares at the end of the year	50,000	5,00,000	50,000	50,00,000

2.3 Details of the shares held by each shareholder holding more than 5% shares:-

Particulars	As at 31 March 2013		As at 31 March 2012	
	No. of shares	% held	No. of shares	% held
Meghalaya Energy Corporation Limited (MeECL)	50,000	100%	50,000	100%

2.4 Details of shares held by the Holding Company:

100 % shares held by holding company namely Meghalaya Energy Corporation Limited and its nominees.

MEGHALAYA POWER GENERATION CORPORATION LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

Note 3 Equity Capital pending allotment

Particulars	Account Code No.	As At 31st March 2013	As At 31st March 2012
Equity Capital pending allotment	54.500(A)	6,70,17,05,891	-
<b>Total</b>		<b>6,70,17,05,891</b>	<b>-</b>

3.1 Equity capital pending allotment represents the amount of equity capital to be allotted to the Holding Company in accordance with notification issued on dated April 29,2015 by Govt of Meghalaya and consequent transactions during financial year. The shares will be allotted on completion of due procedure.

Note 4 Reserves & surplus

Particulars	Account Code No.	As At 31st March 2013	As At 31st March 2012
<b>Grant &amp; Subsidies</b>			
Opening Balance		-	-
Add: Addition during the year (refer note 23.17 and 23.18)	55.300	2,26,82,04,573	-
		<b>2,26,82,04,573</b>	<b>-</b>
Less: Accumulated Amortization		2,18,842	-
Closing Balance		<b>2,26,79,85,731</b>	<b>-</b>
<b>Capital Reserves</b>			
Opening Balance	56.2 & 56.3	1,95,18,500	1,95,18,500
Add:-Addition during the Year		98,263	-
Closing Balance		<b>1,96,16,763</b>	<b>1,95,18,500</b>
<b>Surplus in Statement of Profit &amp; Loss</b>			
Opening Balance		(2,01,35,036)	(2,00,96,760)
Add:- Profit/(Loss) during the year as per Statement of Profit & Loss		(56,24,31,909)	(38,276)
Closing Balance		<b>(58,25,66,945)</b>	<b>(2,01,35,036)</b>
<b>Total</b>		<b>1,70,50,35,549</b>	<b>(6,16,536)</b>



MEGHALAYA POWER GENERATION CORPORATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

Note 5 Long term borrowings

Particulars	Account Code No.	As At 31st March 2013	As At 31st March 2012
<b>I. Secured</b>			
<b>Term Loans</b>			
<b>(i) From Banks</b>			
(a) 13.55% Term Loan from Federal Bank (For Myntdu Leshka Hydro Electric Project (MLHEP); loan is secured against hypothecation charge on assets of the company and is also guaranteed by the State Government. Loan is repayable in 7 years in monthly installments starting from April 01, 2012)	53.910	58,48,49,753	-
(b) 12.75% Term Loan from Central Bank of India (For MLHEP Project; loan is secured against hypothecation charge on assets of the company and is also guaranteed by the State Government. Loan is repayable in 7 years in monthly installments starting from April 01, 2012)	53.500	66,92,44,997	-
<b>(ii) From Others</b>			
(a) 13.14% Term Loan from PFC (For MLHEP Project; loan is secured against hypothecation charge on fixed assets. Loan is repayable in 15 years from its COD in Quaterly installments)	53.800	1,68,30,82,947	-
<b>Sub Total (A)</b>		<b>2,93,71,77,697</b>	<b>-</b>
<b>Unsecured</b>			
(a) 9.95% BSE Power Bonds-I (For MLHEP Project; guaranteed by the State Government, Semi annual interest payment for 10 years with bullet repayment on October 17, 2017)	52.110	1,20,00,00,000	-
(b) 11.40% BSE Power Bonds-II (For MLHEP Project; guaranteed by the State Government, Semi annual interest payment for 10 years with bullet repayment on November 18, 2018)	52.110	50,00,00,000	-
(c) 11.07% Loan from REC (For MLHEP Project; guaranteed by State Government, Annual repayment in 10 years from COD)	53.303	2,53,04,23,534	-
(d) 12.50% Loan from HUDCO (For New Uumtru Hydro Electric Power Project (NUHEP); guaranteed by State Government, Quaterly repayment in 9 years from its date of commissioning)	53.900	1,43,52,63,119	-
(e) 9.30% Loan from State Government (Semi annual repayment in 10 Years with 2 years of moratorium from the date of disbursement.)	54.200(S)	42,28,28,600	-
(f) Loan from State Government (OECF)	54.700(OECF)	13,77,19,879	-
(g) Loan from State Government (JBIC)	54.700(JBIC)	11,28,02,851	-
<b>Sub Total (B)</b>		<b>6,33,90,37,983</b>	<b>-</b>
<b>Total (C=A+B)</b>		<b>9,27,62,15,680</b>	<b>-</b>
<b>Less:- Current Maturities of Long Term Debts</b>			
(a) Secured	51.108 & 51.114	3,86,90,477	-
(b) Unsecured	51.104 & 51.110	1,35,70,863	-
<b>Sub Total (D)</b>		<b>5,22,61,340</b>	<b>-</b>
<b>Grand Total</b>		<b>9,22,39,54,340</b>	<b>-</b>

MEGHALAYA POWER GENERATION CORPORATION LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

Note 6 Short term borrowings

Particulars	Account Code No.	As At 31st March 2013	As At 31st March 2012
<b>Unsecured</b>			
Repayable on demand/Bank Overdrafts from Banks			
Vijaya Bank	50.201(L/C MLHEP)	17,42,80,350	-
Central Bank of India	50.201 (New)	2,24,43,431	-
<b>Total</b>		<b>19,67,23,781</b>	<b>-</b>

Note 7 Trade Payables

Particulars	Account Code No.	As At 31st March 2013	As At 31st March 2012
Deposits and Retentions from Suppliers and Contractors	46.1 & 28.930	29,09,71,577	-
Liability to Supplies/Works	42.1 & 42.2	8,25,46,688	-
Liabilities for O & M Supplies	43.1 to 43.6	2,09,01,631	-
<b>Total</b>		<b>39,44,19,896</b>	<b>-</b>

7.1 Based on the information available with the company, there are no dues payable to an enterprise covered under the Micro, Small and Medium Enterprises Development Act, 2006.

Note 8 Other Current Liabilities

Particulars	Account Code No.	As At 31st March 2013	As At 31st March 2012
Duties & Other Levies payable to Government	46.3	18,12,347	-
Liability for Expenses	46.4	28,56,09,765	1,16,536
Other Liabilities	46.9	8,10,33,970	-
Current Maturities of Long Term Debts	51.1	5,22,61,340	-
Interest Accrued and due	51.2	36,88,01,516	-
<b>Total</b>		<b>78,95,18,937</b>	<b>1,16,536</b>

Note 9 Short term provisions

Particulars	Account Code No.	As At 31st March 2013	As At 31st March 2012
Staff related liabilities & provisions	44.1 to 44.6	8,32,86,242	-
<b>Total</b>		<b>8,32,86,242</b>	<b>-</b>



SHALAYA POWER GENERATION CORPORATION LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

Fixed Assets

Asset Group	Accounts Code	GROSS BLOCK						As at 31.03.2013	Opening Balance as on 1.04.2012	Transferred
		Opening Balance as on 1.04.2012	Transferred as per Transfer Scheme	Opening Balance as on 1.04.2012	Addition during the year	Deduction during the year				
Land and land rights	10.1	-	7,48,26,639	7,48,26,639	15,53,78,157	28,29,969	22,73,74,827	-	-	
Buildings	10.2	-	12,86,13,981	12,86,13,981	91,51,62,303	-	1,04,37,76,283	-	8,32,11,49,279	
Hydraulic Works	10.3	-	1,28,43,80,770	1,28,43,80,770	5,90,13,56,352	-	7,18,57,37,122	-	81,22,11,49,279	
Others Civil Works	10.4	-	23,41,74,457	23,41,74,457	1,14,11,33,822	-	1,37,53,08,279	-	11,49,279	
Plant and Machinery	10.5	-	1,24,06,75,581	1,24,06,75,581	4,31,73,60,777	6,61,75,000	5,49,18,61,358	-	56,08,279	
Lines and Cable Network	10.6	-	2,88,96,240	2,88,96,240	4,43,47,933	-	7,32,44,173	-	1,73,60,777	
Vehicles	10.7	-	1,53,80,254	1,53,80,254	30,71,720	5,36,460	1,79,15,514	-	7,32,44,173	
Furniture and Fixtures	10.8	-	1,71,59,206	1,71,59,206	39,67,538	-	2,11,26,744	-	70,71,720	
Office Equipment	10.9	-	1,23,32,522	1,23,32,522	25,64,258	-	1,48,96,780	-	4,31,73,60,777	
Assets Not In Use	16	-	-	15,55,336	-	-	15,55,336	-	-	
<b>TOTAL</b>		-	<b>3,03,64,39,651</b>	<b>3,03,79,94,986</b>	<b>12,48,43,42,859</b>	<b>6,95,41,429</b>	<b>15,45,27,96,417</b>	-	<b>1,60,61,352</b>	
Previous Year		-	-	-	-	-	-	-	-	

As per Scheme	ACCUMULATED DEPRECIATION				NET BLOCK	
	Opening Balance as on 1.04.2012	Depreciation for the year	Adjustment or Deduction	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
-	-	-	-	-	22,73,74,827	-
591	8,32,03,591	3,42,22,881	-	11,74,26,472	92,63,49,811	-
518	81,21,52,518	37,74,71,904	-	1,18,96,24,422	5,99,61,12,700	-
411	11,49,98,411	4,52,37,494	-	16,02,35,905	1,21,50,72,374	-
762	56,08,42,762	27,62,00,609	(69,79,216)	83,00,64,156	4,66,17,97,202	-
096	1,71,94,096	33,08,820	-	2,05,02,916	5,27,41,257	-
085	71,47,085	13,46,839	(2,95,723)	81,98,201	97,17,314	-
220	70,92,220	10,79,528	-	81,71,748	1,29,54,997	-
197	41,69,197	8,83,351	-	50,52,548	98,44,233	-
-	-	-	-	-	15,55,336	-
880	1,60,67,99,880	73,97,51,425	(72,74,939)	2,33,92,76,367	13,11,35,20,050	-
-	-	-	-	-	-	-



MEGHALAYA POWER GENERATION CORPORATION LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

Note 11 Capital work in progress

Particulars	Account Code No.	As At 31st March 2013	As At 31st March 2012
Capital Work-in-progress	14	2,73,53,22,326	-
Advance to Supplier (Capital Expenses)	25.1 to 25.9	40,60,15,908	-
Deferred Expenditure	17.3 & 18.2	33,61,71,834	-
<b>Total</b>		<b>3,47,75,10,069</b>	<b>-</b>

Note 12 Inventories

Particulars	Account Code No.	As At 31st March 2013	As At 31st March 2012
Materials Stock	22	8,17,49,510	-
<b>Total</b>		<b>8,17,49,510</b>	<b>-</b>

Note 13 Cash & Bank Balances

Particulars	Account Code No.	As At 31st March 2013	As At 31st March 2012
<b>(A) Cash &amp; Cash Equivalents</b>			
Cash in Hand	24.1	5,22,120	-
Cash Imprests with Staff	24.2	1,10,27,257	-
Balance with Banks (i) In Current Accounts	24.3 & 24.4	5,35,85,880	-
<b>Total (A)</b>		<b>6,51,35,257</b>	<b>-</b>
<b>(B) Other Bank Balances</b>			
Bank FDs	20.2	-	-
<b>Total (B)</b>		<b>-</b>	<b>-</b>
<b>Total (A+B)</b>		<b>6,51,35,257</b>	<b>-</b>

MEGHALAYA POWER GENERATION CORPORATION LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

Note 14 Short term loans & advances

Particulars	Account Code No.	As At 31st March 2013	As At 31st March 2012
Unsecured, considered good			
Advances for O & M Supplies/Works	26.1 to 26.7	1,85,53,005	-
Loans and Advances to Staff	27.1 to 27.2	69,34,168	-
Others	27.8	87,899	-
<b>Total</b>		<b>2,55,75,071</b>	<b>-</b>

Note 15 Other current assets

Particulars	Account Code No.	As At 31st March 2013	As At 31st March 2012
Recoverable from Ex-employees	28.4	42,93,527	-
Other claims and Receivables	28.6, 28.7 & 28.8 (Excl.28.89)	1,41,319	-
Inter Unit Transfer	30 to 38	1,21,01,283	-
Inter Company receivable		2,21,99,76,424	-
Other current assets		9,51,42,127	-
<b>Total</b>		<b>2,33,16,54,680</b>	<b>-</b>

Note 16 Revenue from operations

Particulars	Account Code No.	For the year ended 31st March 2013	For the year ended 31st March 2012
Revenue from sale of power	61.110 -122	1,41,20,06,934	-
Revenue from operations		1,41,20,06,934	-

Note 17 Other Income

Particulars	Account Code No.	For the year ended 31st March 2013	For the year ended 31st March 2012
Miscellaneous receipts	62.901-62.950	64,53,717	1,050
Income from trading	62.321-62.360	23,72,526	-
<b>Total</b>		<b>88,26,243</b>	<b>1,050</b>



MEGHALAYA POWER GENERATION CORPORATION LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

Note 18 Employee benefit expense

Particulars	Account Code No.	For the year ended 31st March 2013	For the year ended 31st March 2012
Salaries	75.1	43,20,54,459	-
Terminal benefit expenses		14,12,09,876	-
Contributions to provident and other funds	75.8	21,44,831	-
Staff Welfare Expenses	75.7	3,32,098	-
		57,57,41,264	-
Less: Capitalised to CWIP	75.9	8,09,38,645	-
<b>Total</b>		<b>49,48,02,619</b>	<b>-</b>

Note 19 Finance costs

Particulars	Account Code No.	For the year ended 31st March 2013	For the year ended 31st March 2012
Interest Expense on borrowings	78.1, 2 & 5	1,00,36,05,036	-
Cost of raising finance	78.861-869	17,37,680	-
Other charges	78.881-889	1,00,87,492	-
		1,01,54,30,208	-
Less: Capitalised	78.9	37,96,38,624	-
<b>Total</b>		<b>63,57,91,584</b>	<b>-</b>

Note 20 Depreciation & Amortisation Expenses

Particulars	Account Code No.	For the year ended 31st March 2013	For the year ended 31st March 2012
Depreciation	77.1 - 77.7	73,97,51,425	-
Less:- Transferred from Reserve/Amortisation of grant	77.9	2,18,843	-
<b>Total</b>		<b>73,95,32,582</b>	<b>-</b>

MEGHALAYA POWER GENERATION CORPORATION LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

Note 21 Other expenses

Particulars	Account Code No.	For the year ended 31st March 2013	For the year ended 31st March 2012
<b>Repairs and Maintenance</b>			
Buildings	74.2	91,03,625	-
Plant & Machinery	74.1	2,72,77,301	-
Hydraulics Work	74.3	78,58,392	-
Civil Works	74.4	97,99,664	-
Lines & Cables	74.5	17,89,431	-
Vehicles	74.6	13,31,371	-
Furniture & Fixture	74.7	5,24,068	-
Office equipment	74.8	1,62,250	-
		<b>5,78,46,102</b>	<b>-</b>
<b>Administration &amp; General Expenses</b>			
Insurance	76.104-76.107	1,63,80,075	-
Rent, Rates and Taxes	76.101-76.103	10,01,014	-
Telegram, Postage, Telegraph and Telex charges	76.110-76.113	7,11,821	-
Training and conveyance	76.131-76.139	1,24,63,278	-
Printing and stationery	76.153	12,27,810	-
Consultancy Charges	76.123	7,58,728	-
Technical fees	76.124	6,451	-
Books & Periodicals	76.152	27,470	-
Fees & Subscription	76.151	90,390	-
Advertisement	76.155	56,770	-
Legal and professional	76.121 & 125	14,95,395	-
Auditors Remuneration	76.122	8,28,090	39,326
Electricity Charges	76.158	38,233	-
Water Charges	76.16	58,468	-
Entertainment	76.162	4,47,969	-
Lab Testing	76.164	300	-
Bad Debts and other misc. written off	79.4-79.5	1,81,61,365	-
Consumption of Lubricants, stores itmes and spare parts	71.6	3,27,656	-
Other Purchase Related Expenses	76.165 & 76.230-76.290	8,82,282	-
Miscellaneous expenses	76.19	9,09,939	-
		<b>5,58,73,504</b>	<b>39,326</b>
Less: Capitalised	76.9	<b>11,37,19,606</b>	<b>39,326</b>
<b>Total</b>		<b>73,34,604</b>	<b>-</b>
		<b>10,63,85,002</b>	<b>39,326</b>

Note 22 Prior period items (net)

Particulars	Account Code No.	For the year ended 31st March 2013	For the year ended 31st March 2012
<b>Expenses</b>			
Employee costs	83.5	26,06,490	-
Depreciation under provided in previous year	83.6	1,37,07,089	-
Interest & Other Finance Charges	83.7	-	-
Others	83.81 - 83.85	10,43,178	-
		<b>1,73,56,757</b>	<b>-</b>
<b>Incomes</b>			
Other excess provision	65.6, 65.8 & 65.9	1,06,03,460	-
		<b>1,06,03,460</b>	<b>-</b>
<b>Total</b>		<b>67,53,297</b>	<b>-</b>

MEGHALAYA POWER GENERATION CORPORATION LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

**SIGNIFICANT ACCOUNTING POLICIES**

**1 ACCOUNTING POLICIES: -**

The financial statements are prepared under the historical cost convention and in accordance with generally accepted accounting principles and in accordance with the provisions of the Companies Act, 1956. However where there is a deviation from the provisions of the Companies Act, 1956 in preparation of these accounts, the corresponding provisions of The Electricity Act 2003 have been adopted.

**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

- a) The Company is a Public Limited company registered under the Provisions of the Companies Act, 1956 and has applied provisions of the said Act for the preparation of its Financial Statements, unless otherwise stated. The Financial Statements are prepared and presented under the historical cost convention on accrual basis of accounting as going concern, in accordance with the accounting principles generally accepted in India and comply with the mandatory Accounting Standards notified under the Companies Act 1956. Accounting Policies have been followed consistently except stated specifically.
- b) The material known liabilities are provided for on the basis of available information estimates unless otherwise stated.

**1.2 USE OF ESTIMATES**

The presentation of Financial Statements requires certain estimates and assumptions. These estimates and assumption affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known/ materialized.

**1.3 FIXED ASSETS**

- a) Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation. The Fixed Assets of transferred undertaking of erstwhile Meghalaya State Electricity Board are stated as specified in notification No.POWER-79/2009/290 dated 31st March 2010 issued by the Government of Meghalaya notifying "The Meghalaya Power Sector Reforms Transfer Scheme 2010" as amended.
- b) In case of Fixed Assets for New Projects/ extensions/ renovation and modernization, the related expenses and interest cost up to the date of commissioning, attributable to such projects/ expansions/ renovation and modernization are capitalised.



#### 1.4 CAPITAL WORK IN PROGRESS (CWIP)

- a) Cost of material consumed, erection charges and the incidental expenses incurred for the project/asset, pending for capitalization are shown as Capital Work in Progress till the capitalization of asset/project.
- b) In case of Capital Work in Progress for work against Deposits/ Work contract where the final settlement of bills with contractor is yet to be effected, capitalization is done on provisional basis subject to necessary adjustment in the year of final settlement.
- c) Claim for price variation/ exchange rate variation in case of capital contracts are accounted for an acceptance thereof by the Company.
- d) The cost incurred and revenue generated during the Trial Run Stage of the Projects/Power Station is capitalized.

#### 1.5 BORROWING COST

Borrowing cost including interest, guarantee fees, commitment charges etc; that is directly attributable to the acquisition, construction or production of a qualifying asset is capitalized as part of the cost of that asset up to period the project is commissioned or asset is put to use.

#### 1.6 CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### 1.7 IMPAIRMENT OF ASSETS

The Impairment of Assets i.e. "The cash generating unit" is defined in Accounting Standard-28 notified under the Companies Act, 1956 on "Impairment of Assets" are identified at the Balance sheet date with respect to carrying amount of the asset vis-a-vis its estimated revenue generation during balance useful life of that asset and the loss, if any, is recognized in Statement of Profit & Loss. Impairment loss, if any, to be reversed subsequently is accounted for in the year of reversal. The Company has adopted the policy of carrying out impairment test once in the span of every three financial years.

#### 1.8 DEPRECIATION AND AMORTIZATION

The rates of depreciation prescribed by Central Electricity Regularity Commission for the purpose of tariff are being followed by the company which is significantly different from those prescribed under Schedule XIV Companies Act 1956.

## 1.9 INVESTMENT

Investments are classified into current and non-current investments. Current investments are stated at the lower of cost and fair value. Non-current investments are stated at cost price. Provision for diminution in the value of Non-current Investment is made only if such decline is not temporary in nature in the opinion of the management.

## 1.10 INVENTORIES

- a) Stores and spares are valued at lower of the weighted average cost inclusive of freight and other allocable overheads or net realizable value.
- b) Scraps/ Obsolete assets are valued at estimated cost or net realizable value, whichever is less.
- c) Stores and spares in Transit are valued at cost plus freight and other incidental expenses.

## 1.11 REVENUE RECOGNITION

### (i) Revenue from Sale of Power

Company is engaged in power generation business as defined in "The Meghalaya Power Sector Reforms Transfer Scheme 2010". It supplies whole of its generated power to MePDCL.

### (ii) Other Income

- (a) Income from sale of scrap and insurance claims are accounted for on the basis of actual realization.
- (b) Other income except mentioned above is recognised on accrual basis except when ultimate realisation of such income is uncertain.
- (iii) Amount in respect of unclaimed security deposit, earnest money deposit and misc. deposit of suppliers and contractors, stale cheques etc. which is pending for more than three years and which are not payable, is considered as income.

## 1.12 EXPENDITURE

All expenses are reflected in revenue accounts under their natural heads. Expenses shown under the power purchased, employee cost, depreciation, finance cost and other expenses are disclosed separately.

## 1.13 GRANT AND SUBSIDIES FROM THE GOVERNMENT

- a) In accordance with the Accounting Standard 12 on 'Accounting for Government Grants', notified under the Companies Act 1956, Grants and Subsidies received from Government are recognised on reasonable certainty of its realisability.
- b) Grants and Subsidies received for the specific assets are disclosed as Grants on Liabilities side and amortized in proportion of depreciation every year for depreciable assets acquired. On acquisition of Non depreciable assets, the cost of asset acquired is transferred from Grant account to Capital Reserve and kept intact.



- c) Grants & Subsidies on Revenue Accounts are disclosed separately as Income in the Statement of Profit & Loss.

#### **1.14 TAXATION**

Tax expense comprises current income tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provision of Income Tax Act 1961. Deferred tax is recognised, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods using the tax rates and laws that are enacted and are substantively enacted as on the Balance Sheet date. Where there is unabsorbed depreciation or carried forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future.

#### **1.15 TRANSACTIONS IN FOREIGN CURRENCY**

- a) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- b) The exchange difference arising out of receipt/payment of foreign currency are recognised in the Statement of Profit & Loss.

#### **1.16 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

#### **1.17 SEGMENT REPORTING**

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive management in deciding how to allocate resources and in assessing performance.

#### **1.18 EMPLOYEE BENEFITS**

- (i) Provident fund – The contribution to Provident Fund is transferred to MeECL Provident Fund Account maintained with Meghalaya Energy Corporation Ltd.
- (ii) Pension – The liability of pension is accounted on the basis of demand based on actuarial valuation raised by MeECL Pension Trust and transfer of demanded amount to MeECL.



- (iii) Gratuity - The liability of gratuity is accounted on the basis of demand based on actuarial valuation raised by MeECL Gratuity Fund and transfer of demanded amount to MeECL.
- (iv) Leave encashment - The encashment of leave is given to the employees of the company on retirement. The company accounts for leave encashment liability on the basis of demand based on actuarial valuation raised by MeECL and transfer of demanded amount to MeECL.

**23. ADDITIONAL DISCLOSURES**

**23.1** Meghalaya Power Generation Corporation Limited (MePGCL) was incorporated under the Companies Act, 1956 on 18.12.2009. The company was entitled to commence business according to the Certificate for Commencement of Business issued by the Registrar of Company, Meghalaya w.e.f. 17.03.2010. The authorized share capital of the company is Rs.1,000Crores divided into 100 Crores nos. of Equity Shares of Rs. 10 (Rupees Ten) only each. The Company is a Government Company within the meaning of Section 617 of The Companies Act, 1956 and entire Share Capital is held by Meghalaya Energy Corporation Limited (a company wholly owned by the Government of Meghalaya), except shares allotted to the Signatories of the Memorandum of Association of the company.

**23.2** At the time of formation of the Company 50,000 (Fifty Thousand) nos. of Equity share of Rs.10/- each was allotted to various persons being the signatories of the Memorandum of Association of the company. However, the beneficial interest for all the shares are lying with MeECL. The names of the shareholders are available in the Memorandum and Article of Association issued by the Company.

**23.3** In exercise of the power conferred under Section 131 of the Electricity Act, 2003 the Govt. of Meghalaya decided to unbundle the Meghalaya State Electricity Board (MeSEB) into four companies i.e. Meghalaya Energy Corporation Limited (MeECL), the holding company, Meghalaya Power Distribution Corporation Limited (MePDCL), the distribution utility, Meghalaya Power Generation Corporation Limited (MePGCL), the generation utility, Meghalaya Power Transmission Corporation Limited (MePTCL), the transmission utility vide "The Meghalaya Power Sector Reforms Transfer Scheme, 2010" notified by the Meghalaya State Govt. vide Notification No. Power-79/2009/290 dated 31.03.2010. However, subsequently through an amendment in the Transfer Scheme, the State Government decided that all the assets and liabilities of MeSEB will be initially transferred to the holding company only and subsidiaries namely generation utility, transmission utility and distribution utility would be operationalized w.e.f. 1st April, 2012 after re-vesting of assets and liabilities by holding company.

23.4 In exercise of the power conferred under Section 131(4) of the Electricity Act, 2003 the Govt. of Meghalayanotified the amendments to the "The Meghalaya Power Sector Reforms Transfer Scheme, 2010" vide its notification number Power-79/2009/Pt-1/422 dated 29/04/2015 for transfer of assets and liabilities from holding company to the generation, transmission and distribution companies w.e.f 1<sup>st</sup> April, 2012. The value of assets and liabilities being transferred to the generation, transmission and distribution companies and remaining with the holding company are given in the said notification. Accordingly the opening balances of the assets and liabilities as on 1<sup>st</sup> April, 2012 transferred from holding company to the company have been taken into account.

23.5 The company is in the process of getting its name incorporated in the various assets and liabilities transferred to it from the holding company as per the provisions of "The Meghalaya Power Sector Reforms Transfer Scheme, 2010" on which the name of the holding company is still appearing for example: fixed deposits, loans etc. The charge/mortgage created against the assets of the company as securities in respect of various loans taken by the erstwhile MeSEB and/or MeECL which are subsequently transferred to the company as on 1<sup>st</sup> April, 2012 pursuant to the Transfer Scheme notified by the State Government continue to be valid and binding on the company.

#### **23.6 Terminal Benefits**

In terms of "The Meghalaya Government Power Sector Reforms Transfer Scheme 2010." the company has all its employees on deputation from MeECL. The expenses arising relating to terminal benefits of employees comprising of provident fund, pension, CPS gratuity, leave encashment etc. during the financial year has been taken into consideration on the basis of allocation given by the holding company and the same has been paid/adjusted.

#### **23.7 Inter Company Receivable/Payable**

During the financial year 2012-13, the fund management activities for all the subsidiary companies were handled by the holding company. The transactions in this regard were initially recorded in the books of accounts of the holding company, which were later on identified in respect of the generation, transmission and distribution companies and transferred to them. The inter company receivable/payable represent the amount receivable/payable from/to MeECL, MePDCL and MePTCL.



### 23.8 Related party transactions

There are no transaction during the year with any related party required to be reported other than transactions between state-controlled enterprises as such as per Para 9 of Accounting Standard-18, the disclosures are not required.

### 23.9 Earnings per share

EPS has been calculated as under:

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
Net profit / (loss) for the year	(562,431,909)	(38,276)
Number of equity shares	50,000	50,000
Value per share	10	10
Earnings per share - Basic	(11,248.64)	(0.77)
Earnings per share - Diluted	(11,248.64)	(0.77)

Equity Capital pending allotment is resulting into anti-dilutive EPS and therefore has not been considered for calculation of EPS.

### 23.10 Contingent Liabilities

Particulars	As on 31.03.2013	As on 31.03.2012
Claims against the company not acknowledged as debt	NIL	NIL
Guarantees	NIL	NIL
Others	NIL	NIL

### 23.11 Payment to auditors: -

The following provisions have been made in the books w.r.t. to Auditors' Fees:

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
Statutory Audit	6,00,000	39,326
Tax Audit	28,090	-
AG Audit	2,00,000	-

### 23.12 Revenue

The Company is a power generating company supplying all its power generated to the Distribution company namely MePDCL. No separate tariff for the company for FY 2012-13 was determined by the state electricity regulatory commission. In view of this, the revenue of the company has been determined considering the expenditure of the company and the losses in the power sector.

**23.13** Balances of Trade Payables, Other Current Liabilities, Loans & Advances, IUTs are as per the books of accounts of the company and are subject to confirmation and reconciliation.

### 23.14 Net deferred tax (liability) / asset

Applying the principles of AS 22, on Accounting for taxes on income, Deferred tax asset has emerged on account of unabsorbed depreciation and business losses, however in absence of reasonable and virtual certainty to earn future profits sufficient to set off such assets, the same has not been recognized in the accounts.

### 23.15 Segment Reporting

As the Company's business activity primarily falls within a single business and geographical segment, there are no additional disclosures to be provided in terms of Accounting Standard - 17 Segment Reporting.

### 23.16 Foreign Currency Transactions

Particulars	As on 31.03.2013	As on 31.03.2012
Value of imports on CIF basis	Nil	Nil
Earnings in Foreign Currency	Nil	Nil
Expenditure in Foreign Currency	Nil	Nil

### 23.17 Loan from OECF

Company has inherited Japanese loan from OECF (Presently being known as JBIC) for its Renovation & Modernization of Umiam Stage-I, Hydro Electric Power Project (HEPP) under "Transfer Scheme - 2010". It has been reclassified as State Government Grant and State Government Loan in financial year as per guidelines issued for Externally Aided Projects from Ministry of Finance, Government of India.

### 23.18 Loan from JBIC

Company has inherited Japanese loan from JBIC for its Renovation & Modernization of Umiam Stage-II, Hydro Electric Power Project (HEPP) under "Transfer Scheme - 2010". It has been reclassified as State Government Grant and State Government Loan in financial year as per guidelines issued for Externally Aided Projects from Ministry of Finance, Government of India.


23.19 The figures mentioned in financial statements are in confirmation with the books of accounts and are subject to confirmation and reconciliation, if any.


23.20 Amounts stated in the financial statements are in Indian Rupees and have been rounded off to the nearest rupees.



23.21 Previous year's figures have been regrouped/reclassified, wherever necessary to correspond with the current year's classification. However, the figures of the previous year are pertaining to NIL business operation and current year figures pertain to business inherited by company as per "Transfer Scheme 2010" and as such are not comparable with the current year figures.

For and on behalf of the board

  
(G S Mukherjee)  
Company Secretary

  
(P Jain)  
Director (Finance)


  
(P B O Warjri)  
Chairman-cum-Managing Director

As per our report of even date attached

For A Paul & Co.

*Chartered Accountants*

(Firm Regn. No.:312060E)

  
CA A Paul  
(Proprietor)  
M No.:05052

Place:- Shillong

Date:- 17<sup>th</sup> July, 2015.