

MEGHALAYA POWER GENERATION CORPORATION LTD.  
LUM JINGSHAI, SHILLONG, EAST KHASI HILLS DISTRICT, MEGHALAYA  
NET EXPENDITURE STATEMENT FOR THE CONSTRUCTION OF NEW UMTRU H.E. PROJECT (2X20 MW)  
AS ON 31.03.2018

Annexure - A

Description of works.	(Rs. in Lacs)	
	Net Expenditure considered for computation of Power Tariff upto 31.03.2018	Approved Budget for the Project
Date of COD: Unit-I April 2017, Unit-II July 2017		
A. Preliminary	570.06	577.64
B. Land	33.99	258.73
C. Works-		
River care		
Dam	8304.63	8207.21
Intake	1597.59	1787.41
Hydro Mechanical	1683.04	1621.23
Claim M/S ITD Cem Ltd	0.00	338.35
J. Power Plant Civil works		
i. Head Race Tunnel.	3038.04	3170.77
ii. Surge Shaft.	1271.26	1284.63
iii. Pressure Shaft/ Penstock	1270.91	1185.95
iv. Power House Complex	4697.59	5628.60
v. Tail Race Tunnel	2175.39	2182.37
vi. Switchyard	412.53	410.57
vii. Hydro Mechanical works	483.92	438.63
K. Buildings	535.06	536.49
M. Plantation	8.63	10.75
O. Miscellaneous	260.20	271.61
P. Maintenance	74.59	84.49
Q. Special T & P	51.87	64.08
R. Communication	856.40	994.25
X. Environment, Ecology & Afforestation	145.73	147.05
Y. Losses on Stock		58.35
Establishment	2910.68	1803.47
Tools & Plants	37.57	50.00
Suspense		
Receipt & Recoveries (-)	-97.89	-98.40
INDIRECT CHARGES		
Capitalized Value of Abatement of Cost of Land Revenue	0.00	
Audit & Account Charges	0.00	52.29
	0.00	902.49
Provision for increase in the Price variation components for Pk-I & II		375.00
<b>TOTAL COST OF CIVIL WORKS</b>	<b>30321.78</b>	<b>32344.01</b>
<b>ELECTRICAL &amp; MECHANICAL WORKS.</b>		
Preliminary	285.82	338.33
a) Generator, Turbine and Accessories		6007.47
b) Auxiliary Electrical Equipment for Power Station		2001.85
c) Auxiliary Equipment and Services for Power - Station		890.83
d) Central Sales Tax @ 4% on 2(a), (b) & (c)		176.59
e) Transportation, Handling and Insurance charges @ 6% of 2(a), (b), (c)		235.34
f) Erection and Commissioning charges @ 8 % of 2(a), (b) & (c) less Spares		1155.95
<b>Total Generating Plant and Equipment</b>	<b>11468.46</b>	<b>10468.03</b>





Description of works.	(Rs. In Lacs)	
	Net Expenditure considered for computation of Power Tariff upto 31.03.2018	Approved Budget for the Project
a) Substation Equipment and Auxiliary Equipment for Switchyard - (Annex V)		691.42
b) Central Sales Tax (@ 4 %) on 3(a)		13.69
c) Transportation, Handling and Insurance Charges @ 6% of 3(a)	Included in Generating Plant and Equipment	
d) Erection and Commissioning charges @ 8% of 3(a) less spares		
Total (Sub station Equipment and Auxiliary Equipment and service of Switchyard)		705.11
Losses on Stock @ 0.25% on items 2&3 except Erection and Commissioning Charges		27.70
Maintenance during construction @ 1% on items 2&3 except Erection and Commissioning Charges		
Procurement and Inspection Charges @ 2% of items 2&3 except Erection and Commissioning Charges		
Contingencies @ 1% in items 2 & 3		110.78
Contingencies @ 3% in items 2 & 3		
Total (Item 1 to 7)	11754.28	11649.95
Establishment	Included in SI no 25-above	664.72
T&P	29.34	55.39
Audit and Account charges	0.00	55.39
Service tax @ 12.36% on erection and commissioning	Included in	165.95
Claims of Andritz Hydro excluding PVC	Generating Plant and Equipment	1500.60
<b>TOTAL COST OF ELECTROMECHANICAL WORKS</b>	11783.62	14092.00
Penalty & Pre payment charges	308.96	487.00
Escalation	Included in SI no 5,6,10,11,12,13, 14,15	211.00
I.D.C	15779.00	15779.00
<b>TOTAL EXPENDITURE</b>	58193.37	62913.01
<b>LESS: COST OF INFIRM POWER APRIL TO JUNE 2017</b>	-121.83	
<b>NET EXPENDITURE</b>	58071.54	62913.01

Place : Kolkata  
Date : 21.11.2019



For S. N. Mukherji & Co.  
Chartered Accountants

Sudip K Mukherji  
Partner

Membership No. 013321



**MEGHALAYA POWER GENERATION CORPORATION LTD.**  
**LUM JINGSHAI, SHILLONG, EAST KHASI HILLS DISTRICT, MEGHALAYA**  
**NET EXPENDITURE STATEMENT FOR THE CONSTRUCTION OF NEW UMTRU H.E. PROJECT (2X20 MW)**  
**AS ON 31.03.2019**

Annexure - B

Description of works.	(Rs. in Lacs)	
	Net Expenditure considered for computation of Power Tariff upto 31.03.2019	Approved Budget for the Project
Date of COD: Unit-I April 2017, Unit-II July 2017		
A. Preliminary	571.47	577.64
B. Land	33.99	258.73
C. Works-		
River care		
Dam	8306.95	8207.21
Intake	1597.59	1787.41
Hydro Mechanical	1683.04	1621.23
Claim M/S ITD Cem Ltd	0.00	338.35
J. Power Plant Civil works		
i. Head Race Tunnel.	3038.05	3170.77
ii. Surge Shaft.	1271.26	1284.63
iii. Pressure Shaft/ Penstock	1270.91	1185.95
iv. Power House Complex	4718.66	5628.60
v. Tail Race Tunnel	2175.40	2182.37
vi. Switchyard	412.53	410.57
vii. Hydro Mechanical works	483.92	438.63
K. Buildings	535.06	536.49
M. Plantation	8.63	10.75
O. Miscellaneous	266.41	271.61
P. Maintenance	92.20	84.49
Q. Special T & P	51.86	64.08
R. Communication	856.53	994.25
X. Environment, Ecology & Afforestation	146.78	147.05
Y. Losses on Stock		58.35
Establishment	3144.37	1803.47
Tools & Plants	40.35	50.00
Suspense		
Receipt & Recoveries (-)	-97.89	-98.40
<b>INDIRECT CHARGES</b>		
Capitalized Value of Abatement of Cost of Land Revenue	0.00	
Audit & Account Charges	0.00	52.29
Service Tax @14.50% on 25% of C&J Works, K-Building, P-Maintenance & R-Communication w.e.f April 2010	0.00	902.49
Provision for increase in the Price variation components for Pk-I & II		375.00
<b>TOTAL COST OF CIVIL WORKS</b>	<b>30668.06</b>	<b>32344.01</b>
<b>ELECTRICAL &amp; MECHANICAL WORKS.</b>		
Preliminary	286.93	338.33
a) Generator, Turbine and Accessories		6007.47
b) Auxiliary Electrical Equipment for Power Station		2001.85
c) Auxiliary Equipment and Services for Power - Station		890.83
d) Central Sales Tax @ 4% on 2(a), (b) & (c)		176.59
e) Transportation, Handling and Insurance charges @ 6% of 2(a), (b), (c)		235.34
f) Erection and Commissioning charges @ 8 % of 2(a), (b) & (c) less Spares		1155.95
<b>Total Generating Plant and Equipment</b>	<b>11468.46</b>	<b>10468.03</b>





Description of works.	(Rs. in Laacs)	
	Net Expenditure considered for computation of Power Tariff upto 31.03.2019	Approved Budget for the Project
a) Substation Equipment and Auxiliary Equipment for Switchyard - (Annex V)	Included in Generating Plant and Equipment	691.42
b) Central Sales Tax (@ 4%) on 3(a)		13.69
c) Transportation, Handling and Insurance Charges @ 6% of 3(a)		
d) Erection and Commissioning charges @ 8% of 3(a) less spares		
Total (Sub station Equipment and Auxiliary Equipment and service of Switchyard)		705.11
Losses on Stock @ 0.25% on items 2&3 except Erection and Commissioning Charges		27.70
Maintenance during construction @ 1% on items 2&3 except Erection and Commissioning Charges		
Procurement and Inspection Charges @2% of items 2&3 except Erection and Commissioning Charges		
Contingencies @ 1% in items 2&3		110.78
Contingencies @ 3% in items 2 & 3		
Total (Item 1 to 7)	11755.39	11649.95
Establishment	Included in SI no 25 above	664.72
T&P	44.00	55.39
Audit and Account charges	0.00	55.39
Service tax @ 12.36% on erection and commissioning	Included in Generating Plant and Equipment	165.95
Claims of Andritz Hydro excluding PVC		1500.60
<b>TOTAL COST OF ELECTROMECHANICAL WORKS</b>	11799.39	14092.00
Penalty & Pre payment charges	308.96	487.00
Escalation	Included in SI no 5,6,10,11,12,13, 14,15	211.00
I.D.C	15779.00	15779.00
<b>TOTAL EXPENDITURE</b>	58495.42	62913.01
<b>LESS: COST OF INFIRM POWER APRIL TO JUN</b>	-121.83	
<b>NET EXPENDITURE</b>	58373.59	62913.01

Place : Kolkata  
Date : 21.11.2019



For S. N. Mukherji & Co.  
Chartered Accountants

Sudip K Mukherji  
Partner  
Membership No. 013321



**MEGHALAYA POWER GENERATION CORPORATION LTD.**  
**LUM JINGSHAI, SHILLONG, EAST KHASI HILLS DISTRICT, MEGHALAYA**  
**NET EXPENDITURE STATEMENT FOR THE CONSTRUCTION OF NEW UMTRU H.E. PROJECT(2X20 MW)**  
**AS ON 30.09.2019**

Annexure - C

Description of works.	(Rs. in Lacs)	
	Net Expenditure considered for computation of Power Tariff upto 30.09.2019	Approved Budget for the Project
Date of COD: Unit-I April 2017, Unit-II July 2017		
A. Preliminary	571.47	577.64
B. Land	33.99	258.73
C. Works-		
River care		
Dam	8306.95	8207.21
Intake	1597.59	1787.41
Hydro Mechanical	1683.04	1621.23
Claim M/S ITD Cem Ltd	0.00	338.35
J. Power Plant Civil works		
i. Head Race Tunnel.	3038.05	3170.77
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iii. Pressure Shaft/ Penstock	1270.91	1185.95
iv. Power House Complex	4721.67	5628.60
v. Tail Race Tunnel	2175.40	2182.37
vi. Switchyard	412.53	410.57
vii. Hydro Mechanical works	483.92	438.63
K. Buildings	535.06	536.49
M. Plantation	8.63	10.75
O. Miscellaneous	267.91	271.61
P. Maintenance	95.17	84.49
Q. Special T & P	51.86	64.08
R. Communication	868.32	994.25
X. Environment, Ecology & Afforestation	146.78	147.05
Y. Losses on Stock		58.35
Establishment	3144.37	1803.47
Tools & Plants	48.36	50.00
Suspense		
Receipt & Recoveries (-)	-97.89	-98.40
<b>INDIRECT CHARGES</b>		
Capitalized Value of Abatement of Cost of Land Revenue	0.00	
Audit & Account Charges	0.00	52.29
Service Tax @14.50% on 25% of C&J Works, K-Building, P-Maintenance & R- Communication w.e.f April 2010	0.00	902.49
Provision for increase in the Price variation components for Pk-I & II		375.00
<b>TOTAL COST OF CIVIL WORKS</b>	<b>30635.35</b>	<b>32344.01</b>
<b>ELECTRICAL &amp; MECHANICAL WORKS.</b>		
Preliminary	286.93	338.33
a) Generator, Turbine and Accessories		6007.47
b) Auxiliary Electrical Equipment for Power Station		2001.85
c) Auxiliary Equipment and Services for Power Station		890.83
d) Central Sales Tax @ 4% on 2(a), (b) & (c)	11468.46	176.59
e) Transportation, Handling and Insurance charges @ 6% of 2(a), (b), (c)		235.34
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Description of works.	(Rs. in Lacs)	
	Net Expenditure considered for computation of Power Tariff upto 30.09.2019	Approved Budget for the Project
a) Substation Equipment and Auxiliary Equipment for Switchyard - (Annex V)	Included in Generating Plant and Equipment	691.42
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Total (Item 1 to 7)	11755.39	11649.95
Establishment	Included in SI no 25 above	664.72
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Audit and Account charges	0.00	55.39
Service tax @ 12.36% on erection and commissioning	Included in Generating Plant and Equipment	165.95
Claims of Andritz Hydro excluding PVC		1500.60
<b>TOTAL COST OF ELECTROMECHANICAL WORKS</b>	<b>11799.39</b>	<b>14092.00</b>
Penalty & Pre payment charges	308.96	487.00
Escalation	Included in SI no 5,6,10,11,12,13, 14,15	211.00
I.D.C	15779.00	15779.00
<b>TOTAL EXPENDITURE</b>	<b>58522.69</b>	<b>62913.01</b>
<b>LESS: COST OF INFIRM POWER APRIL TO JUN</b>	<b>-121.83</b>	
<b>NET EXPENDITURE</b>	<b>58400.86</b>	<b>62913.01</b>

Place : Kolkata  
Date : 21.11.2019



For S. N. Mukherji & Co.  
Chartered Accountants

Sudip K Mukherji  
Partner

Membership No. 013321



**S. N. Mukherji & Co.**  
CHARTERED ACCOUNTANTS

Ref: 421/19-20/30

The Director (Generation)  
Meghalaya Power Generation Corp Limited  
Lum Jingshai, Short Ground Road  
Shillong - 793001  
Meghalaya

21.11.2019

Dear Sir,

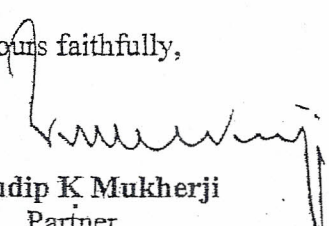
**Re : MEGHALAYA POWER GENERATION CORPORATION LIMITED  
CERTIFICATION OF PROJECT COST OF  
NEW UMTRU HYDRO ELECTRIC PROJECT (2X20MW)**

As desired by you vide your Letter No. MePGCL/D/GEN/Acctt-7/2014/93 Dt. 6<sup>th</sup> November 2019 we have conducted audit and certification work of Project Cost of New Umtru Hydro Electric Project (2x20MW), Byrnihat, Meghalaya. Our report covers the period from January 2008 to 30.09.2019.

Three copies of our report are enclosed herewith.

Thanking you,

Yours faithfully,

  
**Sudip K Mukherji**  
Partner

Enclo : 1) 3 copies of Report  
2) Bill Dt. 21.11.2019

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MEGHALAYA POWER GENERATION CORPORATION LIMITED

CERTIFICATION OF PROJECT COST OF  
NEW UMTRU HYDRO ELECTRIC PROJECT (2x20MW)

Without Prejudice

1. Preamble

We have been appointed by Meghalaya Power Generation Corporation Limited, Shillong vide Letter No. MePGCL/D/GEN/Acctt-7/2014/93 Dated 6<sup>th</sup> November, 2019 to certify the project cost of New Umtru Hydro Electric Project (2x20MW) at Dehal, Byrnihat, Meghalaya.

2. Purpose of Certification

Expenditure incurred on the Project for Computation of Power Tariff.

3. Scope of Work

The scope of work outlined by the Company is as follows :-

Certification of Completion Cost of New Umtru Hydro Electric Project (2x20MW) as required by Para 41.5 of Meghalaya State Electricity Regulatory Commission – Multi Year Tariff Regulations 2014.





4. Period of Certification

The period of our audit is from January 2008 till 30.09.2019

The Company vide letter no MePGCL/D/GEN/Acctt- 7/2014/93 dt 6<sup>th</sup> November, 2019 has appointed us to carry out the assignment upto 31.03.2019. However, during our meeting with the top management of the company at the time of our audit, it was decided that the exercise should be carried upto 30.09.2019. It was also discussed and agreed that the certification should be as at 31.03.2018, 31.03.2019 and 30.09.2019 respectively. Accordingly, our report has been prepared to show the net expenditure on the above dates for the purpose of calculation of power tariff in terms of Meghalaya State Electricity Regulatory Commission – Multi Year Tariff Regulations 2014.

5. Methodology adopted

We have taken the following steps / measures to arrive at the net expenditure incurred on the designated Project under various heads of expenditure as per approved Budget: -

- (1) Scrutiny of records on sample basis from 2008 till 30.09.2019 and verification of supporting vouchers and approval of competent authority.
- (2) Verification of returns submitted by the Project to the Company's Head Office, Shillong at periodical intervals.
- (3) Perusal of communication and other relevant documents pertaining to the above Project.
- (4) Perusal of audit observations of the Accountant General (Audit) Meghalaya and the replies given by the Unit / Company on the same in respect of the Project.
- (5) Perusal of Internal Audit Reports of the Company on the Project.





- (6) Discussed various issues with the Chief Engineer (C), Hydro Planning & Hydro Construction MePGCL, Project Engineer, Accounts Officer and other executives of the Project before finalization of our report.

6. Report

1. The Project Cost originally determined in 2008 has undergone changes over the years and the final project cost has been revised from Rs.59900.00 lacs to Rs.62913.01 lacs to incorporate/include the additional interest cost due to extension of completion date which has been approved by the Board of Directors of the Company at the meeting held on 3<sup>rd</sup> November 2016.
2. Approval has been accorded to extend the date of Commercial Operation from October 2016 to 1<sup>st</sup> April 2017 by the Board of Directors of the Company at the meeting held on 3<sup>rd</sup> November 2016. Final extension of time for completion of Civil Works upto 30<sup>th</sup> June 2017 has been approved by the Board of the Directors of the company at its meeting held on 8<sup>th</sup> November, 2017.
3. Approval has been accorded by Chief Engineer (Generation) MePGCL, Shillong vide letter dt 3<sup>rd</sup> August, 2017 extending the time for completion of E&M work from 1<sup>st</sup> April, 2017 to 30<sup>th</sup> June, 2017.
4. The Director Generation vide letter dt 28<sup>th</sup> June 2017 has confirmed that the company has declared the COD of the New Umtru H.E Project (2x20MW) w.e.f 1<sup>st</sup> July, 2017.
5. The Additional Chief Engineer(C) vide letter dated 20<sup>th</sup> November 2019 has confirmed that capital expenditure incurred beyond Commercial Operation Date (1<sup>st</sup> July 2017) is being treated as Additional Capitalization as per relevant provision of the Meghalaya State Electricity Regulatory Commission Multi Year Tariff Regulations 2014. Such additional capital expenditure totaling to Rs. 1216.00 lacs from 1<sup>st</sup> July 2017 to 30<sup>th</sup> September 2019 has been included in the total capital expenditure incurred on the project on different reporting dates and has been duly considered for the purpose of this exercise.





6. On the basis of our verification we have arrived at the net expenditure incurred by the Company for New Umtru Hydro Electric Project (2x20MW) from January 2008 to 30.09.2019 after making due adjustments wherever considered necessary.

In our opinion the following amounts may be considered for computation of Power Tariff in terms of Meghalaya State Electricity Regulatory Commission – Multi Year Tariff Regulations 2014 on different dates as follows:-

a) Upto 31.03.2018	Rs.58071.54 lacs	Annexure A
b) Upto 31.03.2019	Rs.58373.59 lacs	Annexure B
c) Upto 30.09.2019	Rs.58400.86 lacs	Annexure C

7. List of Major Adjustments to arrive at the Net Expenditure for calculation of Power Tariff

1. Claim of M/s ITD Cementation India Ltd. amounting to Rs. 328.47 lacs on account of settlement of dispute towards Idle Charges has not been considered.
2. Irregular Claim of M/s Andritz Hydro Private Limited amounting to Rs. 568.27 lacs on account of idle running cost and cost of storage and preservation has not been considered.
3. Deferment and other charges of Rs. 178.04 paid to HUDCO not being Penalty, has not been considered. However, total expenditure under this head has been Rs.487.00 lacs of which Rs 308.96 lacs has been paid by the company to HUDCO towards prepayment of the loan taken from them for commercial reasons. The Board of Directors of the company at its meetings held on 13.03.2014 and 07.05.2014 discussed the matter in details and decided to foreclose the loan taken from HUDCO and take a fresh loan from Power Finance Corporation Limited. In the final budget of the Project Rs. 487.00 lacs has been considered towards Penalty and Prepayment Charges. The prepayment charge of Rs.308.96 lacs is within the approved budget.





4. Cost of the Project as per Budget included Interest During Construction (IDC) is Rs. 15779.00 lacs whereas total expenditure incurred under the head IDC has been Rs. 17078.78 lacs registering an increase of Rs. 1299.78 lacs. The company resorted to increased borrowing from various agencies to complete the project due to short infusion of equity leading to mismatch of Debt Equity Ratio considered in the Funding Package. This has resulted in excess payment of IDC of Rs. 1299.78 Lacs which has not been considered as cost of the project for determination of Power Tariff.
5. During the period of trial run of the Project from April 2017 to June 2017 electricity was generated and transferred to the State Load Dispatch Centre (SLDC) the total value of which comes to Rs. 121.83 lacs. The said amount has been deducted to arrive at the net expenditure.

#### 8. Disclaimer

We have examined various papers, documents and statements produced to us for the limited purpose of our assignment and relied on the explanations and declarations given by the Management in this regard. This report has been prepared on the basis of our best judgment and assessment of the issues involved.

Place : Kolkata  
Date : 21.11.2019



For S. N. Mukherji & Co.  
Chartered Accountants

*[Signature]*  
Sudip K Mukherji  
Partner

Membership No. 013321