

MEGHALAYA POWER GENERATION CORPORATION LIMITED

OFFICE OF THE COMPANY SECRETARY

Corporate Identification Number: U40101ML2009SGC008392

Registered Office: Lumjingshai, Short Round Road, Shillong-793001

Telephone No: 0364-2591074; Fax no: 0364-2590355; Website address: www.meecl.nic.in

MePGCL/CS/GEN/2012/L-141

Date: 2nd August, 2016

To,
The Chief Accounts Officer
MeECL

Sub: Comments of the CAG/Supplementary Audit Report of MePGCL for the financial year 2012-13

Ref: your letter No.ACT/COMP/AG(Audit)-2011/Pt-II/2016/194(II)/54 dated 29th July, 2016

Sir,

In reference to your above mentioned letter dated 29th July, 2016 this is to inform that Corporate Affairs, MeECL has received the supplementary audit report of MePGCL for the financial year 2012-13 from the O/o the CAG.

The copy of the above report is enclosed herewith for information and necessary action. Further, this may be mentioned that the same report for MeECL, MePDCL and MePTCL are still pending and the same has been confirmed (verbally) from the office of the PAG.

Thanking You,

[Signature]
Company Secretary

Encl: As stated above.

CC:

1. PA to the Chairman-cum-Managing Director for kind information of the CMD.
2. The Director (Finance), MePGCL for kind information, pl.
3. The Director (Generation), MePGCL for information, pl.

Company Secretary

[Signature]

Dy. Gen. (Comp)

Pl. note

03/08/2016

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**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 619(1) OF THE COMPANIES ACT, 1956 ON THE
ACCOUNTS OF MEGHALAYA POWER GENERATION CORPORATION
LIMITED FOR THE YEAR ENDED 31 MARCH 2013.**

The preparation of financial statements of Meghalaya Power Generation Corporation Limited for the year ended 31 March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 17 July 2015.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of Meghalaya Power Generation Corporation Limited for the year ended 31 March 2013. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 619(4) of Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

A. Balance Sheet

Equity and Liabilities

Non- Current Liabilities

Long-term borrowings (Note 5): ₹922.40 crore

(i) The above includes ₹13.84 crore Bank overdraft/Cash Credit facility obtained from the Federal Bank Limited during the year 2012-13. This was a short term borrowing which was included in Long Term Borrowing resulting in overstatement of Long Term Borrowing and understatement of Short-term borrowing by ₹13.84 crore each.

(ii) The above does not include ₹3.49 lakh being short inclusion of principal amount on Loan received from HUDCO. This has resulted in understatement of Long Term Borrowing and understatement of Cash and Bank balances by ₹3.49 lakh each.

B. Profit and Loss Account

Expenses

Finance Cost (Note No. 19): ₹63.58 crore

1. Other Charges: ₹1.01 crore