

MEGHALAYA POWER GENERATION
CORPORATION LIMITED



Generating Clean And Green Energy

STATEMENT OF ACCOUNTS

2014-2015

PROVISIONAL (OLD)



MEGHALAYA POWER GENERATION CORPORATION LIMITED

Corporate Identification Number: U40101ML200505000000000000

Registered Office: Lumfingshai, Short Road, Shillong-793001

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

RELEVANT EXTRACT OF THE RESOLUTION OF THE 46TH MEETING PASSED BY THE BOARD OF DIRECTORS (MEGHALAYA POWER GENERATION CORPORATION LIMITED HELD ON THURSDAY THE 28TH DAY OF JANUARY 2016 AT 12:30 P.M. IN THE OFFICE OF THE CHIEF SECRETARY, GOVERNMENT OF MEGHALAYA, AT THE SECRETARIAT BUILDING, MEGHALAYA, SHILLONG - 1.

APPROVAL OF ANNUAL ACCOUNTS OF THE COMPANY FOR THE FINANCIAL YEAR 2014-15

"Resolved that the Balance Sheet as on 31st March, 2015 and the statement to Profit and Loss Account for the year ended on that date together with the schedules and notes thereon be and are hereby approved by the Board of Directors for placement before the Meghalaya State Electricity Regulatory Commission (MSERC) along with the tariff petition for the financial year 2016-17.

Resolved further that the Chairman-cum-Managing Director and Director (Finance) be and are hereby authorised to authenticate the said accounts for and on behalf of the Board as a token of approval.

For Meghalaya Power Generation Corporation Ltd


Chairman-cum-Managing Director

MEGHALAYA POWER GENERATION CORPORATION LIMITED

CIN : U40101ML20085GC008392

BALANCE SHEET AS AT 31st MARCH 2015

Particulars	Note No.	As At 31st March 2015	As At 31st March 2014
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	2	5,00,000	5,00,000
(b) Reserves & surplus	4	-7,66,62,705	89,90,46,848
		(7,61,62,705)	89,95,46,848
(2) Equity Capital pending allotment	3	7,78,45,75,891	6,90,55,25,891
(3) Non-current liabilities			
(a) Long-term borrowings	5	11,21,45,16,195	8,97,29,13,382
		11,21,45,16,195	8,97,29,13,382
(4) Current liabilities			
(a) Short-term borrowings	6	20,21,44,001	39,78,55,227
(b) Trade Payables	7	94,05,95,778	1,06,78,05,846
(c) Other current liabilities	8	33,81,89,021	1,72,38,62,803
(d) Short term provisions	9	8,33,13,333	8,21,15,132
		1,65,42,42,133	3,27,16,39,008
TOTAL		20,58,71,71,514	20,04,96,25,129
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	12,89,05,12,187	13,77,19,51,779
(ii) Capital Work in Progress	11	4,23,81,28,009	3,18,30,30,393
		17,22,86,41,197	16,95,49,82,174
(2) Current assets			
(a) Inventories	12	7,62,31,549	7,65,46,978
(b) Cash & Bank Balances	13	10,71,45,402	2,15,01,258
(c) Short-term loans and advances	14	3,01,22,637	2,98,91,835
(d) Other current assets	15	3,14,50,30,530	2,96,89,03,889
		3,35,85,30,318	3,08,48,42,959
TOTAL		20,58,71,71,514	20,04,96,25,129
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

Kiron Joshi & Associates
Chartered Accountants
(Firm Regn. No 313048E)

Kiron Joshi
Proprietor
M. No. : 051045

Place: Shillong
Date: 28.1.16

For and on behalf of the board

(A Bhagolla)
Director (Finance)
DIN:06852290

(P B O Wanjri)
Chairman-cum-Managing Director
DIN:05179377

MEGHALAYA POWER GENERATION CORPORATION LIMITED
CIN 2040101ML2009SGC008392
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2015

Particulars	Note No.	For the year ended 31st March 2015	For the year ended 31st March 2014
I. Revenue			
(a) Revenue from operations	16	1,91,09,91,461	1,70,30,38,420
(b) Other income	17	47,35,552	66,36,611
Total Revenue		1,98,57,27,033	1,71,04,74,931
II. Expenses:			
(a) Employee benefits expense	18	57,68,88,948	52,98,62,853
(b) Finance costs	19	1,37,74,58,312	98,34,04,561
(c) Depreciation & Amortisation expenses	20	67,12,69,714	66,34,68,041
(d) Other expenses	21	18,30,86,532	11,95,51,139
(e) Prior period items (net)	22	2,00,86,497	11,43,97,465
Total Expenses		2,81,11,52,095	2,41,06,84,149
III. Profit/(Loss) before exceptional and extraordinary items and tax (I-II)		(89,54,24,972)	(70,02,09,118)
IV. Exceptional items		-	-
V. Profit/(Loss) before extraordinary items and tax (III-IV)		(89,54,24,972)	(70,02,09,118)
VI. Extraordinary items		-	-
VII. Profit/(loss) before tax (V-VI)		(89,54,24,972)	(70,02,09,118)
VIII. Tax expense		-	-
(a) Current Tax		-	-
(b) Deferred Tax		-	-
IX. Profit/(loss) for the year (VII-VIII)		(89,54,24,972)	(70,02,09,118)
X. Basic and Diluted Earnings per equity share (Face value of Rs. 10/- each)		(17,908.50)	(14,004.18)
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

Kiran Joshi & Associates
Chartered Accountants
(Firm Regn. No 313048E)

For and on behalf of the board

Kiran Joshi
Proprietor
M. No. : 051048

(A Bhagolia)
Director (Finance)
DIN: 05852290

(P B O Werji)
Chairman-cum-Managing Director
DIN: 05179377

Place: Shillong
Date:-

Note 2 Share capital

Particulars	As At 31st March 2015	As At 31st March 2014
(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
Total	5,00,000	5,00,000

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 2015		As at 31 March 2014	
	No. of shares	Amount	No. of shares	Amount
Equity Shares at the beginning of the year	50,000	5,00,000	50,000	5,00,000
Add - Shares issued during the year	-	-	-	-
Equity Shares at the end of the year	50,000	5,00,000	50,000	5,00,000

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

Particulars	As at 31 March 2015		As at 31 March 2014	
	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

CIN : U40101ML2009SGC000352

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2015

Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax as per Statement of Profit & Loss	(89,54,24,972)	(70,02,09,118)
Adjustments for:		
Depreciation & Amortization	79,41,22,822	65,35,93,094
Finance Cost	1,37,74,58,312	98,34,04,551
Operating Profit before Working Capital Changes	1,27,61,56,162	94,67,88,527
Adjustments for increase/decrease in:		
Inventories	3,14,427	52,03,534
Short term loans & advances	(4,31,002)	(41,16,764)
Other current asset	(17,81,26,641)	(63,70,61,555)
Trade payables	(12,72,10,068)	67,33,85,950
Other current liabilities	(1,50,84,58,362)	62,38,83,532
Short term provisions	11,98,201	(11,71,110)
Cash generated from Operations	(53,65,57,283)	1,60,69,12,113
Taxes Paid		
Net Cash generated from Operations	(53,65,57,283)	1,60,69,12,113
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets & CWP	(1,06,77,61,845)	(1,14,80,85,731)
Net Cash from Investing Activities	(1,06,77,61,845)	(1,14,80,85,731)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Grants & subsidies	4,25,00,000	1,47,61,000
Capital reserves		
Increase/Decrease in long term borrowings	2,24,16,02,813	6,12,31,722
Increase/Decrease in short term borrowings	(10,57,11,226)	20,11,31,446
Finance Cost	(1,37,74,58,312)	(98,34,04,551)
Equity Capital pending allotment	88,90,49,999	20,38,20,000
Net Cash from Financing Activities	1,68,99,83,274	(50,24,60,383)
Net Increase in Cash & Cash Equivalents (A+B+C)	8,56,44,146	(4,36,34,000)
Opening balance of Cash and Cash Equivalents	2,15,01,256	6,51,35,257
Closing balance of Cash and Cash Equivalents	10,71,45,402	2,15,01,256
Consisting of:		
Cash in hand	7,81,686	4,00,490
Cash Imprests with Staff	82,33,842	1,00,30,714
Balance with bank in Current accounts	9,81,29,874	1,10,70,052
	10,71,45,402	2,15,01,256

As per our report of even date attached

Kiron Joshi & Associates
Chartered Accountants
(Firm Regn. No 313048E)

For and on behalf of the board

Kiron Joshi
Proprietor
M. No. : 051046

(A Bhagolia)
Director (Finance)
DIN-08852290

(P B O Warin)
Chairman-cum-Managing Director
DIN-05179377

Place:- Shillong
Date:-

MEGHALAYA POWER GENERATION CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March 2015

Note 3 Equity Capital pending allotment

Particulars	Account Code No.	As At 31st March 2015	As At 31st March 2014
Equity Capital pending allotment	54 500(A)	7,79,45,75,891	6,90,55,25,891
Total		7,79,45,75,891	6,90,55,25,891

3.1 Equity capital pending allotment represents the amount of equity capital to be allotted to the MEGCL in accordance with notification issued on dated April 29, 2015 by Government of Meghalaya and consequent transactions after that.

3.2 The 61,02,85,189 no. of Equity Shares have been issued to MEGCL amounting to Rs 6,10,26,51,890/- on May 27, 2015 @10/- per share. For balance amount shares will be allotted on completion of due procedure.

Note 4 Reserves & surplus

Particulars	Account Code No.	As At 31st March 2015	As At 31st March 2014
Grant & Subsidies	55 300		
Opening Balance		2,28,29,65,573	2,26,82,04,573
Add: Addition during the year (refer note 23.17 and 23.18)		4,25,00,000	1,47,51,000
		2,32,54,65,573	2,28,29,65,573
Less: Accumulated Amortisation	55 90		
Closing Balance		24,35,44,095	12,97,59,424
		2,08,19,21,568	2,16,32,06,148
Capital Reserves	56.2 & 56.3		
Opening Balance		1,96,16,763	1,96,16,763
Add: Addition during the Year			
Closing Balance		1,96,16,763	1,96,16,763
Surplus in Statement of Profit & Loss			
Opening Balance		-1,26,27,75,053	-58,25,65,945
Add: Profit/(Loss) during the year as per Statement of Profit & Loss		-69,54,24,972	-70,02,09,116
Closing Balance		-2,17,62,01,635	-1,28,27,75,061
Total		-7,05,62,793	88,80,46,845

MEGHALAYA POWER GENERATION CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March 2016

Note 5 Long term borrowings

Particulars	Account Code No.	As At 31st March 2015	As At 31st March 2014
A. Secured			
Term Loans			
(i) From Banks			
(a) 13.55% Term Loan from Federal Bank (For Mjhidu 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 instalments starting from April 01, 2012)	33.910	28,57,14,284	35,71,42,696
(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 instalments starting from April 01, 2012)	53.500	48,17,44,932	55,50,76,328
(ii) From Others			
(a) 13.25% 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 Quarterly instalments)	53.600	2,17,41,24,550	2,04,94,82,000
(b) 13.00% Term Loan from PFC (For MLHEP & NUHEP Project, loan is secured against hypothecation charge on fixed assets. Loan is repayable in 15 years from its COD in Quarterly instalments)	53.800	2,21,91,06,136	
Sub Total	(A)	5,16,06,85,971	2,97,17,83,150
B. Unsecured			
(a) 11.48% 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	50,00,00,000
(b) 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	1,20,00,00,000
(c) 11.07% Loan from REC (For MLHEP Project, guaranteed by State Government, Annual repayment in 10 years from COD)	53.300	2,53,04,23,534	2,53,04,23,534
(d) 12.50% Loan from HUDCO (For Now Lishnu Hydro Electric Power Project (NUHEP); guaranteed by State Government, Quarterly repayment in 5 years from its date of commissioning)	53.900	1,32,58,96,996	1,51,94,96,441
(e) 11.00% Term Loan from PFC Green Energy Ltd (For Lakhroh Project)	53.700	1,67,80,960	
(a) 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)	79,03,50,564	44,08,54,500
(f) Loan from State Government (OCCF) (For Renovation & Modernization of Uniam Stage-I through additional central assistance scheme)	54.700(OCCF)	13,77,19,879	13,77,19,879
(g) Loan from State Government (JBIC) (For Renovation & Modernization of Uniam Stage-II through additional central assistance scheme)	54.700(JBIC)	11,28,02,651	11,28,02,651
Sub Total	(B)	6,62,26,74,144	6,44,74,29,205
C. Less:- Current Maturities of Long Term Debts		86,88,50,520	44,52,15,015
Total	(A+B-C)	11,21,45,16,195	8,97,29,13,382

MÉGHALAYA POWER GENERATION CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March 2015

Note 6 Short term borrowings

Particulars	Account Code No.	As At 31st March 2015	As At 31st March 2014
Secured (Against F.O.s of Holding Company)			
Repayable on demand/Bank Overdrafts from Banks			
Vijaya Bank	50.201(FB)	23,76,37,169	17,42,80,390
Central Bank of India	50.201(GOB)	2,83,31,847	22,39,74,877
Federal Bank	50.201(FB)	2,61,74,585	
Total		29,21,44,501	39,78,55,227

Note 7 Trade Payables

Particulars	Account Code No.	As At 31st March 2015	As At 31st March 2014
Deposits and Retentions from Suppliers and Contractors	46.1 & 28.830	29,40,41,148	29,17,27,226
Liability to Suppliers/Works	42.1 & 42.6	99,23,66,999	72,86,19,807
Liabilities for O & M Supplies	43.1 to 43.6	5,41,75,634	4,74,30,711
Total		94,05,95,778	1,06,78,66,846

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 2015	As At 31st March 2014
Liability for Expenses	46.4	30,93,37,617	32,66,44,075
Other Liabilities	46.8	0,07,27,767	0,77,74,977
Current Maturities of Long Term Debts	51.1	-1,29,00,27,796	19,36,29,366
Interest Accrued and due	51.2	60,32,65,970	66,64,60,417
Service Tax Payable	48.5T	9,34,953	9,34,953
Current Maturities of Long Term Debts		56,68,50,520	46,62,19,013
Total		35,81,88,021	1,32,38,62,803

Note 9 Short term provisions

Particulars	Account Code No.	As At 31st March 2015	As At 31st March 2014
Staff related liabilities & provisions	44.1 to 44.5	8,33,13,333	8,21,16,132
Total		8,33,13,333	8,21,16,132

MEGHALAYA POWER GENERATION CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

Note 10 Fixed Assets

Sl. No.	Assets Group	Accounts Code	GROSS BLOCK		ACCUMULATED DEPRECIATION		NET BLOCK	
			As at 31.03.2014	Addition during the year	Depreciation during the year	As at 31.03.2015	As at 31.03.2014	As at 31.03.2015
1	Land and land rights	10.1	28,86,02,525	4,01,377	-	29,26,13,902	28,86,02,525	29,26,13,902
2	Buildings	10.2	1,59,30,34,776	5,60,543	5,17,48,074	2,00,42,816	1,59,30,34,776	1,54,25,36,702
3	Hydraulic Works	10.3	7,21,46,20,056	2,58,928	38,11,81,079	7,59,15,38,905	7,21,46,20,056	6,83,47,56,927
4	Others Civil Works	10.4	1,40,95,47,040	29,58,755	4,65,87,540	1,75,83,82,335	1,40,95,47,040	1,36,17,64,500
5	Plant and Machinery	10.5	9,25,49,83,549	56,00,213	20,75,21,824	9,97,25,82,946	9,25,49,83,549	8,76,29,81,625
6	Lines and Cable Network	10.6	7,07,35,200	2,33,129	35,00,628	7,44,67,699	7,07,35,200	6,69,34,571
7	Vehicles	10.7	1,28,15,514	6,35,303	13,41,007	1,47,91,820	1,28,15,514	1,14,45,507
8	Furniture and Fixtures	10.8	2,33,03,621	6,66,980	12,19,345	2,51,89,246	2,33,03,621	2,21,69,276
9	Office Equipment	10.9	1,26,17,851	7,63,979	5,73,716	1,38,08,114	1,26,17,851	1,20,44,135
10	Assets not in use	10	15,95,395	-	-	15,95,395	15,95,395	15,95,395
	TOTAL		16,39,67,22,081	1,38,84,651	79,47,22,832	17,69,29,63,900	16,39,67,22,081	15,89,79,12,149

MEGHALAYA POWER GENERATION CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March 2015

Note 11 Capital work in progress

Particulars	Account Code No.	As At 31st March 2015	As At 31st March 2014
Capital Work-in-progress	16	3,38,59,58,532	2,47,02,05,865
Advance to Supplier (Capital expenses)	25.1 to 25.9	43,81,40,772	34,12,00,305
Deferred Expenditure	17.3 & 18.2	41,10,36,705	37,16,15,222
Total	11,361	10,00,000	3,18,30,30,393

Note 12 Inventories

Particulars	Account Code No.	As At 31st March 2015	As At 31st March 2014
Materials Stock	22	7,62,31,549	7,65,45,976
Total		7,62,31,549	7,65,45,976

Note 13 Cash & Bank Balances

Particulars	Account Code No.	As At 31st March 2015	As At 31st March 2014
(A) Cash & Cash Equivalents			
Cash	24.1	7,61,686	4,00,480
Cash Imprests with Staff	24.2	62,33,542	1,00,30,714
Balance with Banks			
(i) In Current Accounts	24.3, 24.4, 24.7 & 24.8	9,61,29,874	1,10,70,052
Total (A)		10,71,45,402	2,15,01,246
(B) Other Bank Balances			
Bank FDS	20.2		
Total (B)			
Total (A+B)		10,71,45,402	2,15,01,246

MEGHALAYA POWER GENERATION CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March 2015

Note 14 Short term loans & advances

Particulars	Account Code No.	As At 31st March 2015	As At 31st March 2014
Unsecured, considered good			
Advances for O & M Supplies/Materials	26.1 to 26.7	2,25,24,265	2,25,24,265
Loans and Advances to Staff	27.1 to 27.2	74,97,154	70,79,672
Others	27.8	1,01,419	67,899
Total		3,01,22,837	2,96,91,835

Note 15 Other current assets

Particulars	Account Code No.	As At 31st March 2015	As At 31st March 2014
Income accrued but not due	28.3	1,59,28,847	1,59,28,847
Recoverable from Ex-employees	28.4	56,10,745	48,65,259
Other claims and Receivables	28.6 to 28.8 (Excl. 28.530)		
	8.46.3	6,01,26,297	16,45,022
Inter Company receivable	30-39 & 24.5-24.6	3,04,11,00,265	2,92,11,13,624
Receivables against temporary power supply	29	2,22,64,377	2,33,09,138
Total		3,14,50,30,530	2,96,69,67,869

Note 16 Revenue from operations

Particulars	Account Code No.	For the year ended 31st March 2015	For the year ended 31st March 2014
Revenue from sale of power to MPPCL	61.110 - 62.2	1,91,09,91,481	1,70,30,36,420
Revenue from operations		1,91,09,91,481	1,70,30,36,420

Note 17 Other Income

Particulars	Account Code No.	For the year ended 31st March 2015	For the year ended 31st March 2014
Interest Income			
From banks	62.270-62.273		
Interest on loans and advances	62.211-62.216		
Interest income from fixed deposits with banks	62.222		13,861,00
Interest income from other investments	62.223		
Other Income			
Discount Received	62.200-62.204		
Miscellaneous receipts	62.601-62.603	46,71,165	82,09,566
Income from Trading	62.321-62.360	1,65,671	4,13,184
Interest on overdue trade receivables	62.25		
Grants From Central Government	63.12	11,01,200	
Total		47,35,662	86,36,811

MEMORANDUM OF ASSOCIATED WITH THE STATE OF THE UNITED STATES OF AMERICA
 IN THE MATTER OF THE PUBLIC DEBT OF THE UNITED STATES OF AMERICA
 11 March 2015

Note 18 Employee benefit expenses

Particulars	Account Code No.	For the year ended 31st March 2015	For the year ended 31st March 2014
Salaries	75.1 to 75.6 & 75.300	35,77,44,129	35,45,37,658
Employment expenses - contribution to MCECL			
Costs incurred in provision and other funds	75.4	30,18,283	32,73,228
Profit Welfare Expenses	75.7	1,78,569	
Employee Expenses Allocation from MCECL	75.400	28,06,72,872	24,10,30,920
Less: Capitalised to CWP	75.9	55,12,13,973	58,89,50,007
Total		7,25,24,925	6,90,87,654
		57,86,68,948	62,98,62,953

Note 18 Finance costs

Particulars	Account Code No.	For the year ended 31st March 2015	For the year ended 31st March 2014
Interest Expense on borrowings	78.1, 2 & 5	1,42,96,79,379	1,11,26,09,012
Cost of raising finance	78.051-088	-7,200	59,25,425
Other charges	78.070-809	4,11,80,763	3,96,98,117
Prepayment Charges for Final Settlement of Loans & Int	78.4	3,06,95,524	
Less: Capitalised	78.9	1,49,77,44,880	1,15,82,32,554
Total		12,02,92,554	17,40,28,003
		1,37,74,54,312	98,34,04,651

Note 20 Depreciation & Amortisation Expenses

Particulars	Account Code No.	For the year ended 31st March 2015	For the year ended 31st March 2014
Depreciation	77.1 - 77.7	79,41,23,653	74,41,33,076
Less: Amortisation		12,27,84,562	12,06,40,582
Less: Depreciation Of Relieved Costs Charged To Capital Works	77.9	69,395.80	1,26,053
Total		67,12,89,714	62,34,68,041

MEGHALAYA POWER GENERATION CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March 2015
Note 21 Other expenses

Particulars	Account Code No.	For the year ended 31st March 2015	For the year ended 31st March 2014
Repairs and Maintenance			
Consumption of Lubricants, stores items and spare parts	71.8	44,70,166	19,12,944
Buildings	74.2	1,42,74,719	1,42,06,579
Pump & Machinery	74.1	6,25,64,464	2,32,07,806
Hydraulics Work	74.3	1,50,66,714	1,57,74,528
Civil Works	74.4	93,77,347	66,57,328
Lines & Cables	74.5	3,02,797	80,061
Vehicles	74.6	14,27,712	13,37,343
Furniture & Fixture	74.7	11,07,628	8,68,891
Office equipment	74.8	1,99,930	4,70,366
Administration & General Expenses		13,60,90,477	6,46,75,846
Insurance	76.104-76.107	75,09,480	1,71,00,406
Rent, Rates and Taxes	76.108-76.110	9,80,237	19,02,875.00
Telegram, Postage, Telegraph and Telex charges	76.110-76.113	5,52,624	6,23,947
Training and conveyance	76.121-76.123	1,25,60,756	1,27,04,242
Printing and stationery	76.153	9,45,020	6,87,559
Consultancy Charges	76.123	8,730	99,28,628
Technical fees	76.124	-	-
Books & Periodicals	76.152	19,985	20,411
Fees & Subscription	76.151	27,850	-
Advertisement	76.155	1,94,980	-
Legal and professional	76.121 & 125	14,46,902	33,388
Auditors Remuneration	76.122	3,43,125	9,57,034
MSERC Fees	76.128	11,23,700	6,78,000
Electricity Charges	76.158	55,381	37,264
Water Charges	76.16	1,05,931	1,62,709
Entertainment	76.162	2,47,449	3,04,374
Lib Testing	76.164	10,876	1,110
Bad Debts and other misc. written off	76.165 & 76.210-76.260	2,79,952	5,22,063
Other Purchase Related Expenses	76.19	7,49,694	3,24,718
Miscellaneous expense	76.601	1,17,00,000	1,31,09,687
SLDC Charges to MePTCL		3,86,75,601	6,85,46,174
Less: Capitalised		16,39,79,018	12,32,22,020
Total	76.9	59,01,546	30,70,681
		14,30,48,532	11,95,51,139

Note 22 Prior period items (net)

Particulars	Account Code No.	For the year ended 31st March 2015	For the year ended 31st March 2014
Expenses			
Employee costs	83.5	(11,70,977)	49,02,842
Depreciation under provided in previous year	83.5	-	65,00,962
Interest & Other Finance Charges	83.7	2,18,68,060	-
Others	83.81-83.85	-	11,24,33,568
Incomes		2,06,00,892	12,38,37,173
Sale of Other Stores	85.1	32,395	54,39,708
Other income provision	85.6, 85.8 & 85.11	-	94,39,708
Total		32,395	94,39,708
		2,06,08,497	11,43,67,465

MEGHALAYA POWER GENERATION CORPORATION LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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, 2013. However where there is a deviation from the provisions of the Companies Act, 2013 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 referred to section 133 of the Companies Act, 2013. 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, 2013 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 Regulatory Commission for the purpose of tariff are being followed by the company which is significantly different from those prescribed under Schedule II Companies Act 2013.

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) Scrap/ 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. Revenue for company has been determined as per tariff order passed by MeSERC for FY 2013-14.

(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 employee cost (including allocation from holding company), 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 2013, 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.1,000 Crore divided into 100 Crore nos. of Equity Shares of Rs. 10 (Rupees Ten) only each. The Company is a Government Company within the meaning of Clause 45 of Section 2 of The Companies Act, 2013 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 unbundled 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. Subsequently through an amendment in the Transfer Scheme, the State Government transferred all the assets and liabilities of MeSEB to the holding company only and subsidiaries namely generation utility, transmission utility and distribution utility, were made operational w.e.f. April 01, 2012 after re-vesting of assets and liabilities by holding company as per notification no. Power-79/2009/Pt-1/422 dated April 29, 2015.
- 23.4 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; current accounts, 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 MeDCL which are subsequently transferred to the company as on 1st April, 2012 pursuant to the Transfer Scheme notified by the State Government continue to be valid and binding on the company.

23.5 Details of government grants

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
Government grants and subsidies received by the Company during the year towards	4,25,00,000	1,49,79,842
- Grant & Subsidies (recognized under Reserves & Surplus)	4,25,00,000	1,49,79,842
- Grant & Subsidies (recognized under Revenue)	NIL	NIL

23.6 Details of borrowing costs capitalised

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
Borrowing costs capitalised during the year	12,02,90,554	17,48,28,003
As fixed assets / intangible assets / capital work-in-progress	12,02,90,554	17,48,28,003
As inventory	NIL	NIL

23.7 Related party transactions

Details of related parties

Description of relationship	Names of related parties
Holding Company	1. Meghalaya Energy Corporation Ltd.
Fellow Subsidiaries	1. Meghalaya Power Transmission Corporation Ltd. 2. Meghalaya Power Distribution Corporation Ltd.
Key Management Personnel (KMP)	1. Mr. P.B.O. Wajri, IAS, Chairman-cum-Managing Director 2. Mr. Pankaj Jain, IAS, Director (Finance) 3. Mr. Abhishek Bhagotia, IAS, Director (Corporate Affairs) 4. Mr. B.K. Dev Varma, IAS, Director

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.

23.8 Earnings per share

EPS has been calculated as under

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Net profit / (loss) for the year	(89,54,24,972)	(70,02,09,119)
Number of equity shares	50,000	50,000
Value per share	10	10
Earnings per share - Basic	(17,908.50)	(14,004.18)
Earnings per share - Diluted	(17,908.50)	(14,004.18)

Company has not discontinued any operation during the financial year. Also, there are no extraordinary items during the year.

Company does not have any preference shares, outstanding warrants, stock options, share warrants and convertible bonds for the financial year causing any dilution effect.

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

23.9 Terminal Benefits

In terms of "The Meghalaya Government Power Sector Reforms Transfer Scheme 2010," the company has all its employees on deputation from MeBCL. 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.

Income Tax Assessments from the Assessment Year 2010-11 to 2012-13 have been made by the Income Tax Authority and no demand has been raised. Assessment for the AY 2013-14 and AY 2014-15 is pending.

MeECL is representing all court cases related to MePOCL on its behalf, although recognition of any liability due to any unfavorable order/judgment would be passed on company.

There are 2 no. of cases are pending in High Court of Meghalaya related to Small Hydro Project, Canal of amount estimated at Rs. 7,87,263/-.

Estimated liability in respect of contracts on capital account yet to be executed has not been disclosed, as the amount is not ascertainable.

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 March 31, 2015	For the year ended March 31, 2014
Statutory Audit	40,075	6,84,000
Tax Audit	28,090	28,090
AO Audit	2,00,000	2,00,000
Cost Audit	74,047	74,047

23.12 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.

23.13 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.

23.14 Foreign Currency Transactions

Particulars	As on 31.03.2015	As on 31.03.2014
Value of imports on CIF basis	Nil	Nil
Earnings in Foreign Currency	Nil	Nil
Expenditure in Foreign Currency	Nil	Nil

- 23.16 During the year, some of the accounting policies have been added / reworded / redrafted / modified for better presentation and to bring them in line with accounting standards.
- 23.17 The figures mentioned in financial statements are in confirmation with the books of accounts and are subject to confirmation and reconciliation, if any.
- 23.18 Amounts stated in the financial statements are in Indian Rupees and have been rounded off to the nearest rupees.
- 23.19 Previous year's figures have been regrouped, recast and rearranged wherever possible and necessary to correspond with the current year's classification.

For and on behalf of the board


(A Bhagotia)
Director (Finance)
DIN:06852290


(P B O Wajri)
Chairman-cum-Managing Director
DIN:05179377

As per our report of even date attached
For Kiron Joshi & Associates
Chartered Accountants
(Firm Regn. No.:3130485)

CA Kiron Joshi
(Proprietor)
M No.:051046

Place:- Shillong
Date:-