



कार्यालय प्रधान महालेखाकार (लेखापरीक्षा)

मेघालय शिलांग , - 793 001

OFFICE OF THE
PRINCIPAL ACCOUNTANT GENERAL (AUDIT)
MEGHALAYA, SHILLONG-793 001

EPABX- 0364-2228861/62/63; FAX-2223494

पत्र संख्या/Ltr.No. ES-II/5-5/2018-19/378

Email: agauMeghalaya.gov.in

दिनांक/Date: 04 February 2019

To

The Chairman cum Managing Director,
Meghalaya Power Distribution Corporation Limited
Lumjingshai, Short Round Road,
Shillong -793003.

Sub: Comments of the Comptroller and Auditor General of India under Section 143(6) of the Companies Act, 2013 on the accounts of Meghalaya Power Distribution Corporation Limited for the year ended 31 March 2017.

Sir,

I am to forward herewith the Comments of the Comptroller and Auditor General of India under Section 143(6) of the Companies Act, 2013 on the accounts of Meghalaya Power Distribution Corporation Limited for the year ended 31 March 2017 for necessary action at your end.

2. The date of adoption of the above comments in the Annual General Meeting of the Company may be intimated to this office.
3. Five copies of the printed Annual Reports, when ready may be sent to this office and its date of placing in the State Legislature may also be communicated.
4. Receipt of the letter along with enclosures may kindly be acknowledged.

Encl: As stated above

Yours faithfully,

Deputy Accountant General
Economic Sector-II

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF
INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON
THE FINANCIAL STATEMENTS OF MEGHALAYA POWER
DISTRIBUTION CORPORATION LIMITED FOR THE YEAR ENDED 31
MARCH 2017**

The preparation of financial statements of Meghalaya Power Distribution Corporation Limited for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor/auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated **14 August 2018**.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of Meghalaya Power Distribution Corporation Limited for the year ended 31 March 2015. 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 a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act 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:

Assets

Current Assets

Financial Assets – (ii) Trade Receivables (Note 5(a)) ₹554.74 crore

The above includes ₹32.77 crore against 4,561 consumers of the Company whose power supply was disconnected during the period from February 2002 to March 2015. The Company created a provision of bad and doubtful debt only for three percent of the total Trade Receivables. Since 4,561 consumers were untraceable and their electricity connection had been cut for last more than 2 years, the outstanding against them amounting to ₹32.77 crore was doubtful of recovery. Therefore, full provision should have been made against outstanding of these 4,561 consumers. The non-provision of the same resulted in over-

statement of Trade Receivables by ₹31.79 crore with corresponding under-statement of Loss by an equal amount.

B. Statement of Profit and Loss for the year ended 31st March 2017.

Expenses

Finance Costs (Note -23)

To others-₹ 30.11 crore

The above does not include ₹ 49,24,175 being interest on loans/overdrafts from Central Bank of India (₹ 19,54,785) penal interest on loan of REC Reschedulement (₹ 1,19,756), REC REGVVY (₹ 14,61,291), loans and advances made from MeECL (₹ 9,29,582) and REC Medium Term Loans MTL (₹ 4,58,761). This resulted in understatement of both the Finance costs as well as understatement of Loss by ₹ 49.24 lakh.

C. General

1. As per IND AS 16 -Property, Plant & Equipment (PPE) residual value and useful life of each asset shall be reviewed at each financial year. However, useful life of assets classified under PPE has not been assessed by the Company in 2016-17.
2. As per the Companies Rules, 2015, and Schedule III to the Companies Act, 2013 and Significant Accounting Policies (Note -28) point no. XIX the figures appearing in the financial statements should be rounded off to the nearest lakhs, millions or crores, or decimals thereof in case the turnover of the entity exceeded ₹ 100 crore. The figures appearing in the financial statements of MePDCL were not rounded off though the turnover exceeded ₹100 crore.

**For and on behalf of the Comptroller
and Auditor General of India**



(Athikho Chalai)

Principal Accountant General (Audit)

Place: Shillong

Date: 04 February 2019