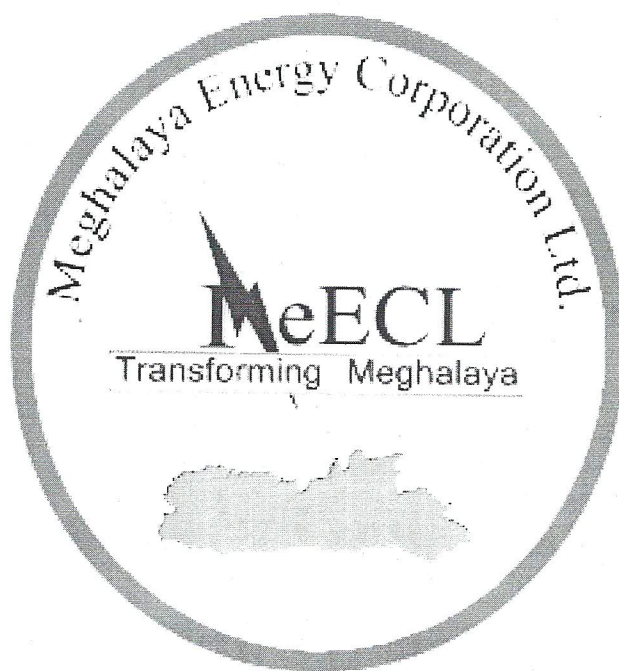


MEGHALAYA ENERGY CORPORATION LIMITED

SHILLONG



STATEMENT OF ACCOUNTS

2012-2013

MEGHALAYA ENERGY CORPORATION LIMITED
BALANCE SHEET AS AT 31st MARCH 2013

| Particulars | | Note No. | As At 31st March 2013 | As At 31st March 2012 |
|--------------------------------------|----|----------|--------------------------|--------------------------|
| I. EQUITY AND LIABILITIES | | | | |
| (1) Shareholders' funds | | | | |
| (a) Share capital | 2 | | 1,00,00,000 | 1,00,00,000 |
| (b) Reserves & surplus | 4 | | (86,08,30,117) | 2,57,88,42,846 |
| | | | (85,08,30,117) | 2,58,88,42,846 |
| (2) Equity Capital pending allotment | 3 | | 17,59,75,11,137 | 10,08,27,87,981 |
| (3) Non-current liabilities | | | | |
| (a) Long-term borrowings | 5 | | - | 12,40,34,65,008 |
| (b) Other Long term liabilities | 6 | | - | 22,38,55,497 |
| | | | - | 12,62,73,20,505 |
| (4) Current liabilities | | | | |
| (a) Short-term borrowings | 7 | | - | 1,24,25,53,968 |
| (b) Trade payables | 8 | | 1,47,23,916 | 2,62,45,72,965 |
| (c) Other current liabilities | 9 | | 3,18,74,51,966 | 2,82,94,93,014 |
| (d) Short term provisions | 10 | | 8,96,07,12,902 | 9,12,92,36,483 |
| | | | 12,16,28,88,784 | 15,82,58,56,430 |
| TOTAL | | | 28,90,95,69,804 | 41,12,48,07,765 |
| II. ASSETS | | | | |
| (1) Non-current assets | | | | |
| (a) Fixed assets | | | | |
| (i) Tangible assets | 11 | | 12,97,09,737 | 2,80,09,60,832 |
| (ii) Capital Work in Progress | 12 | | - | 20,87,91,83,866 |
| (b) Non-current Investments | 13 | | 17,66,81,64,895 | 9,01,99,551 |
| (c) Other non current assets | 14 | | - | 32,70,13,478 |
| | | | 17,79,78,74,632 | 24,09,73,57,727 |
| (2) Current assets | | | | |
| (a) Inventories | 15 | | 11,42,08,853 | 31,71,01,842 |
| (b) Trade receivables | 16 | | - | 5,04,87,44,071 |
| (c) Cash & Bank Balances | 17 | | 2,05,52,99,403 | 2,98,75,41,067 |
| (d) Short-term loans and advances | 18 | | 10,58,959 | 5,02,94,723 |
| (e) Other current assets | 19 | | 8,94,11,27,958 | 8,62,37,68,335 |
| | | | 11,11,16,95,172 | 17,02,74,50,038 |
| TOTAL | | | 28,90,95,69,804 | 41,12,48,07,765 |
| Significant accounting policies | 1 | | | |
| Notes to the financial statements | 28 | | | |

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For Amit O P Sharma & Co.

Chartered Accountants

(Firm Regn. No.325831E)


CA Amit Sharma
Proprietor
M.No. 063463


(G S Mukherjee)
Company Secretary


(P Jain)
Director (Finance)


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

Place:- Shillong

Date:- 26.07.15

MEGHALAYA ENERGY 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 |
|-------------|--|----------|--|--|
| I. | Revenue | | | |
| (a) | Revenue from operations | 20 | - | 4,31,02,08,882 |
| | Less:- Electricity Duty | | - | 2,63,65,886 |
| | | | - | 4,28,38,42,996 |
| (b) | Other income | 21 | 5,87,47,148 | 1,00,88,34,800 |
| | Total Revenue | | 5,87,47,148 | 5,29,26,77,796 |
| II. | Expenses: | | | |
| (a) | Power Purchase Cost | 22 | - | 4,31,19,55,637 |
| (b) | Employee benefits expense | 23 | - | 1,74,21,19,966 |
| (c) | Finance costs | 24 | 3,04,432 | 40,28,79,005 |
| (d) | Depreciation & Amortisation expenses | 25 | 85,13,823 | 21,20,35,238 |
| (e) | Other expenses | 26 | 6,72,41,582 | 63,55,76,215 |
| (f) | Prior period items (net) | 27 | 9,83,27,550 | 2,80,16,160 |
| | Total Expenses | | 17,43,87,387 | 7,33,25,82,221 |
| III. | Profit/(Loss) before exceptional and extraordinary items and tax (I-II) | | (11,56,40,239) | (2,03,99,04,425) |
| IV. | Exceptional items | | - | - |
| V. | Profit/(Loss) before extraordinary items and tax (III-IV) | | (11,56,40,239) | (2,03,99,04,425) |
| VI. | Extraordinary items | | - | - |
| VII. | Profit/(loss) before tax (V-VI) | | (11,56,40,239) | (2,03,99,04,425) |
| VIII. | Tax expense | | | |
| (a) | Current Tax | | - | - |
| (b) | Deferred Tax | | - | - |
| IX. | Profit/(loss) for the year (VII-VIII) | | (11,56,40,239) | (2,03,99,04,425) |
| X. | Basic and Diluted Earnings per equity share (Face value of Rs. 10/- each): | | (115.64) | (2,039.90) |
| | Significant accounting policies | 1 | | |
| | Notes to the financial statements | 28 | | |

The accompanying notes are an integral part of the financial statements

As per our report of even date attached


For Amit O P Sharma & Co.


Chartered Accountants

(Firm Regn. No.325831E)

For and on behalf of the board


CA Amit Sharma
 Proprietor
 M.No. 063463


 (G S Mukherjee)
 Company Secretary


 (P Jain)
 Director (Finance)


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

Place:- Shillong

Date:- 28.07.15

MEGHALAYA ENERGY CORPORATION LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2013

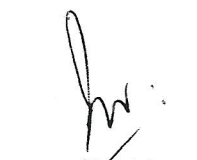
| Particulars | For the year ended 31st March 2013 | For the year ended 31st March 2012 |
|--|--|--|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before Tax as per Statement of Profit & Loss | (11,56,40,239) | (2,03,99,04,425) |
| Adjustments for : | | |
| Depreciation & Amortization | 85,13,823 | 22,09,11,392 |
| Bad Debts and other misc. written off | - | 2,91,41,327 |
| Interest Income | (4,91,79,065) | (13,23,14,056) |
| Finance Cost | 3,04,432 | 40,28,79,005 |
| Operating Profit before Working Capital Changes | (15,60,01,049) | (1,51,92,86,757) |
| Adjustments for increase/decrease in: | | |
| Inventories | (2,97,16,150) | (4,12,68,895) |
| Trade receivables | - | (91,38,15,823) |
| Long term loans & advances | - | 72,76,954 |
| Short term loans & advances | (10,58,959) | - |
| Other current assets | (27,71,19,940) | (14,34,45,842) |
| Other non current assets | 2,39,77,262 | (2,08,64,803) |
| Trade payables | 1,47,23,916 | 1,23,11,89,538 |
| Other current liabilities | 2,32,39,75,095 | 47,37,92,139 |
| Short term provisions | 8,83,75,464 | 32,83,99,885 |
| Other long term liabilities | - | (48,689) |
| Net Cash generated from Operations | 1,98,71,55,639 | (59,80,72,293) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Interest Income | 4,91,79,065 | 13,23,14,056 |
| Purchase of long term investment | (1,83,93,30,122) | (42,67,000) |
| Purchase of Fixed Assets & CWIP | (23,46,599) | (4,48,69,21,428) |
| Proceeds from sale of Fixed Assets | 13,27,506 | 18,38,347 |
| Net Cash from Investing Activities | (1,79,11,70,150) | (4,35,70,36,025) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from grants & subsidies | - | 1,46,45,44,291 |
| Proceeds from capital reserves | 15,705 | - |
| Increase/Decrease in long term borrowings | - | 2,61,53,73,534 |
| Finance Cost | (3,04,432) | (41,08,13,095) |
| Equity Capital pending allotment | 1,84,08,73,000 | 1,04,74,88,000 |
| Net Cash from Financing Activities | 1,84,05,84,273 | 4,71,65,92,730 |
| Net Increase in Cash & Cash Equivalents (A+B+C) | 2,03,65,69,762 | (23,85,15,588) |
| Inter Company Payable/(Receivable) | - | - |
| Opening balance of Cash and Cash Equivalents | 1,87,29,641 | 3,22,60,56,655 |
| Closing balance of Cash and Cash Equivalents: | 2,05,52,99,403 | 2,98,75,41,067 |
| Consisting of: | | |
| Cash in hand | 65,131 | 1,01,82,570 |
| Cash Imprests with Staff | 2,83,829 | - |
| -Balance with bank in Current accounts | 26,01,47,449 | 94,66,00,844 |
| -Balance with bank in deposit accounts | 1,79,48,02,994 | 2,03,07,57,653 |
| | 2,05,52,99,403 | 2,98,75,41,067 |


As per our report of even date attached
For Amit O P Sharma & Co.
Chartered Accountants
(Firm Regn. No.325831E)


CA Amit Sharma
Proprietor
M.No: 063463


(G S Mukherjee)
Company Secretary

For and on behalf of the board


(P Jain)
Director (Finance)


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

Place:- Shillong

Date:- 20.07.15

Note 2 Share capital

| Particulars | As At 31st March 2013 | As At 31st March 2012 |
|---|--------------------------|--------------------------|
| (a) Authorised 2,00,00,00,000 (Previous year 2,00,00,00,000) Equity Shares of Rs.10 each | 20,00,00,00,000 | 20,00,00,00,000 |
| (b) Issued, subscribed and fully paid up 10,00,00,000 (Previous year 10,00,00,000) Equity Shares of Rs.10 each | 1,00,00,00,000 | 1,00,00,00,000 |
| Total | 1,00,00,00,000 | 1,00,00,00,000 |

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 31st March 2013 | | As at 31st March, 2012 | |
|--|-----------------------|-------------|------------------------|-------------|
| | No. of shares | Amount | No. of shares | Amount |
| Equity Shares at the beginning of the year | 10,00,000 | 1,00,00,000 | 10,00,000 | 1,00,00,000 |
| Add:- Shares issued during the year | - | - | - | - |
| Equity Shares at the end of the year | 10,00,000 | 1,00,00,000 | 10,00,000 | 1,00,00,000 |

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

| Particulars | As at 31st March 2013 | | As at 31st March, 2012 | |
|-----------------------------------|-----------------------|--------|------------------------|--------|
| | No. of shares | % held | No. of shares | % held |
| Governor, Government of Meghalaya | 10,00,000 | 100% | 10,00,000 | 100% |

Note 3 Equity Capital pending allotment

| Particulars | Account Code No. | As At 31st March 2013 | As at 31st March, 2012 |
|----------------------------------|------------------|--------------------------|---------------------------|
| Equity Capital pending allotment | 54.5 | 17,59,75,11,137 | 10,08,27,87,981 |
| Total | | 17,59,75,11,137 | 10,08,27,87,981 |

3.1 Equity capital pending allotment represents the amount of equity capital allotted/to be allotted to the Governor, Govt of Meghalaya 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.

3.2 Out of the above, 76,75,48,458 no. of Equity Shares have been issued to Governor, Government of Meghalaya amounting to Rs.7,67,54,84,580/- on January 08, 2014 @10/- per share.

MEGHALAYA ENERGY CORPORATION LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

Note 4 Reserves & Surplus

| Particulars | Account Code No. | As At 31st March 2013 | As At 31st March 2012 |
|---|------------------|--------------------------|--------------------------|
| Consumer Contribution, Grants & Subsidies | | | |
| Opening Balance | | 5,69,04,24,485 | 4,69,42,58,659 |
| Add:- Addition during the Year | 55.1 to 55.3 | - | 1,45,71,42,793 |
| Less:- Transfer to Capital Reserve till date | 55.8 | - | 5,82,11,797 |
| | | 5,69,04,24,485 | 6,09,31,89,655 |
| Less:- Accumulated Amortization till date | 55.9 | - | 40,27,65,170 |
| Subtotal | | 5,69,04,24,485 | 5,69,04,24,485 |
| Less:- Amount transferred as per Transfer Scheme | | 5,69,04,24,485 | - |
| Closing Balance | | - | 5,69,04,24,485 |
| Capital Reserves | | | |
| Opening Balance | 56.2 & 56.3 | 9,25,42,724 | 9,25,42,724 |
| Add:- Addition during the Year | | 15,705 | - |
| Less:- Amount transferred as per Transfer Scheme | | 9,25,42,724 | - |
| Closing Balance | | 15,705 | 9,25,42,724 |
| Surplus in Statement of Profit & Loss | | | |
| Opening Balance | | (3,20,41,24,362) | (1,16,42,19,937) |
| Add:- Profit/(Loss) during the year as per Statement of Profit & Loss | | (11,56,40,239) | (2,03,99,04,425) |
| Less:- Amount transferred as per Transfer Scheme | | (2,45,89,18,779) | - |
| Closing Balance | | (86,08,45,822) | (3,20,41,24,362) |
| Total | | (86,08,30,117) | 2,57,88,42,846 |

MEGHALAYA ENERGY CORPORATION LTD

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 |
|--|------------------|--------------------------|--------------------------|
| I. Secured | | | |
| Term Loans | | | |
| (i) From Banks | | | |
| (a) 13.55% Term Loan from Federal Bank (For MLHEP Project; monthly repayment starts from April 01, 2012 for 7 years having charge on moveable assets and State Govt guarantee) | 53.910 | - | 62,73,00,575 |
| (b) % Term Loan from other banks (For MLHEP Project; monthly repayment starts from April 01, 2012 for 7 years having charge on moveable assets and State) | 53.500 & 53.501 | - | 1,76,90,45,000 |
| (i) From Other parties | | | |
| (a) 13.14% Term Loan from PFC (For MLHEP Project; Quarterly repayment in 15 years from COD with Charge on fixed assets.) | 53.800 | - | 95,20,00,000 |
| II. Unsecured | | | |
| (a) 9.95% BSE Power Bonds-I (For MLHEP Project; Semi annual interest payment for 10 years with bullet repayment on October 17, 2017 having State Govt guarantee) | 52.110 | - | 1,20,00,00,000 |
| (b) 11.40% BSE Power Bonds-II (For MLHEP Project; Semi annual interest payment for 10 years with bullet repayment on November 18, 2018 having State Govt guarantee) | 52.110 | - | 50,00,00,000 |
| (c) 11.07% Loan from REC (For MLHEP Project; Annual repayment in 10 years from COD with having State Govt guarantee.) | 53.303 | - | 2,53,04,23,534 |
| (d) % Loan from REC (Restructured) (Restructured Loan; Monthly repayment in 20 Years from 2002 with State Govt. Guarantee) | 53.301 | - | 45,21,40,082 |
| (e) % Loan from REC (RGGY) (For RGGY works) | 53.304 | - | 35,82,99,303 |
| (f) % Loan from PFC (R-APDRP) (For R-APDRP works) | 53.912 | - | 10,19,40,000 |
| (e) 1.30% Loan from OECF (Japan) (For R&M of Umian Stage-I, HEPP; Semi annual repayment in 30 years including 10 years moratorium from Loan Agreement date i.e. February 25, 1997.) | 52.310 | - | 1,05,13,84,861 |
| (f) 1.30% Loan from JBIC (Japan) (For R&M of Umian Stage-II, HEPP; Semi annual repayment in 30 years including 10 years moratorium from Loan Agreement date i.e. March 31, 2004.) | 52.310(II) | - | 92,52,87,118 |
| (g) 12.50% Loan from HUDCO (For NUHEP Project; Quarterly repayment in 9 years from COD with having State Govt guarantee) | 53.900 | - | 87,75,01,265.0 |
| (h) 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) | - | 55,81,43,270 |
| (i) Loan from IOB (For Power Purchase; Monthly repayment in 3 Years with 18 months of moratorium from the date of disbursement with State Govt. Guarantee) | 53.910(IOB) | - | 50,00,00,000 |
| Total (A+B) | | - | 12,40,34,65,008 |

MEGHALAYA ENERGY CORPORATION LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

Note 6 Other long term liabilities

| Particulars | Account Code No. | As At 31st March 2013 | As At 31st March 2012 |
|--|------------------|--------------------------|--------------------------|
| Deposit for Electrification, Service Connection etc. | 47 | - | 21,98,58,200 |
| Security Deposit from Consumers | 48.1 | - | 39,97,297 |
| Total | | - | 22,38,55,497 |

Note 7 Short term borrowings

| Particulars | Account Code No. | As At 31st March 2013 | As At 31st March 2012 |
|---|------------------|--------------------------|--------------------------|
| Unsecured Repayable on demand/Bank Overdrafts from Banks | 50.2 | - | 1,24,25,53,968 |
| Total | | - | 1,24,25,53,968 |

Note 8 Trade payables

| Particulars | Account Code No. | As At 31st March 2013 | As At 31st March 2012 |
|--------------------------------------|------------------|--------------------------|--------------------------|
| Liability for Purchase of Power | 41.1 & 41.2 | - | 2,04,01,60,504 |
| Liabilities for Capital Supplies | 42.1 to 42.6 | 1,15,60,310 | 8,04,04,973 |
| Liabilities for O & M Supplies | 43.1 to 43.6 | 18,16,828 | 2,38,23,100 |
| Deposit and Retention from Suppliers | 46.1 & 28.930 | 13,46,778 | 41,92,52,462 |
| Electricity & Other Duties Payable | 46.3 | - | 6,09,31,926 |
| Total | | 1,47,23,916 | 2,62,45,72,965 |

8.1 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 9 Other current liabilities

| Particulars | Account Code No. | As At 31st March 2013 | As At 31st March 2012 |
|--|------------------|--------------------------|--------------------------|
| Interest Accrued & Due on loan from State Government | 51.2 | - | 1,02,47,75,410 |
| Current Maturities of Long Term Debts | 51.1 | - | 5,92,80,987 |
| Liability for Expenses | 46.4 | 15,22,958 | 73,64,49,855 |
| Remittance in Transit | 24.5 & 24.6 | 58,01,51,594 | - |
| Amount payable to Suppliers | 25.1 to 25.9 | 18,06,86,273 | - |
| Advances for O & M Supplies/Works | 26.1 to 26.8 | 1,95,907 | - |
| Payable to State Government | 46.51 | 11,45,12,015 | - |
| Other liabilities | 46.9 | 1,04,57,82,509 | 1,00,89,86,763 |
| Inter Company Payable | | 1,26,46,00,710 | - |
| Total | | 3,18,74,51,966 | 2,82,94,93,014 |

Note 10 Short term provisions

| Particulars | Account Code No. | As At 31st March 2013 | As At 31st March 2012 |
|--|------------------|--------------------------|--------------------------|
| Staff related liabilities | 44.1 to 44.6 | 8,93,65,98,931 | 9,10,51,22,512 |
| Provision for Taxation for earlier years | 46.8 | 2,41,13,971 | 2,41,13,971 |
| Total | | 8,96,07,12,902 | 9,12,92,36,483 |

Fixed Assets

| Asset Group | Account Code | GROSS BLOCK | | | | | | As at 01.04.2012 | Transferred notification dated 29/04/2012 |
|------------------------|--------------|------------------|--|------------------|--------------------------|---------------------------|------------------|------------------|---|
| | | As at 01.04.2012 | Transferred as per notification dated 29/04/2012 | As at 01.04.2012 | Addition during the year | Deduction during the year | As at 31.03.2013 | | |
| Land and land rights | 10.1 | 14,31,75,506 | 8,97,75,813 | 5,33,99,693 | - | - | 5,33,99,693 | - | - |
| Buildings | 10.2 | 31,56,62,824 | 23,10,29,647 | 8,46,33,177 | - | - | 8,46,33,177 | 16,74,92,986 | 11,47,81,36 |
| Hydraulic Works | 10.3 | 1,28,46,33,181 | 1,28,44,44,710 | 1,88,471 | - | - | 1,88,471 | 81,37,38,489 | 81,36,11,96 |
| Civil Works | 10.4 | 27,69,00,109 | 25,28,30,818 | 2,40,69,291 | - | - | 2,40,69,291 | 13,90,20,014 | 11,96,72,74 |
| Land and Machinery | 10.5 | 1,58,46,90,204 | 1,53,94,41,607 | 4,52,48,597 | - | - | 4,52,48,597 | 76,67,39,478 | 72,74,1,49,51 |
| Land and Cable Network | 10.6 | 2,49,48,88,288 | 2,49,29,91,817 | 18,96,471 | - | - | 18,96,471 | 1,49,64,41,373 | 1,49,51,98 |
| Tools | 10.7 | 9,67,13,380 | 1,91,03,869 | 7,76,09,511 | 17,78,733 | 13,84,101 | 7,80,04,143 | 6,47,90,764 | 98,1,27 |
| Tools and Fixtures | 10.8 | 4,83,31,024 | 2,73,21,547 | 2,10,09,477 | - | - | 2,10,09,477 | 2,65,89,550 | 1,27,1,07 |
| Equipment | 10.9 | 5,55,34,280 | 2,93,31,311 | 2,62,02,969 | 5,67,866 | - | 2,67,70,835 | 2,63,10,645 | - |
| Assets not in use | 16 | 15,55,335 | 15,55,335 | - | - | - | - | - | - |
| | | 6,30,20,84,131 | 5,96,78,26,475 | 33,42,57,656 | 23,46,599 | 13,84,101 | 33,52,20,154 | 3,50,11,23,299 | 3,30,40,1 |
| PREVIOUS YEAR | | 6,14,70,24,614 | - | 6,14,70,24,614 | 15,68,98,695 | 18,39,178 | 6,30,20,84,131 | 3,22,12,49,565 | - |

| | | | |
|--|----------------------|---|----------------|
| -Secured, Considered Good (Secured against security deposit) | 23.1 to 23.7 23.9 | - | - |
| -Unsecured, Considered Good | | - | 5,19,02,81,616 |
| Less:- Provision for Doubtful dues from Consumers | | - | 5,19,02,81,616 |
| Total | | - | 14,15,37,545 |
| | | | 5,04,87,44,071 |

| ACCUMULATED DEPRECIATION | | | | NET BLOCK | |
|--------------------------|---------------------------|-------------------------|------------------|------------------|------------------|
| As at 01.04.2012 | Depreciation for the year | Adjustment or Deduction | As at 31.03.2013 | As at 31.03.2013 | As at 31.03.2012 |
| - | - | - | - | 5,33,99,693 | 14,31,75,506 |
| 5,27,19,047 | 27,76,214 | - | 5,54,95,260 | 2,91,37,917 | 14,81,69,838 |
| 62,148 | 9,951 | - | 72,099 | 1,16,372 | 47,08,94,692 |
| 1,93,58,663 | 8,03,914 | - | 2,01,62,577 | 39,06,714 | 13,78,80,095 |
| 3,92,86,927 | 2,67,653 | - | 3,95,54,579 | 56,94,018 | 81,79,50,726 |
| 12,50,498 | 85,444 | - | 13,35,942 | 5,60,529 | 99,84,46,915 |
| 5,49,69,994 | 27,31,275 | 56,595 | 5,76,44,674 | 2,03,59,469 | 3,19,22,616 |
| 1,38,77,527 | 7,42,464 | - | 1,46,19,990 | 63,89,487 | 2,17,41,474 |
| 1,55,28,386 | 10,96,908 | - | 1,66,25,294 | 1,01,45,541 | 2,92,23,635 |
| - | - | - | - | - | 15,55,335 |
| 19,70,53,189 | 85,13,823 | 56,595 | 20,55,10,417 | 12,97,09,737 | 2,80,09,60,832 |
| 3,22,12,49,565 | 27,09,98,414 | (88,75,322) | 3,50,11,23,301 | 2,80,09,60,832 | 2,92,57,75,050 |

MEGHALAYA ENERGY CORPORATION LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

Note 12 Capital work in progress

| Particulars | Account Code No. | As At 31st March 2013 | As At 31st March 2012 |
|--|------------------|--------------------------|--------------------------|
| Capital Work-in-progress | 14 | - | 20,27,57,14,865 |
| Advance to Supplier (Capital Expenses) | 25.1 to 25.9 | - | 60,34,69,000 |
| Total | | - | 20,87,91,83,866 |

Note 13 Non-current Investment

| Particulars | Account Code No. | As At 31st March 2013 | As At 31st March 2012 |
|---|------------------|--------------------------|--------------------------|
| Trade Investments (valued at cost) | | | |
| Investment in Equity Shares (Unquoted) | | | |
| Equity Shares in Subsidiaries | | | |
| 50,000 (previous year 50,000) Equity Shares of Rs. 10 each fully paid up in Meghalaya Power Generation Corporation Limited (MePGCL) | | 5,00,000 | 5,00,000 |
| 50,000 (previous year 50,000) Equity Shares of Rs. 10 each fully paid up in Meghalaya Power Transmission Corporation Limited (MePTCL) | | 5,00,000 | 5,00,000 |
| 50,000 (previous year 50,000) Equity Shares of Rs. 10 each fully paid up in Meghalaya Power Distribution Corporation Limited (MePDCL) | | 5,00,000 | 5,00,000 |
| Equity Capital Pending Allotment in Subsidiaries | | | |
| -in Meghalaya Power Generation Corporation Limited (MePGCL) | | 6,70,17,05,891 | - |
| -in Meghalaya Power Transmission Corporation Limited (MePTCL) | | 3,10,17,91,133 | - |
| -in Meghalaya Power Distribution Corporation Limited (MePDCL) | | 7,76,35,11,198 | - |
| Others | | | |
| Staff Pension Fund Investment in Govt or Trust Securities | 20.1 | 9,96,56,672 | 8,86,99,551 |
| Total | | 17,66,81,64,895 | 9,01,99,551 |

Note 14 Other non current assets

| Particulars | Account Code No. | As At 31st March 2013 | As At 31st March 2012 |
|----------------------|------------------|--------------------------|--------------------------|
| Deferred Expenditure | 17.3 & 18.2 | - | 32,70,13,478 |
| Total | | - | 32,70,13,478 |

Note 15 Inventories

| Particulars | Account Code No. | As At 31st March 2013 | As At 31st March 2012 |
|-----------------|------------------|--------------------------|--------------------------|
| Materials Stock | 22 | 11,42,08,853 | 31,71,01,842 |
| Total | | 11,42,08,853 | 31,71,01,842 |

Note 16 Trade Receivables

| Particulars | Account Code No. | As At 31st March 2013 | As At 31st March 2012 |
|--|----------------------|--------------------------|--------------------------|
| Outstanding for a period exceeding six months from the date they are due for payment | | | |
| -Secured, Considered Good (Secured against security deposit) | | - | - |
| -Unsecured, Considered Good | | - | - |
| Others | | | |
| -Secured, Considered Good (Secured against security deposit) | | - | - |
| -Unsecured, Considered Good | | - | 5,19,02,81,616 |
| Less:- Provision for Doubtful dues from Consumers | 23.1 to 23.7 23.9 | - | 5,19,02,81,616 |
| Total | | - | 14,15,37,545 |
| | | | 5,04,87,44,071 |

MEGHALAYA ENERGY CORPORATION LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013
Note 17 Cash & Bank Balances

| Particulars | Account Code No. | As At 31st March 2013 | As At 31st March 2012 |
|-----------------------------|-------------------|--------------------------|--------------------------|
| (A) Cash & Cash Equivalents | | | |
| Cash in Hand | 24.1 | 65,131 | 1,01,82,570 |
| Cash Imprests with Staff | 24.2 | 2,83,829 | - |
| Balance with Banks | | | |
| (i) In Current Accounts | 24.3, 24.4 & 24.7 | 26,01,47,449 | 94,66,00,844 |
| (ii) In Deposit Accounts | | - | - |
| Total (A) | | 26,04,96,409 | 95,67,83,414 |
| (B) Other Bank Balances | | | |
| Bank FDs | 20.2 | 1,79,48,02,994 | 2,03,07,57,653 |
| Total (B) | | 1,79,48,02,994 | 2,03,07,57,653 |
| Total (A+B) | | 2,05,52,99,403 | 2,98,75,41,067 |

Note 18 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 | - | 2,73,61,269 |
| Loans and Advances to Staff | 27.1 to 27.2 | 10,46,674 | 2,28,03,824 |
| Others - Unsecured, considered good | 27.8 | 12,285 | 1,29,630 |
| Total | | 10,58,959 | 5,02,94,723 |

Note 19 Other current assets

| Particulars | Account Code No. | As At 31st March 2013 | As At 31st March 2012 |
|---|------------------|--------------------------|--------------------------|
| Other Sundry Debtors | 28.1 | - | 10,240 |
| Interest accrued on deposits | 28.3 | 1,49,18,300 | 2,34,91,260 |
| Recoveries from Ex-employees | 28.4 | 4,60,267 | 1,02,26,374 |
| Other Claims & Receivables | 27.7 & 8 | - | 2,08,413 |
| Deposits | 28.90 | 53,550 | 53,550 |
| Receivables from State Govt against Terminal Benefits | 28.89 | 8,40,04,24,337 | 8,40,04,24,337 |
| Inter Unit Transfer | 30 to 38 | 52,52,71,504 | - |
| Remittance in Transit | | - | 18,93,54,161 |
| Total | | 8,94,11,27,958 | 8,62,37,68,335 |

Note 20 Revenue from operations

| Particulars | Account Code No. | For the year ended 31st March 2013 | For the year ended 31st March 2012 |
|--|------------------|--|--|
| I. Revenue from sale of power | | | |
| Inter State sale of power to Assam | 61.101 | - | 7,54,34,595 |
| U.I. sale others | 61.110 -122 | - | 14,58,67,395 |
| Domestic & Residential | 61.201-213 | - | 87,07,93,118 |
| Commercial | 61.221-236 | - | 35,40,34,354 |
| Industrial Medium & Low Voltage | 61.241-253 | - | 2,87,75,905 |
| Industrial High & Extra High Voltage | 61.261-273 | - | 2,08,27,55,072 |
| Public Lighting | 61.281-293 | - | 83,82,648 |
| Irrigation & Agriculture | 61.301-313 | - | 5,93,432 |
| Public Water Works | 61.321-333 | - | 16,67,65,071 |
| Bulk Supply to others | 61.341-372 | - | 30,56,99,288 |
| Misc & General Purpose | 61.381-399 | - | 53,38,587 |
| Construction Project H.T | 61.4 & 61.219 | - | 66,16,400 |
| Electricity Duty Recovery | 61.501-510 | - | 2,63,65,886 |
| Meter Rent | 61.6 | - | 1,58,21,135 |
| Recoveries from thefts of power and malpractices | 61.7 | - | - |
| Wheeling Charges Recoveries | 61.8 | - | 4,31,48,321 |
| Misc. Charges from consumers | 61.9 | - | 3,96,04,943 |
| | | - | 4,17,59,96,150 |
| II. Subsidies & Grants: | | | |
| R.E Subsidy | 63.11 | - | 13,28,49,000 |
| Subsidy against losses on Account of Flood | 63.2 | - | 13,63,732 |
| | | - | 13,42,12,732 |
| Revenue from operations (gross) | | - | 4,31,02,08,882 |
| Less: Electricity Duty | 61.5 | - | 2,63,65,886 |
| | | - | 2,63,65,886 |
| Revenue from operations (net) | | - | 4,28,38,42,996 |

Note 21 Other Income

| Particulars | Account Code No. | For the year ended 31st March 2013 | For the year ended 31st March 2012 |
|--|------------------|---------------------------------------|---------------------------------------|
| Interest Income | | | |
| From Banks | 62.270-62.273 | 3,20,433 | 30,98,601 |
| Interest on loans and advances | 62.211-62.216 | 1,47,344 | 1,06,904 |
| Interest income from fixed deposits with banks | 62.222 | 4,62,60,855 | 12,91,00,355 |
| Interest income from other investments | 62.223 | 24,50,433 | 8,196 |
| | | 4,91,79,065 | 13,23,14,056 |
| Other Income | | | |
| Discount Received | 62.260-62.264 | - | 73,11,606 |
| Miscellaneous receipts | 62.901-62.950 | 95,18,083 | 1,23,01,394 |
| Income from Trading | 62.321-62.360 | 50,000 | 4,66,109 |
| Interest on overdue trade receivables | 62.25 | - | 85,64,41,635 |
| | | 95,68,083 | 87,65,20,744 |
| Total | | 5,87,47,148 | 1,00,88,34,800 |

Note 22 Power Purchase Cost

| Particulars | Account Code No. | For the year ended 31st March 2013 | For the year ended 31st March 2012 |
|---------------------|------------------|---------------------------------------|---------------------------------------|
| Power Purchased | 70.1 | - | 3,78,69,78,178 |
| Wheeling Charges | 70.4 | - | 52,24,35,859 |
| Open Access Charges | 70.5 | - | 25,41,600 |
| Total | | - | 4,31,19,55,637 |

Note 23 Employee benefit expense

| Particulars | Account Code No. | For the year ended 31st March 2013 | For the year ended 31st March 2012 |
|--|------------------|---------------------------------------|---------------------------------------|
| Salaries and wages | 75.1 to 75.6 | - | 1,20,38,61,689 |
| Contributions to provident and other funds | 75.8 | - | 64,08,12,949 |
| Staff welfare expenses | 75.7 | - | 7,27,386 |
| | | - | 1,84,54,02,024 |
| Less: Capitalised to CWIP | 75.9 | - | 10,32,82,058 |
| Total | | - | 1,74,21,19,966 |

Note 24 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 | - | 1,20,90,60,759 |
| Cost of raising finance | 78.861-889 | 68,180 | 2,06,57,281 |
| Other charges | 78.881-889 | 2,36,252 | 4,81,83,255 |
| | | 3,04,432 | 1,27,79,01,295 |
| Less: Capitalised | 78.9 | - | 87,50,22,290 |
| Total | | 3,04,432 | 40,28,79,005 |

Note 25 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 | 85,13,823 | 27,09,98,413 |
| Less:- Transferred from Reserve/Amortisation of grant | 77.9 | - | 5,89,63,175 |
| Total | | 85,13,823 | 21,20,35,238 |

MEGHALAYA ENERGY CORPORATION LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

Note 26 Other expenses

| Particulars | Account Code No. | For the year ended 31st March 2013 | For the year ended 31st March 2012 |
|---|------------------|--|--|
| Repairs and Maintenance of Assets | | | |
| Consumption of Lubricants, stores itmes and spare parts | 71.6 | - | 2,97,468.00 |
| Plant and Machinery | 74.1 | 26,032 | 3,61,49,469 |
| Building | 74.2 | 1,10,990 | 3,10,06,815 |
| Hydraulics Work | 74.3 | - | 2,15,15,886 |
| Civil Works | 74.4 | - | 1,34,95,101 |
| Line Cable Net Works | 74.5 | 66,756 | 8,63,11,272 |
| Vehicles | 74.6 | 6,79,995 | 52,48,425 |
| Furniture and Fixture | 74.7 | 2,81,745 | 24,77,239 |
| Office Equipment | 74.8 | 6,18,605 | 23,52,930 |
| | | 17,84,123 | 19,88,54,605 |
| Administration and General Expenses | | | |
| Insurance | 76.104-76.107 | 2,60,110 | 71,13,369 |
| Rent, Rates and Taxes | 76.101-76.103 | 6,36,141 | 18,64,180 |
| Telegram, Postage, Telegraph and Telex charges | 76.110-76.113 | 6,86,611 | 32,44,914 |
| Training and conveyance | 76.131-76.139 | 47,70,265 | 5,85,71,191 |
| Printing and stationery | 76.153 | 7,39,903 | 47,34,213 |
| Consultancy Charges | 76.123 | 3,03,35,023 | 2,09,95,426 |
| Technical fees | 76.124 | 1,02,500 | 2,39,341 |
| Books & Periodicals | 76.152 | 56,385 | 1,69,020 |
| Fees & Subscription | 76.151 | 4,00,061 | 1,29,265 |
| Advertisement | 76.155 | 11,79,049 | 24,38,373 |
| Donation & Charity | 76.157 | - | 23,065 |
| Electricity Charges | 76.158 | - | 47,767 |
| Legal and professional | 76.121 & 125 | 8,68,790 | 53,42,146 |
| Payments to auditors | 76.122 | 11,05,731 | 15,17,774 |
| Stipend, Training expenses | 76.126-76.127 | 99,146 | 3,64,390 |
| Water Charges | 76.160 | - | 74,230 |
| Entertainment | 76.162 | 2,15,063 | 2,35,138 |
| Lab Testing | 76.164 | - | 41,956 |
| Freight & Forwarding | 76.210-76.220 | - | 9,304 |
| Other Purchase Related Expenses | 76.230-76.290 | - | 37,09,922 |
| | | 4,14,54,778 | 11,08,64,984 |
| Other Expenses | | | |
| Bad Debts and other misc. written off | 79.4-79.5 | 2,39,78,587 | 33,43,37,387 |
| Losses relating to fixed assets | | - | 1,49,367 |
| Miscellaneous expenses | 76.19 | 24,094 | 6,63,128 |
| | | 2,40,02,681 | 33,51,49,882 |
| Less: Capitalised | 76.9 | - | 92,93,256 |
| Total | | 6,72,41,582 | 63,55,76,215 |

Note 27 Prior period items (net)

| Particulars | Account Code No. | For the year ended 31st March 2013 | For the year ended 31st March 2012 |
|--|-------------------------|--|--|
| Income Relating to Previous Years | | | |
| Oil related gains of prior period | 65.12 | - | 8,02,560 |
| Excess provision for finance charges | 65.7 | 12,82,375 | 1,23,76,341 |
| Other excess provision & Other Income | 65.6, 65.8 & 65.9 | 18,30,631 | 1,13,68,738 |
| | | 31,13,006 | 2,45,47,639 |
| Prior Period Expenses/Losses | | | |
| Purchase of Power | 83.1 | - | 2,70,50,604 |
| Employee costs | 83.5 | 12,31,420 | 1,55,88,011 |
| Depreciation under provided in previous year | 83.6 | - | 88,76,153 |
| Interest & Other Finance Charges | 83.7 | - | 3,12,123 |
| Administrative Expenses | 83.82 | 13,483 | 3,37,584 |
| Others | 83.810, 83.840 & 83.850 | 10,01,95,653 | 3,99,324 |
| | | 10,14,40,556 | 5,25,63,799 |
| Total | | (9,83,27,550) | (2,80,16,160) |

MEGHALAYA ENERGY 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 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) A portion of overhead expenses of Corporate Office and site Office determined on rational basis are allocated to the project, pro-rata to their capital expenditure for the year and the same are apportioned to respective capital work in progress accounts on the basis of accretion thereto.

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. The borrowing cost incurred on common funds borrowed generally and used for the purpose of obtaining a qualifying asset is, apportioned on rational basis, the remaining borrowing cost is charged to revenue.

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

Depreciation on Fixed Assets is charged under Straight Line Method as per the rates of depreciation prescribed by Central Electricity Regulatory Commission which is significantly different from those prescribed under Schedule XIV of 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

The Company has been incorporated with the objectives of acting as a Holding company of the Distribution, Generation & Transmission subsidiaries and for co-ordination and smooth functioning among the subsidiaries as defined in “**The Meghalaya Power Sector Reforms Transfer Scheme 2010**”. With effect from 1st April, 2012, the Distribution, Generation & Transmission activities of the company have been transferred to the respective Distribution, Generation & Transmission companies. During the year, the revenue of the company is mainly from Interest, Income from sale of scrap etc. which are recognized as under:

- (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 recognized on accrual basis except when ultimate realization of such income is uncertain.

1.12 EXPENDITURE

a) All expenses are reflected in the financial statements under their natural heads.

b) Allocation of expenditure to subsidiaries

The Company is acting as a facilitator for co-ordination and smooth functioning among the subsidiary companies. All the employees are working for the subsidiary companies only and therefore their costs are allocated to the respective subsidiary companies in the ratio of their employee cost. Other expenditure, i.e., Finance cost, Depreciation and other expenses are allocated to the subsidiary companies in their expenditure ratio.

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 recognized 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 PRIOR PERIOD ITEMS AND EXTRAORDINARY ITEMS

Adjustments arising due to errors or omission in the Financial Statements of earlier years are accounts for under "Prior Period". Items of Income & Expenditure, which are not of recurring nature viz, damages due to floods, earth quakes etc., are disclosed as extra ordinary.

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 recognized but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

1.17 EMPLOYEE BENEFITS

Employee benefits include provident fund, superannuation fund, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

Defined contribution plans

The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.

Defined benefit plans

For defined benefit plans in the form of pension fund, gratuity fund and post-employment medical benefits, the cost of providing benefits is determined using the Projected Unit Credit method on recent detailed actuarial valuation carried out at March 31, 2012. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

- a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

1.18 LEASES

Operating lease payments/income is recognised in the statement of Profit & Loss on a straight line basis over the lease term.

1.19 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) Monetary items denominated in foreign currencies at the year end are restated at the year end rates.
- c) Any income or expenses on account of exchange rate difference either on settlement or on transaction is recognised in the Statement of Profit & Loss.

28. ADDITIONAL DISCLOSURE

- 28.1** Meghalaya Energy Corporation Limited (MeECL) was incorporated under the Companies Act, 1956 on 14.09.2009. The company was entitled to commence business according to the Certificate for Commencement of Business issued by the Registrar of Company, Meghalaya from 27.11.2009. The authorized share capital of the company is Rs.2,000Crores divided into 200 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 the Government of Meghalaya except shares allotted to the Signatories of the Memorandum of Association of the company.
- 28.2** At the time of formation of the Company 10,00,000 (Ten Lacs) 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 the Government of Meghalaya, more specifically with His Excellency the Governor of Meghalaya. The names of the shareholders are available in the Memorandum and Article of Association issued by the Company.
- 28.3** 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.

28.4 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-I/422 dated 29/04/2015 for transfer of assets and liabilities from holding company to the generation, transmission and distribution companies w.e.f 1st 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 1st April, 2012 transferred from holding company to the company have been taken into account and the effect of this notification has been given in the accounts of the current financial year.

28.5 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/toMePDCL, MePGCL and MePTCL.

28.6 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.

28.7 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 | (11,56,40,239) | (2,03,99,04,425) |
| Number of equity shares | 10,00,000 | 10,00,000 |
| Value per share | 10 | 10 |
| Earnings per share – Basic | (115.64) | (2039.90) |
| Earnings per share – Diluted | (115.64) | (2039.90) |

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

28.8 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 |

28.9 Terminal Benefits

The terminal benefit expenses comprising pension, medical allowance, DCRG, Ex. Gratia to company's retired employees & family pensioners and provision provided for pension, gratuity and leave encashment liabilities, contributory pension scheme etc. for existing employees during the financial year as per the terms of "The Meghalaya Government Power Sector Reforms Transfer Scheme 2010.". The terminal benefit liabilities have been evaluated through projected unit credit method on detailed actuarial valuation as on March 31, 2012.

| Particulars | As on 31.03.2013 | As on 31.03.2012 |
|---|------------------|------------------|
| Corporation's contribution made to CPS | 41,48,732 | 20,68,447 |
| Terminal benefits expenses paid to pensioners/family pensioners | 49,23,87,559 | 39,73,56,723 |
| Payment made to Pension Contribution to Deputationists | 15,189 | 54,800 |
| Payable against provision made for terminal benefits | 3,23,38,348 | 23,79,49,565 |

The above figures are the total expenditure incurred during the year by MeECL which have been apportioned to the subsidiaries in proportion of their respective employee expenditure.

28.10 Receivables from Government of Meghalaya against Terminal Benefits

The company has receivables of Rs.840.04 crore from the Government of Meghalaya against terminal benefitsof retired employees, family pensioners and existing employees of company as per the "Meghalaya Government Power Sector Reforms Transfer Scheme 2010". No provision has been made for the interest accrued on the same.

28.11 Payment to auditors:

| Particulars | As on 31.03.2013 | As on 31.03.2012 |
|-----------------|------------------|------------------|
| Statutory Audit | 5,00,000 | 7,86,520 |
| Tax Audit | 28,090 | 22,472 |
| AG Audit | 2,00,000 | 3,13,940 |

28.12 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.

28.13 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.

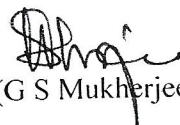
28.14 Foreign Currency Transactions

| 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 |
| Foreign Exchange Loss | Nil | 29,04,51,041 |

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

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

28.17 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 operation of Generation, Transmission and Distribution business also, which have been transferred to subsidiaries as per "Transfer Scheme 2010" and as such are not comparable with the current year figures.


(G S Mukherjee)

Company Secretary

For and on behalf of the board


(P Jain)

Director (Finance)


(P B O Warjri)

Chairman-cum-Managing Director

As per our report of even date attached

For Amit O P Sharma & Co.

Chartered Accountants

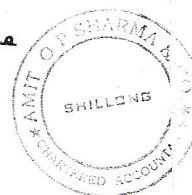
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CA Amit Sharma

Proprietor

M. No. 063463



Place:- Shillong

Date:- 20.07.15