

Speed Post/Hand



**OFFICE OF THE
PRINCIPAL ACCOUNTANT GENERAL (AUDIT)
MEGHALAYA, SHILLONG-793 001
EPABX- 0364-2228861/62/63; FAX-2223494
Email: agauMeghalaya.gov.in**

Ltr.No. ES-II/5-12/2019-20/3

Date: 24 April 2020

To

**The Chairman cum Managing Director,
Meghalaya Power Generation 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 Generation Corporation Limited for the year ended 31 March 2018.

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 Generation Corporation Limited for the year ended 31 March 2018** 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.

Yours faithfully,

Encl: As stated above


**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
GENERATION CORPORATION LIMITED FOR THE YEAR ENDED
31 MARCH 2018**

The preparation of financial statements of Meghalaya Power Generation Corporation Limited for the year ended 31 March 2018 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 appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are responsible for expressing an opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the auditing standards prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated **23 October 2019**.

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 Generation Corporation Limited for the year ended 31 March 2018. 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

1. Equity and Liabilities

a. Other Current Liabilities (Note-15)

(i) Liabilities for Capital Supplies ₹39.64 crore

This included ₹4.99 crore, being the liabilities for supply of material (capital) lying unadjusted since 2013-14. The company did not have the party-wise details to whom the amount was payable as well the details of the scheme works on which the said materials was utilised.

2. Assets

a. Capital Work-in Progress (Note-2)

(i) Research and Surveys: ₹58.33 crore

This is overstated by ₹3.02 crore, being the expenditure incurred on Survey and Investigation (S&I) works relating to two projects (Upper Khri: ₹2.96 crore and Garo Hills Thermal Plant: ₹0.06 crore), which have already been withdrawn (January 2013/May 2015) by the

Government of Meghalaya. Since both the projects have been withdrawn by the State Government, the S&I expenditure incurred on these projects should have been written off. This has correspondingly resulted in understatement of 'loss for the year' to the same extent.

b. Property, Plant and Equipment (Note-1)

Plant and Equipment (net Carrying Amount): ₹524.48 crore

This is overstated by ₹0.17 crore, being the short charged depreciation for the period from 2009-10 to 2017-18 on the value of 'Switchgear including Cable Connections' (₹0.40 crore) created during 2009-10 but capitalised during the 2017-18. This has correspondingly resulted in understatement of 'depreciation for the year' by ₹0.17 crore with corresponding understatement of 'loss for the year' to the same extent.

c. Other Current Assets (Note-7)

Receivables against Remittances of Cash and Cash Equivalents ₹139.18 crore

This include ₹ 1.67 crore being the amount receivable for sale of power (Temporary) from various contractors for the construction of New Umtru HEP. This receivable for the sale of power is due to Distribution Company (MePDCL) and not the revenue of MePGCL. This has resulted in overstatement of Other Current Assets and other current liabilities by ₹1.67 crore each.

B. Statement of Profit and Loss

Income

Other Income (Note-17) ₹15.24 crore

This is understated by ₹1.02 crore due to non-accounting of the agency charges (7.50 per cent of the total project cost) received by the holding company (Meghalaya Energy Corporation Limited) from the Education Department, Government of Meghalaya on behalf of the Company against construction of School under Rashtriya Madhyamik Siksha Abhiyan Scheme. This has correspondingly resulted in overstatement of 'loss for the year' and understatement of 'Other current assets-Receivables from Meghalaya Energy Corporation Limited' (Note-7) by ₹1.02 crore each.

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



(Stephen Hongray)

Principal Accountant General (Audit)

**Place: Shillong
Date: 24 April 2020**