AUDITOR'S REPORT
FOR THE YEAR ENDED 31ST MARCH, 2018

MEGHALAYA POWER TRANSMISSION CORPORATION LIMITED
LumJingshai , Shillong-793001, Meghalaya

AUDITORS
HARI SINGH & ASSOCIATES
CHARTERED ACCOUNTANTS
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Independent Auditor's Report
For the Financial Year 2017-2018

To the Members of
MEGHALAYA POWER TRANSMISSION CORPORATION LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Ind AS Financial Statements of **MEGHALAYA POWER TRANSMISSION CORPORATION LIMITED** ("the Company") which comprise the Balance Sheet as at **31st March' 2018** and the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section134(5) of the Companies Act 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records relevant to the preparation and presentation of the IndAS financial statements that give a true and fair view and are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the

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audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the Ind AS financial statements whether due to fraud or error. In making those risk assessments the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Basis for Qualified Opinion

We draw attention to the matters described in **"Annexure-C"**, the effects /possible effects of which & matters where we are unable to obtain appropriate audit evidences, individually or in aggregate, are material to the Standalone Ind AS Financial Statements

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of Affairs of the Company as at 31st March 2018 and its loss, its cash flows and the changes in equity for the year ended on that date.

Emphasis of matter

We draw attention to **"Annexure-D"**, of our report regarding matters which requires user's attention. Our opinion is not modified in respect to these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure – A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, we report that:

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a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
b. except for the effects of the matter described in the Basis for Qualified Opinion paragraph(**Annexure-C**), in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
c. the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income) the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 except:
   i. **Fair value measurement (Ind AS 113).**
   ii. **Valuation of Inventories (Ind AS 2) with respect to valuation of obsolete items at realisable value.**
   iii. **Impairment of Assets (Ind AS 36).**
   iv. **Presentation of Financial Statements (Ind AS 1)**
   v. **Financial instruments: Disclosure (Ind AS 107).**
   vi. **Borrowing Cost (Ind AS 23)**
   vii. **Plant, Property & Equipment (Ind AS 16)**
   viii. **Employee Benefit (Ind AS 19)**
   ix. **Related Party Disclosure (Ind AS 24)**
   x. **Provision, Contingent Liabilities & Contingent Assets (Ind AS 37)**
e. The company being a government company, provision of Section 164(2) of the companies Act, 2013 regarding disqualification of director is not applicable to in view of notification no G.S.R.463[E] dated 5thJune, 2015 issued by the central government.
f. The matters described in the Basis for Qualified Opinion paragraph **(Annexure-C)** and Emphasis of Matters paragraphs **(Annexure-D)** in relation to the maintenance of accounts and other matters connected therewith in our opinion may have an adverse effect on the functioning of the Company.
g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**" to this report;
h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
   i. The Company has not made proper disclosure of impact of pending litigation on its financial position in the Ind AS financial statements. Refer note: Note No. 27 (xv) to Additional Information.
   ii. The Company has not made proper provision as required under the applicable law or accounting standards for material foreseeable losses, if any, on long-term

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contracts including derivative contracts. During the year, the provision made on account of provision against Revision of pay, the company has not accounted for the actual liability as per the order of the board / Government instead the provision based on assumption is being carried. Further, no disclosure in the financial statements made in this regard.

iii. The company did not have any amount to be transferred to Investor education protection Fund.

3. With regard to the other matters to be indicated in the auditors' report in terms of the directions of the Comptroller & Auditor General of India (C & AG) under section 143(5) of the Act, and on the basis of our examination of the books & records of the company carried out in accordance with the generally accepted auditing principles in India & according to the information & explanations given to us, we give in the **"Annexure E"** statements on the matters specified in the directions & sub directions of the Comptroller & Auditor General of India (C & AG).

For, HARI SINGH AND ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn.No:323509E

Hari Singh & Associates Chartered Accountants Guwahati

JATIN JAIN
PARTNER
M. No.: 303630

PLACE: GUWAHATI
THE 4th DAY OF NOVEMBER, 2019

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ANNEXURE-"A" TO INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 1 of the section on "Report on other legal and regulatory requirements" of our report of even date to the members of **Meghalaya Power Transmission Corporation Limited** on the standalone Ind AS Financial statements for the year ended 31st March '2018.

1. In respect of its fixed assets:
   - The Company has not maintained proper records showing full particulars including quantitative details and situation of fixed assets.
   - As informed to us by the management, physical verification of the fixed assets has not been carried out at reasonable interval. In absence of records & report on physical verification, we are unable to comment whether any material discrepancy was noticed as such or not, except those specified in qualified opinion paragraph.
   - According to the information and explanations given by the management, the title deeds of immovable properties, included in fixed assets are held in the name of the holding company.

2. As per the explanation and information provided to us, the company has not carried out physical verification of inventory. Hence, we are unable to ascertain & comment on the material discrepancies between physical inventory & book records.

3. According to the information and explanations given to us, excepting the transactions with its holding company & its sister concern, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

4. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

5. According to the information and explanations given to us, the Company has not accepted any deposit from public during the year within the meaning of Sections 73 to 76 of the act or any other relevant provisions of the Companies Act.

6. The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act 2013 for Generation transmission

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distribution and supply of electricity regulated by the relevant regulatory body or authority under the Electricity Act 2003 (36 of 2003) other than for captive generation (as defined under the Electricity Rules 2005) and machinery and mechanical appliances used in defence space and atomic energy sectors. However, as explained to us the company has not maintained such accounts and records.

7. A) According to the information and explanations given to us, the company is irregular in depositing the statutory dues with the appropriate authorities. Because of non-availability of proper records, it is not possible to comment the exact amount of undisputed statutory dues outstanding for more than six months at the year end.
   B) Disputed/undisputed amounts, if any, involved towards outstanding statutory dues viz., Sales Tax/GST, Service Tax, Forest Royalty, Provident Fund, and ESI etc. have not been properly ascertained and provided for and therefore exact amounts cannot be quoted.
   C) The company has not made proper disclosure regarding the pending litigation of Income Tax & other statutory duesalong with the forum in which the matter is pending. (under the notes to financial statements heading Contingent Liabilities.)

8. The company does not have any loan due to bank or any financial institution or debenture holder, except from state government. However, the company has taken loans from its Holding company namely Meghalaya Energy Corporation limited, & other PSU's namely Rural Electrification Corporation Limited& State Government. There are delayed repayment of loans to Holding Company amounting ₹3,08,08,731/- period from Jan'2018 to March'2018 & the amount of default from the State Government amounts to ₹13,37,49,222/-.

9. In our opinion and according to the information and explanations given to us, the company has not raised any fund through initial public offer (IPO) or further public offering. Further, term loans were applied for the purpose for which the loans were obtained.

10. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

11. Section 197, of the companies Act 2013 related to managerial remuneration is not applicable to Government companies, vide. Notification No. GSR 463(E) dated June 5th 2015.

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12. In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

13. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act 2013 where applicable for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statement except for the reasons stated in the qualified opinion. The company has however not given full details of all the transactions & instead reported consolidated balances netting of all the transactions.

14. According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or fully or partly convertible debentures but being a Government company it has made private placement of shares to its holding company viz. Meghalaya Energy Corporation Limited 49,63,655 shares @ ₹10/- each totalling to amount ₹4,96,36,550/-during the year under audit via resolution no 9 of 54th Meeting of the Board.

15. In our opinion and according to the information and explanations given to us during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding subsidiary or associate company or persons connected with them and hence provisions of Section 192 of the Companies Act 2013 are not applicable.

16. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

For, HARI SINGH AND ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn.No:323509E

Hari Singh & Associates Guwahati Chartered Accountants

JATIN JAIN
PARTNER
M. No.: 303630

GUWAHATI
THE 4th DAY OF NOVEMBER, 2019

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ANNEXURE-B TO AUDITOR'S REPORT

REFERRED TO IN PARAGRAPH 2 (f) OF THE SECTION ON "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") to the Members of **MEGHALAYA POWER TRANSMISSION CORPORATION LIMITED** on the Standalone Ind AS Financial statements for the year ended 31st March '2018.

We have audited the internal financial controls over financial reporting of **MEGHALAYA POWER TRANSMISSION CORPORATION LIMITED** ("the Company") as of 31st March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business including adherence to company's policies the safeguarding of its assets the prevention and detection of frauds and errors the accuracy and completeness of the accounting records and the timely preparation of reliable financial information as required under the Companies Act 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act 2013to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about

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whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition use or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting including the possibility of collusion or improper management override of controls material misstatements due to error or fraud may occur and not be detected. Also projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Basis for Qualified opinion

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According to the information & explanations given to us & based on our audit, the following material weakness has been identified as at 31st March'2018:

1. The company did not have an appropriate internal control system in place. The company has various divisions & the accounts of all these divisions are consolidated for preparation of the financial statements. While doing so, the company has not accounted for the transactions of entire one division namely – PSDF division & missed out all the financial transactions of this division & ultimately resulting in under/over reporting of financial figures in the consolidated financial statement resulting in wrong presentation of the figures.

2. The company does not have appropriate internal control over recording of financial transaction as to recording of entries pertaining to same parties are recorded under both assets as well as liabilities without reconciling & adjusting the same. These could overstate the assets & liabilities.

3. The company does not have proper internal control system for recording of transactions in regard to transfer of inventory to CWIP & CWIP to Fixed Assets. There are no cross checking systems as to long outstanding CWIPS & Inventories. These could materially impact the profit & loss account due to depreciation & over booking of inventories & CWIP's.

4. The company's internal control lacks recording of bill wise & party wise ledgers which could result in double / short payment to third parties & ultimately wrong balances being carried of liabilities & assets.

5. The company's internal control system lacks recording party wise financial transactions in regard to deduction & payment of statutory dues. This could financially impact the short / excess deduction / payment of dues to the Government exchequers account.

6. The company does not have an appropriate control over the bifurcation of opening balances of assets and liabilities &allocation of common cost incurred during the year by the company & its holding & its associates. These could potentially result in recognizing over/under statement of assets/ liabilities and expenses in the books of account of the company.

7. The company lacks an appropriate control system for obtaining third party balance confirmations for various advances & liabilities. Further, the company does not have to reconcile the periodic balances with the confirmations, which could potentially result is material misstatement of the standalone Ind AS Financial statements & may lead to fraudulent activity resulting in financial losses.

8. The Company does not have an adequate internal control in maintenance of Holding company's (MeECL) records in relation to Fixed Deposits Register, Investments Statements along with quantity and value, Registers maintained for advances given to employees and others and the Registers maintained for Grants

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received from Government. These material weaknesses could result in material misstatement in the Standalone Ind AS Financial statements.

9. The company's internal control over maintenance of holding company & its associates company's transactions, timely adjustments of advances to suppliers & provisions for liabilities are not operating effectively. Records are not properly maintained, advances are adjusted & liabilities are accounted for on the basis of bills & not at the time when services and /or goods are received. Theses material weakness could potentially result in misstatement in expenses, assets & liabilities.

10. The Company does not have an appropriate internal financial control system regarding correlation of capital expenditure incurred against the grants/subsidy received, which could potentially result in incorrect recognition of deferred revenue income. These material weaknesses could potentially result in material misstatement in the Company's assets and appropriate income recognition.

11. The Company has no comprehensive model for internal control over financial reporting incorporating risk assessment, control process and gap tracking along with the description of objective, process and risk associated thereof, as per the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

12. The company does not have an appropriate internal control system for Reconciling Inter Company transactions which could potentially result in material misstatement in Company's assets and / or liabilities.

13. The Company does not have an appropriate control system for Maintenance of books of account, records in relation to statements of Investments, copy of Fixed Deposit Receipts, challans evidencing payments of taxes and other statutory dues, which could potentially result in Material misstatement of the Standalone Ind AS Financial Statements.

14. The company's internal control system for inventory with regard to receipts, issues & physical verification was not operating effectively. Further the internal control system for identification & allocation of overheads to inventory was also not operating effectively. These could result in material misstatements in the company's assets & liabilities, inventory & expense accounts balances.

15. The company's internal control system lacks formal reviewing of procedures in regard to recording of financial transactions in the system.

16. The company's internal control system lacks formal reconciling the balances of the banks/ third parties, which could potentially result in material misstatement in regard to carry forward of balances in the financial statements.

17. The company's internal control over existence, completeness, valuation & allocation of fixed assets is not operating effectively. The company does not have appropriate internal control over maintenance of records related to fixed assets ,

Guwahati

impairment of fixed assets & physical verification of fixed assets. These material weaknesses could potentially result in material misstatement in over/under valuation of fixed assets & its depreciation thereon.

Qualified Opinion

In our opinion to the best of our information and according to the explanations given to us the Company has in all material respects maintained adequate internal financial controls over financial reporting as of 31st March 2018 based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India" and except for the possible effects of the material weakness described in Basis for Qualified Opinion paragraph above on the achievement of the objectives of the control criteria the Company's internal financial controls over financial reporting were operating effectively as of 31st March 2018.

We have considered the material weakness identified and reported above in determining the nature timing and extent of audit tests applied in our audit of the Ind AS financial statements of the Company for the year ended 31st March 2018 and the material weakness has affected our opinion on the said Ind AS financial statements of the Company and we have issued a qualified opinion on the Ind AS financial statements of the Company.

For, HARI SINGH AND ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn.No:323509E

JATIN JAIN
PARTNER
M. No.: 303630

PLACE: GUWAHATI
THE 4^{th} DAY OF NOVEMBER, 2019

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ANNEXURE-C TO AUDITOR'S REPORT on the standalone Ind AS Financial statements of **MEGHALAYA POWER TRANSMISSION CORPORATION LIMITED** for the year ended 31st March '2018.

Basis for Qualified Opinion

1. The PSDF (Provision for Supply PSDF) accounts under System Protection Division MePTCL Umiam have been separately maintained by the company but during the course of our audit we came to know that the following transactions and account pertaining to PSDF has not been compiled in the financial Statements of the company and have been left unconsolidated. The assets & liabilities are under booked for an amount ₹9,80,49,343/-

(Amount in ₹)

Under Head	Amount as Per Financial Statement	Actual amount to be reported	Difference
42.300 PSDF (Provision for Supply PSDF)	163,689,448.00	6,9245,516.00	94,443,932.00 Dr
55.3 Grant Received from POSCO-NSDL	0.00	82,878,000.00	82,878,000.00 Cr
24.732 MePTCL PSDF Bank Account	0.00	3,725,765.50	3,725,765.50 Dr
42.1 Liabilities For Supply Of Material-Capital	0.00	8,153,196.00	8153196.00 Cr
42.2 Suppliers Control	0.00	1,532,636.00	1,532,636.00 Cr
46.1 Deposit from Supplier/ Contractor and Others	0.00	5,451,827.00	5,451,827.00 Cr
ITDS Payable on Contractor	0.00	33,684.00	33,684.00 Cr
78.883 Bank Charges	0.00	649.00	649.0 Dr
34.Inter Unit Fund Transfer PSDF	0.00	121003.50	121003.50Cr

2. The depreciation calculated for the year as per the financial statement is ₹209582261.14, however on verification of the fixed assets depreciation calculation sheets it is found to be ₹206477614.17, the corporation has excess booked depreciation in the financial statement by ₹31,04,646.97.

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(Amount in ₹)

Asset Code	Depreciation as Taken in FS	Depreciation to be Booked	Deviation
10.207	29,12,711.91	29,12,706.19	(5.72)
10.211	359.57	1,588.08	1,228.51
10.541	4,42,786.71	5,11,441.62	68,654.91
10.559	52,79,888.63	52,80,149.99	261.36
10.601	8,61,83,470.42	8,30,15,843.36	(31,67,627.06)
10.810	3,70,000.59	3,75,501.62	5,501.03
10.904	2,23,083.13	2,10,423.13	(12,660.00)
Total	**9,54,12,300.96**	**9,23,07,653.99**	**(31,04,646.97)**

3. Under the Vehicle Insurance Expenses, the corporation has not booked prepaid insurance under current assets instead entire amount has booked as expenditure: -

(Amount in ₹)

Date of Payment	Amount Paid	Insurance Period	The amount that needs to be booked as expenditure	The amount that needs to be booked as Prepaid Expenditure
15-6-2017	9246.00	15-6-2017 to 14-6-2018	7321.00	1925.00
25-7-2017	3437.00	25-7-2017 to 24-7-2018	2345.00	1092.00
09-8-2017	9544.00	09-8-2017 to 08-8-2018	6119.00	3425.00
17-1-2018	2483.00	17-1-2018 to 16-1-2019	497.00	1986.00
6-2-2018	2483.00	6-2-2018 to 5-2-2019	361.00	2122.00
13-10-2017	9370.00	13-10-2017 to 12-10-2018	4338.00	5032.00
19-9-2017	23298.00	19-9-2017 to 18-9-2018	12319.00	10979.00
16-10-2017	18317.00	16-10-2017 to 15-10-2018	8330.00	9987.00
08-3-2018	9488.00	8-3-2018 to 7-3-2019	598.00	8890.00
Total	**87666.00**		**42227.00**	**45439.00**

4. As per Adjustment Voucher Number 4, the company has set off the receivable from PGCIL with that of MeECL as against the balance payable by MePDCL to PGCIL amounting to ₹8,88,73,693/- by way of a book entry. In this regard, the management could not explain as to how the receivable from PGCIL has arisen as such there are no entries / records in the financial statements. So, how the receivable from PGCIL has arisen and how it is settled with the outstanding of MePDCL could not be explained. Moreover, the reason for such transfer /adjustment has not been disclosed. Hence, in absence of required details /information, we are unable to comment on the compliance of the statutory

Hari Singhania & Co. Guwahati Chartered Accountants guidelines/provisions in this regard, if any, and the impact of the same on the standalone financial statement.

5. Of the several divisions the corporation has, SLDC transmission division is one of the divisions. While consolidation of the financial statements, the corporation has booked income as well as expenditure pertaining to this division as a separate entity, instead of consolidating the figures. So, there are revenue booked to the tune of ₹99.53 Lakhs and expenditure booked to the tune of ₹115.00 Lakhs, the reason for booking revenue less by ₹15.465 Lakhs have been explained as amount not recognised as revenue due to uncertainty of realisation (in Note 26.3.5). Also, it is observed that trade receivables amounting ₹4,53,11,667/- and trade payables amounting to ₹4,68,58,167/- in this regard has been booked separately in the financial statement. The difference in Net payable and receivables amounts to ₹15.465 Lakhs caused due to setting off ₹99.53 Lakhs of revenue from ₹115 Lakhs of expenditure and the balance of ₹15.465 Lakhs can be seen as increase in trade payable for the organisation. The amount of ₹15,46,500/- should have been booked as income and the same should have been disclosed in the balance sheet under trade receivables under sub head "Doubtful" but the same has not been complied with leading to less recognition of revenue and receivables to the same amount.

6. In regards to Revision of Pay (ROP) 2015, the details of the actual liability as to what is the financial implication of the revise pay that is to be paid as per the notification issued vide no. MeECL/CA/PB/77/2017/8 dated 15th May'2017 has not been calculated and accounted for by the entity.
   Also it is seen that the relevant period as per the aforesaid notification is 01-Jan-2015 to 30-June-2017, but it is observed that the company has not booked any provision for the three months pertaining to the current year under audit.
   The provision made in the accounts over the three years is as under:

Year	Amount of Provision (₹ In Lakhs)	Remarks
2014-15	93.00	The provisions were made on the basis of assumptions and cannot be treated as actual liability.
2015-16	372.00	
2016-17	1120.80	

7. Under the head Other current liabilities (Note-15), the related party liabilities of Meghalaya Energy Corporation Limited amounts to ₹3543194423.16, and correspondingly, it is also seen that there are receivables against the same related parties grouped under the head other current assets (Note No.6) amounting ₹1739026683.83/- .since the same parties are under both liabilities & assets side of the balance sheet , the balance sheet is over casted due to its non-set off by the

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said amount of liabilities. Due to multiple ledgers maintenance by the corporation, i.e. one for assets & others for liabilities, the financial statements reflects overstated figures.

(Amount in ₹)

	Related Party	Note -6 OTHER CURRENT ASSETS	Note -15 OTHER CURRENT LIABILITIES	Net Effect	
	Meghalaya Energy Corporation Limited (MeECL)-	Receivables	Payables		
I.	against Remittances of Cash and Cash Equivalents	637534089.33	613814012.19	23720077.14	Receivable
II.	against Remittances of Fuel, Materials, Personnel and Others	1625116.50	790538510.74	(788913394.24)	Payable
III.	against Operations, Capital and Others	1099867478.00	2138841900.23	(1038974422.23)	Payable
	Total	**1739026683.83**	**3543194423.16**	**(1804167739.33)**	**Payable**

8. Deferred Tax Liabilities: - Under the profit & loss account, the deferred tax expenses have been booked amounting ₹83687017 /- in the current year, however, the prior period deferred tax expenditure is ₹100296756/- & the current year deferred tax income is ₹16609739/- which has been adjusted against each other and final amount of ₹83687017 is reflected in the financial statement. The presentation of netting off has not been explained in the notes. Also appropriate disclosure as required by Ind AS in this regard has not been adopted by the management.

9. Under Note No 2, CWIP, the amount of ₹154032216.28/- has been shown as deduction from CWIP rather than disclosing the same as reversal of entries due to rectification/ previous years audit observations , since there is no actual deduction in the CWIP. This has also resulted in the over casting of addition to CWIP by ₹93614204/- due to this transfer entries.

10. The corporation has the policy of paying the salary dues within the next month. As per GL Code 44.310 (Net Salaries Payable) shows that the liability for the month of March'18 is ₹14121586/-, however the net liability as per ledger is only ₹7668886/-.

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11. Scrap sold during the year of damaged transformers (fixed asset), but the assets are not written off resulting to non-accounting of the profit /loss of the same in the books. Thereby the corporation has booked the sale proceeds amounting ₹2315000/- under the Provision for Loss (Pending Investigations) under the head current liabilities.

12. The Corporation follows the methodology of releasing the portion of statutory dues to contractor only on payment of the amount billed as statutory taxes, only after payment of the dues to the government exchequer is proved. Under the head Indirect Tax Liability (note no. 14), it is seen that there is recording of Service Tax liability (46.44) of ₹174926.98/- & (46.) Service Tax amounting ₹75420/-. However, the corporation is not subjected to service tax hence the same should not have been presented under indirect tax liability.

13. Under the provision for liability for works (O&M), the payment made during the year exceeds the liability. The opening balance was ₹5610578/-(credit)
Current liabilities during the year ₹3981733/-(credit)
Payment made during the year ₹9760057/-(debit)
Closing balance ₹167746/- (Debit balance)
Reason as to why excess payment made under the ledger could not be explained to us.

14. Technical fees paid to GE T&D India Limited amounting to ₹912467/- however, no TDS booked for payment made against the same, being paid for annual maintenance contract (vide voucher no.9 dated 28/8/2017 through market operations DDO).

15. No records as to deduction of TDS as per I.T Act 1961 or any certificate u/s 187 of the Act being produced found in
    i. Repairs & Maintenance bill dated 6.09.2017 amounting ₹2351152/- paid to NE Energy Solution Pvt Ltd. (System protection Division)
    ii. Repairs & Maintenance bill dated 6.2.2018 amounting ₹346139/- paid to Erlang Teletronix (System protection Division).
    iii. Repairs & Maintenance payment dated 20-7-2017 amounting ₹772875/- (bill amount) (Byrnihat Division)
    iv. Repairs & Maintenance bill dated 20.12.2017 amounting ₹1062000/- paid to Killing SS (Byrnihat Division)
    v. Repairs & Maintenance bill dated 25.4.2017 amounting ₹289207/- paid to Techno Media software Pvt Ltd. (Market operation DDO).

16. Account code 26, Head: - Operational & Maintenance advances amounting ₹30,15,677.71 is being carried forward for the last three years. The identity of the person/organisation to whom the advance was given could not be explained to us.

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17. It has been seen that CPS liability for the current year has been booked in the accounts amounting to ₹85,02,034.00 and opening balance of CPS lies a credit balance of ₹1,58,67,578.33, and out of the above only ₹2,18,06,738.00 has been transferred to CPS Fund. The reason for non-transfer of remaining balance of ₹2538286.33 could not be explained by the management.

18. Fair valuation of certain assets and liabilities is a prerequisite for the adoption of Ind AS. Ind AS 113 aims to equip the users of financial statements with additional transparency with respect to the following:

a. The extent of usage of fair value in valuation of assets and liabilities
b. Valuation techniques, inputs and assumptions used in measuring fair value
c. The impact of level 3 fair value measurements on profit and loss account or Other Comprehensive Income (OCI).

The corporation has not complied & adopted the fair value measurement in regard to valuation of assets & liabilities in the financial statements.

19. As per Ind AS 1, "Presentation of Financial Statements", Entities are required to use accrual basis of accounting except for cash flow information, however, it is observed that the company has followed cash basis of accounting under certain heads of revenue such as:

i. Disbursement of Payment by PGCIL for POC Charges ISTS
ii. SLDC Charges
iii. STU Charges

Further the company has not disclosed & explained the reason as to why these revenues are booked on receipt basis i.e. cash basis & not on accrual basis, which is not in consonance with the compliance of Ind AS-1.

20. As per Ind AS 2, Inventories are assets:

(a) held for sale in the ordinary course of business;
(b) in the process of production for such sale; or
(c) in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Under the Note no.4 "Inventories" of the financial statement, the company has classified 'capital stock (work in progress)' amounting ₹174380356.01/-. These stock of materials purchased to be consumed in the construction of capital assets, hence the classification of the same under inventory doesn't seems appropriate.

21. The company has not conducted physical verification of inventories as per explanation & other records & accordingly it has not classified the stock under the head obsolete & in vogue, the obsolete stock is not written down to NRV & carried at its cost price in absence of any physical verification of inventories.

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22. As per Ind AS 16: -Property, Plant and Equipment, the residual value and the useful life of an asset shall be reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors. But in case of MePTCL no review of useful life and residual value has been done and there is no bifurcation of asset wise details of incorporation in the books. The information / explanations / records provided for ascertaining property, plant & equipment & depreciation thereon are not complete, since the details of individual assets are not available. Further the financial statements should disclose, for each class of plant, property & equipment:
    a. The measurement bases used for determining the gross carrying amount
    b. The depreciation methods used
    c. The useful lives of the depreciation rates used
    d. The gross carrying amount & the accumulated depreciation at the beginning & at the end of the period
    e. A reconciliation of the carrying amount at the beginning & end of the period. The disclosures in this regard have not been made as required.

    Assets under lease shall be separately disclosed under each class of assets as the schedule –III to the act. However, the company in Note 27 (Additional Information) para no. XII has disclosed the identified assets under lease & has also confirmed that the Company is undertaking the process of ascertaining all such similar assets which it has taken on lease. Whereas the company has shown under Note-1 "Property, Plant and Equipment," balance of assets under lease having **NIL** balance, which is contradictory.
    Hence in absence of complete information, we are unable to comment on the value of amortisation related to Leasehold Assets/ Assets under lease & its impact on the standalone financial statements, if any.

23. Ind AS 24 "Related Party Disclosure", requires the management to disclose the following:
    a. Nature of transactions
    b. The amount of transaction during the year
    c. Outstanding balances, including commitments & details of any guarantees given or received
    d. Provisions for doubtful debts related to outstanding balances
    e. The expenses recognised during the period in respect of bad or doubtful debts due from the related parties,
    f. Payments made to key managerial personnel.

    The transactions with related parties are presented after netting off. The actual amount paid & received has not been disclosed under Note -26. 3. 4. Hence in absence of complete information, we are unable to comment on the same.

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24. Ind AS 19 "Employee benefits" requires an enterprise to recognise the liability when an employee has provided service in exchange for employee benefits to be paid in the future and an expense when the enterprise consumes the economic benefits arising from service provided by an employee in exchange for employee benefits.

However, the company has neither recognised nor ascertained any liability on account of employee benefits which is neither consistent with Para no. XV of the Note-25 "Significant Accounting Policies" to the standalone Ind AS financial statements nor in accordance with the Indian Accounting Standards 19 "Employee Benefits. Further, no actuarial valuation has been done for ascertaining the liability for gratuity & leave encashment payable to the employees. In absence of required details, consequential impact of the same on the standalone Ind AS financial statement is not ascertainable.

25. As per Ind AS 23 Borrowing Cost, "Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset, other borrowing costs are recognised as an expense." In relation to the company, it has booked a finance cost of ₹5,95,15,707/- (to Holding Company MeECL), ₹3,58,51,036/- (to State Government), ₹66,28,186/- (to REC Limited), totalling to ₹10,19,94,929/- which should have been capitalised as fixed asset in apportion to the same which were taken for the creation of asset. Being a transmission company with major work of the company is creation of assets i.e. lines and cables and providing service of transmission of electricity. As per additional disclosure/ information Note no.27 para no V, the company has stated that there is no requirement for capitalization of Borrowing Costs during the reporting period have arisen. The same is contradictory, leading to material misstatement in the financial statement. The borrowing cost to be capitalised could not be ascertained in absence of competent disclosure.

26. As per Ind AS 36, "Impairment of Assets ", an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If such indication exists, the entity shall estimate the recoverable amount of the asset. However, the management has not made any disclosure regarding impairment loss in the financial statements. The company has continued to made disclosure in the current year also same as was done in the previous year i.e. 2016-17 in the additional disclosure / information Note no. 27 para no XVI that the ascertainment of impairment against any such asset has been deliberated to be taken up in course of subsequent reporting periods, but no compliance in this regard done. Consequential impact of the same on the standalone Ind AS Financial statement is not ascertainable.

27. As per Ind AS 37, "Provision, contingent liabilities & contingent assets", the entity is required to disclose each class of provision:

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a. the carrying amount at the beginning and end of the period;
b. additional provisions made in the period, including increases to existing provisions;
c. amounts used (ie incurred and charged against the provision) during the period;
d. unused amounts reversed during the period; and
e. the increase during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate.

In respect of contingent liability, the entity needs to disclose an indication of the uncertainties about the amount or timing of the outflows. where necessary to provide the adequate information, an entity shall disclose the major assumptions made concerning future events.

In respect of contingent asset, where an inflow of economic benefit probable, an entity shall disclose a brief description of the nature of the contingent assets at the end of the reporting period, and where practicable, an estimate of their financial effect, measured using this principle.

However, the company has neither disclosed sufficient information in the para no. XV of the Note-27 "Additional Information" to the standalone Ind AS financial statement to understand their nature, timing & amount of outflow involved nor provided the same for our verifications, in absence of required information, we are unable to comment about the correctness of the recognition of contingent liabilities & the impact of the same on the financial statement. Further as per para no. XIII (c) of the Note -25, the company has neither recognised nor disclosed the provision, contingent liabilities & assets in the financial statement which is not in conformity with the Ind AS 37.

28. As per AS-8 'Accounting Policies, Changes in Accounting Estimates and Errors' in regard to accounting policy, the company has to disclose:
    i. The title of the standard that caused the change
    ii. Nature of the change in policy
    iii. Description of the transitional provisions
    iv. For the current period and each prior period presented, the amount of the adjustment to:
        a. Each line item affected
        b. Earnings per share.
    v. Amount of the adjustment relating to prior periods not presented
    vi. If retrospective application is impracticable, explain and describe how the change in policy was applied
    vii. Subsequent periods need not repeat these disclosures.

The company has changed the accounting policy in regard to booking of wheeling charges (revenue) from related party namely Meghalaya Power Distribution Corporation Limited (MePDCL). As per the Notes to accounts Note No.25 (viii), the revenue from the aforesaid related party operations has been recognised on the basis of current realisability as compared to previous year which was done on the basis of as per tariff order passed by Meghalaya State Electricity Regulatory Commission (MeSERC). The reason for doing so as explained by the management in the notes to accounts states that such policy has been adopted because of continuous trend of past experience of bills remaining unsettled. The disclosure requirement as per AS are not complete & hence cannot be commented upon.

29. In relation to Note 26.3.5 (ii) Revenue from SLDC charges from MePGCL the amount of revenue is short booked by ₹15,46,500/-, which should have been booked as income and the same should have been disclosed in the balance sheet under trade receivables under sub head "Doubtful" being uncertainty in the realisation of the same but the same has not been complied with leading to less recognition of revenue and receivables.

30. As per Schedule III of the Companies Act, 2013, Notification dated 6th April 2016, in regard to, "General instructions for preparation of financial Statements of a company required to comply with Ind AS", the Capital Advances are to be disclosed under "Other Non-Current Assets", but in the financial statement the same has been disclosed under the head "Other Current Assets" amounting ₹6,93,94,421.49/-.

31. As per Schedule III of the Companies Act, 2013, Notification dated 6th April 2016, in regard to, "General instructions for preparation of financial Statements of a company required to comply with Ind AS", the Provision in relation for employee benefit i.e. ROP 2015 is to be classified under "Provision" of Non-Current Liabilities, but in the financial statement the same has been disclosed as "Provision" under "Current Liabilities", amounting ₹15,08,50,951/-

32. Under Note No. 2.2 (CWIP) the company has bifurcated the unit wise details of CWIP. However, the amount of ₹ 459430017.98/- shown under sub-head "Others" point no 8 unit wise allocation could not be presented before us.

33. The Trade Receivable Note 5(a), reflects the amount receivable from MePDCL amounting ₹83.28 Crores, MePGCL ₹4.53 Crores pertains to receivable of FY 2016-17. The revenue of current year from MePDL & MePGCL has not been accounted under receivable and instead adjusted with the inter unit/ inter company ledge₹ Further amount receivable from SLDC value ₹4.53 Crores is also another contradiction to compliance with the accounting policy. Since SLDC is nothing but a unit of MePTCL itself.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us **except for the possible effects of the matters described in the basis for Qualified Opinion paragraph above,** the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of Affairs of the Company as at 31st March 2018 and its Profit total comprehensive income its cash flows and the changes in equity for the year ended on that date.

For, HARI SINGH AND ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn.No:323509E

Hari Singh & Associates Guwahati Chartered Accountants

JATIN JAIN
PARTNER
M. No.: 303630

PLACE: GUWAHATI
THE 4th DAY OF NOVEMBER, 2019

ANNEXURE-D TO AUDITOR'S REPORT on the standalone Ind AS Financial statements of **MEGHALAYA POWER TRANSMISSION CORPORATION LIMITED** for the year ended 31st March '2018.

Emphasis of matter

Without qualifying our opinion, we like to draw attention toward the following:

1. The company has not maintained sufficient and appropriate documents to ascertain whether creditors are registered under Micro, Small and Medium Enterprises Development Act, 2006.

2. During the year under audit, the corporation has made addition to fixed assets of vehicles under head Jeeps & motor car but as per the records of the addition it is observed that the same was transferred to MEPTCL from MeECL on 30.10.2015. The accumulated depreciation of past years has also been booked during the year under audit. The corporation has failed to disclose the same in the notes to financial statements.

3. Stock transfer entries pertaining to capitalization of assets have not been recorded in the books due to which the value of inventories is continuously increasing and actual stock is not presented in the financial statements. The assets created of the inventories has been capitalized separately without stock transfer (i.e. reducing the stock used in the formation of asset) leading to continuous increase in the fixed assets as well as increase in inventories.

4. The company has not valued employees' retirement benefits as required by Ind AS 19 "Employee Benefit" i.e. during the year, there is no provision made for Bonus payable, Gratuity, Pension, Leave Salary, Leave Encashment etc., the reason for not making any provision for the same in the current year is not disclosed anywhere in the notes to financial statement.

5. It is observed that the books are maintained in a manner where the individual party balances with whom transactions are being taken place, cannot be determined. And hence the same could not be verified. Instead the transactions are recorded under the respective heads of assets & liabilities and no bifurcation of party details is maintained by the management.

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6. Staff Related Advances have been recorded without any subsidiary ledger of employee wise details. The amount of advance to be recovered or if any excess recovery is made from a particular employee couldn't be determined in absence of such records.

7. There are inconsistencies in the amount of deduction and payment of statutory dues. The deductions wherever applicable are not deducted properly, the payment for the deductions made are also not made regularly. A Table showing inconsistencies regarding deduction and payments are shown as under: -

(Amount in ₹)

Division Name	Labour cess		VAT	
	Total Deduction made	Payment made	Total Deduction made	Payment made
T&T Tura'	1185039.00	1354885.00	7303558.00	7584940.00
T&T Byrnihat	923041.00	748001.00	2451632.00	2392712.00
T&T Umiam	579310.00	821296.00	1949873.00	2718023.00
Opening Balance 12-13	535815.78	0.00	1128016.66	0.00
T&T Shillong	1448006.00	1339883.00	3243803.00	3260158.00
System Protection	0.00	0.00	94964.00	137891.00
Total Amount	4671211.78	4264065.00	16171846.66	16093724.00

Division Name	ITDS on Contactors		Royalty	
	Total Deduction made	Payment made	Total Deduction made	Payment made
T&T Tura	1319350.00	1676603.00	1416508.00	1349745.00
T&T Byrnihat	974685.00	1030697.00	587117.00	659352.00
T&T Umiam	576131.00	757017.00	622270.00	1254025.00
Opening Balance 12-13	1323186.35	0.00	1521101.32	0.00
T&T Shillong	565276.00	565314.00	1836434.00	1670762.00
System Protection	41285.00	41285.00	2128.00	0.00
Total Amount	4799913.35	4070916.00	5985558.32	4933884.00

Division Name	Professional Tax		ITDS on Salary	
	Total Deduction made	Payment made	Total Deduction made	Payment made
T&T Tura	784000.00	788800.00	452798.00	310245.00
T&T Byrnihat	388300.00	315850.00	1113257.00	1119695.00
T&T Umiam	674800.00	563050.00	400982.00	371668.00

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T&T Shillong	1153023.00	1052675.00	649433.00	638848.00
System Protection	225900.00	226875.00	38665.00	46843.00
Market Protection DDO	102600.00	49700.00	0.00	0.00
Total Amount	3328623.00	2996950.00	2655135.00	2487299.00

Apart from above TDS payable ledger is showing Dr. balance of ₹651993.23/- and TDS receivable are showing Cr. Balance of ₹1183016/-. The reason for wrong reporting or exceptional reporting could not be explained by the management.

8. The Capital Advances under the Accounting code 25, were showing a opening balance of ₹67894421.49/- which is carried forward from the last five financial year i.e. 2012-13. During the current financial year i.e. 2017-18, a sum of ₹15.00 Lakhs advanced for capital goods. The records as regard to the nature and purpose of such advances were not made available to us during the course of audit. Moreover, the receipt of goods and capitalisation of assets against such capital advance were remain unknown.

9. From the table below this can be seen that, out of total advance of ₹19,52,515.63/- amount of ₹5,56,884/- could only be recovered. The amount of recovery reflects the non-adherence to the guidelines in respect to Medical Advance to Staff via Notification No;- MeECL/GA-ii/101/2006/Vol-I/Pt-I/58 Dated. 12th April 2018.

Gl.code	Head	Opening balance	Advance during the year	Received / recovered during the year	Closing balance
27.205	Medical advance	1610711.63	341804.00	556884.00	1395631.63

10. External confirmations from suppliers & vendors were not made available.

11. Balance confirmations certificates from Related/Associate & holding companies have not been made available for our verification.

12. The deduction of TDS at source by BSNL against rental payment is a current asset for the company and should have been booked under Income tax receivables, however, it is booked under Note No. 6: - Other Current Assets, Sub Head: - Staff related advance (under the GL code. 27.425 Income Tax Deducted at Source (Other Receipt)) amounting to ₹116847.00.

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13. Regarding deduction & payment of Security Deposit & Retention Money, it is observed that at times there are payment entries pertaining to which no deductions are made, and there are also instances where there is deduction on account of same is done, however no payment made thereunder. On bringing such instances in the knowledge of the management the reason for such deviation could not be explained to us. Also amounts released in the current year pertaining to Previous periods could not be verified since no bifurcation of party wise details have been maintained by the company.

14. During the previous year i.e. FY 2016-2017, there was an audit observation in regard to freight charges pertaining to procurement of assets amounting ₹ 24,28,169/- were booked under freight expenditures & passed through Profit & loss account instead of capitalisation. Now, the company has reversed the said amount by booking the same under Prior Period Other Income as per Note no.26.5 to the financial statement.

15. As per previous year's Auditors' report Assets (CWIP) booked under System Protection Umium PSDF amounting ₹2,64,00,000/-were overstated in the previous year, during the year, the corporation has reversed & rectified, however the amount that is reversed should have been ₹2.64 crores, but reversal is made amounting ₹29711306/- instead. The reversal of the excess expenditure amount could not be explained to us amounts to ₹3311306/-.

16. The corporation has failed to explain the reason for no change in the credit opening and closing balances of Inventory, since last three years under Note 4 Inventories,

(Amount in ₹)

Gl.code	Head	Opening balance	Closing balance
22.602	Cement material work account	60109.00 Cr	60109.00 Cr
22.603	Transformers material stock account	39350931.20 Cr	39350931.20 Cr
22.612	GI Pipes- material stock account	155439.00 Cr	155439.00 Cr

17. Under ADA (Arrear DA) & ADA (Net Salary Payable-Arrear DA) (44.310) opening and closing balance remains constant at ₹12,97,698.00 (debit balance). The reason as to why this amount is carrying a debit balance under current liabilities head could not be explained.

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18. Under the following GL Code there are no recoveries and the reason for non-recovery of the same could not be explained to us, the details are as under: -

(Amount in ₹)

Gl.code	Head	Opening balance	Closing balance
27.102	Motor car	17516.99	17516.99
27.202	Salary	2332.41	2332.41

19. Note No 5(b), Cash and Cash Equivalents, Impress with staff shows negative balance of ₹4934971.92. the and could not be reconciled with staff ledgers and reflects negative balance in the Financial Statements.

20. Capital work in progress: under the Umiam division, a payment of ₹2.27 Lakhs has been adjusted with CWIP, reason being excess payment to contractor during any previous year. However, the same should not be reduced with CWIP, instead the same should have been adjusted with the outstanding Balance of the contractor. (Head CWIP L&C Network Mawphlang S/S).

21. Under (44.340) liabilities for Earned Leave Encashment and (44.360) Leave Salary, Pension for Corp. Employee deputed outside, there lies a constant opening and closing balance of ₹311865.43 & 5257840.19 respectively, there is no change in the balance and the reason for the same could not be explained., and also this could not be confirmed that any such liability exists or the same had been paid off.

22. There are various entries in the bank which have been booked as SLDC charges(income) & STU Charges (income). The voucher and other record in this regard could not be produced before us by the management. The details are under:

	SLDC Charges (Income)	**STU charges (Income)**
Date	**Amount (₹)**	**Amount (₹)**
31.05.2017	7000.00	7560.00
25.07.2017	3500.00	15750.00
06.12.2017	70000.00	1203581.00
20.12.2017	108500.00	1937636.00
31.01.2018	10000.00	660044.00
12.02.2018	63000.00	1125079.00
28.02.2018	108500.00	1937636.00
26.03.2018	105000.00	1875132.00
Total	**475500.00**	**8762418.00**

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23. Notification No. Power 79/2009/209 dtd.31/03/2010 as amended vide notification no Power- 79/2009/PR-1/422 Dt.29/04/2015 issued by The Meghalaya Power Sector Reform Transfer Scheme 2010 provided the opening balances of assets and liabilities of the company as on 01/04/2012 under the broad heads.

24. Amortisation of grants has been done at a rate different from the rates prescribed under Companies Act'2013.

25. The company has obtained tax audit report for the year ended 31st March 2018 from CA Mahendra Jain filed the same online with Income tax department. However, the financial statements attached with the Tax Audit report have not been made available to us for our verification.

26. Balances of liabilities of expenses, advances given & received, staff related liabilities, loans & advances to staff, recoveries from employees are subject to necessary adjustments upon reconciliation and are net off debit/ credit balances. Moreover, the same have not been segregated in current & non-current heads properly. In absence of proper records / details we are unable to comment about the impact thereof on the financial statements.

27. The company is maintaining fixed deposits with different banks & balances of these fixed deposits are accounted for in the books of accounts of the company and its subsidiaries at the end of the financial year. In absence of complete records of the fixed deposits & due to non-availability of fixed deposits receipts, we are unable to comment on the correctness of the balances shown under the head "cash & cash equivalents", income under the head other income as interest on deposits & tax deducted thereon shown in the standalone Ind AS Financial statement.

28. There was constitution of Corporate Social Responsibility (CSR) committee as per the requirement of section 135 of the Companies Act, 2013, but the CSR policy formulated in the financial Year 2018-19.

29. The company did not keep its name and address of its registered office along with corporate identification number outside of every office and place in which its business is being carried on, as per the requirement of section 12(3) of the Companies Act, 2013.

30. The company has not complied with the sections 152(3) and 152(4) of the Companies Act, 2013, in respect of allotment of Director Identification Number (DIN).

Hari Singh & Associates Guwahati Chartered Accountants

31. As per disclosure made under Note -8 “Other Equity “during the period under audit, there has been addition/increase in Equity Share Capital Pending Allotment amounting ₹2,62,60,000/- without payment received in cash. So we are unable to comment on the same.

32. The company has received a Show Cause Notice from MCA, Cost Audit Branch for non-filing of Cost Audit Report for the FY 2016-1 vide notice no 52/15/CAB/2018 Dt. 09.07.2019.

33. Term deposits of the company are held in the name of MeECL (Holding Company) and all transaction relating to the same are handled by them. Based on the advice/ intimation given by the holding company to MePTCL necessary accounting entries are recorded in the books of company.

For, HARI SINGH AND ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn.No:323509E

Hari Singh & Associates Guwahati Chartered Accountants

JATIN JAIN
PARTNER
M. No.: 303630

PLACE: GUWAHATI
THE 4th DAY OF NOVEMBER, 2019

HARI SINGH & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No. 323509E

House No. 3,
Opp. ICICI Bank, Chilarai Nagar Path,
Bhangagarh, Guwahati-781032
Ph. (0361) 2525055, 2526161; Fax : 0361-2462966

ANNEXURE "E" TO AUDITOR'S REPORT

REPLIES TO THE DIRECTIONS ISSUED TO STATUTORY AUDITORS UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013

for the Financial Year 2017-18

COMPLIANCE CERTIFICATE

We have conducted the Audit of Accounts of **Meghalaya Power Transmission Corporation Limited,** having its registered office at Lumjinshai, Shillong, Meghalaya for the financial year ended **31st March '2018**, in accordance with the directions issued by the Comptroller & Auditor General of India under section 143(5) of the companies Act'2013 & certify that we have complied with all the directions/ sub directions issued to us.

For, HARI SINGH AND ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn.No:323509E

Hari Singh & Associates Guwahati Chartered Accountants

JATIN JAIN
PARTNER
M. No.: 303630

PLACE: GUWAHATI
THE 4th DAY OF NOVEMBER, 2019

ANNEXURE "E" TO AUDITOR'S REPORT CONTD..

ANNEXURE "E" REPLIES TO THE DIRECTIONS ISSUED TO STATUTORY AUDITORS UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013 OF **MEGHALAYA POWER TRANSMISSION CORPORATION LIMITED** for the Financial Year**2017-18**

Sl. No	Query	Reply
1.	If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process.	The company has not been selected for disinvestment during the financial year 2017-18.
2.	Please report whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	According to information provided to us, there are no cases of waiver/written off bad debts during the current year. However, it is to pointed out that the company has changed its policy of accounting of operating revenue from related parties i.e. the booking of wheeling charges (income)has been booked on current realisability, due to which the unrecognised revenue amounts to ₹ 38,06,52,250/-(Rupees Thirty-eight crores six Lakhs fifty-two thousand two hundred & fifty) pertaining to receivables from Meghalaya Power Distribution Corporation Limited (MePDCL) (a Sister Concern).
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift / grant (s) from Govt. or other authorities.	No inventory lying with third parties ,nor any assets received as gift/grants from Govt./other authorities .
4.	A report on age-wise analysis of pending legal/ arbitration cases including the reasons of pendency and	The management has explained that pending litigations against the company are dealt by the holding company and cases are meted out in accordance with the guidelines specified by the

	existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases(foreign and local) may be given.	holding company itself. The individual company wise pending cases is not available. In absence of the details of individual cases, the age wise analysis report, we are unable to furnish the same.

For, HARI SINGH AND ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn.No:323509E

Hari Singh & Associates
Guwahati
Chartered Accountants

JATIN JAIN
PARTNER
M. No.: 303630

PLACE: GUWAHATI
THE 4th DAY OF NOVEMBER, 2019