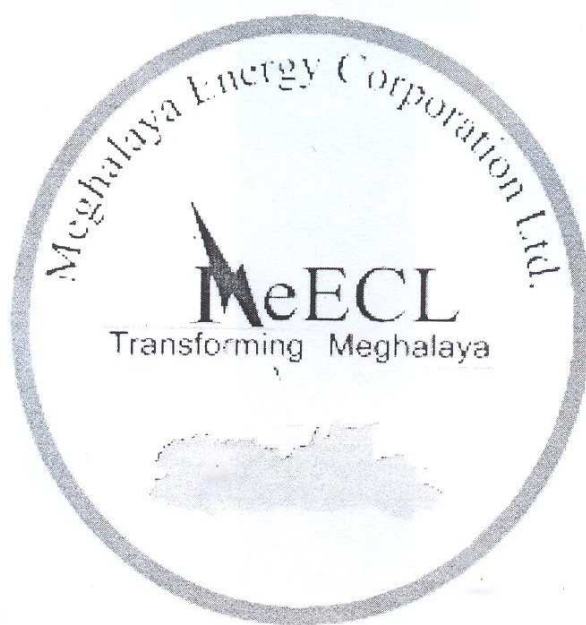


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MEGHALAYA ENERGY CORPORATION LIMITED

SHILLONG



STATEMENT OF ACCOUNTS

2010-2011

STATEMENT OF ACCOUNTS FOR FY 2010-11.
MEGHALAYA ENERGY CORPORATION LIMITED

BALANCE SHEET AS ON MARCH 31, 2011

(Figures in Rupees)

	SCHEDULE	As at March 31, 2011	As at April 01, 2010 (Transferred)	As at March 31, 2010
SOURCES OF FUNDS				
Shareholders' Funds:				
Share Capital	1	1,00,00,000	-	1,00,00,000
Equity Pending Allotment		9,03,52,99,982	7,67,54,84,581	-
Reserve and Surplus	2	4,37,73,86,091	3,58,14,89,135	1,15,14,500
LOAN FUNDS:				
Secured Loans	3	10,88,00,81,962	9,66,85,49,343	-
Unsecured Loans	4	-	-	-
TOTAL:		24,30,27,68,035	20,92,55,23,059	2,15,14,500
APPLICATION OF FUNDS				
Fixed Assets	5			
Gross Block		6,14,70,24,614	6,07,66,35,412 ✓	-
Less Depreciation Amortisation/Impairment		3,22,12,49,565	2,95,00,37,343 ✓	-
Net Block		2,92,57,75,050	3,12,65,98,069 ✓	-
Capital Work- in -Progress (including advances on capital account)	6	16,54,91,61,133	13,30,80,83,386 ✓	-
Investments	7	2,14,92,75,675	2,26,26,52,686 ✓	15,00,000
Current Assets ,Loans and Advances				
Inventories	8	27,58,32,946	23,15,59,447	-
Cash and Bank Balances	9	1,16,27,13,531	95,07,31,464	-
Sundry Debtors	10	4,16,40,69,575	3,28,60,08,042	-
Other Current Assets	11	7,98,98,156	13,14,12,179	-
Loans and Advances	12	5,75,71,677	5,01,29,459	-
	13	8,40,04,24,337	8,40,04,24,337	-
Receivables From Government For Terminal Benefits		14,14,05,10,222	13,05,02,64,928	-
Less Current Liabilities and Provisions				
Current Liabilities	14	12,93,23,22,657	11,13,57,80,225	43,655
Provisions				
Net Current Assets		1,20,81,87,565	1,91,44,84,703	(43,655)
PROFIT & LOSS ACCOUNT				
Deferred Expenditure/Intangible	15	1,16,42,19,937	-	2,00,58,155
		30,61,48,675	31,37,04,215	-
TOTAL:		24,30,27,68,035	20,92,55,23,059	2,15,14,500
		0.00	0.00	0.00
Basic & Diluted EPS		-1.26	-0.74	-20.06

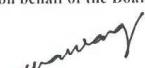
**SIGNIFICANT ACCOUNTING POLICIES
TO THE FINANCIAL STATEMENTS**

27

Schedules referred to herein form an integral part of the Financial Statements.

For and on behalf of the Board


(W.M.S. Pariat)
Chairman cum Managing Director
Meghalaya Energy Corporation
Limited


(D.P. Wahlang)
Director Finance
Meghalaya Energy Corporation
Limited


(G.S. Mukherjee)
Company Secretary
Meghalaya Energy
Corporation Limited

In terms of our report attached.

For A S Biswas & Co.
(Chartered Accountants)
Firm Registration No. 30061


A S Biswas
(Partner)
M No.: 010778



Place:
Date:

STATEMENT OF ACCOUNTS - FY 2010-11.
MEGHALAYA ENERGY CORPORATION LIMITED


PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED AS ON MARCH 31, 2011

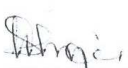
(Figures in Rupees)

	SCHEDULE	For the year ended at March 31, 2011	For the year ended at March 31, 2010 in MeSEB	For the year ended at March 31, 2010
INCOME:				
Sale of Electrical Energy	16	3,80,89,93,990	4,15,73,50,560	-
Revenue subsidies and Grant	17	12,63,22,944	12,31,20,000	-
Other Income	18	80,04,69,395	58,50,10,865	-
Amortization	19	5,29,03,142		
TOTAL:		4,78,86,89,471	4,86,54,81,425	-
EXPENDITURE				
Purchase of Power	20	3,03,63,24,905	2,22,62,56,479	-
Generation of Power	21	24,38,791	26,17,926	-
Repairs and Maintenance	22	22,78,68,496	20,09,25,874	-
Employees Cost	23	1,46,80,80,438	1,04,93,26,804	-
Administrative Costs (Incl. related debits)	24	50,42,05,163	24,11,98,280	2,00,58,155
Depreciation		27,02,17,132	25,93,51,085	-
Interest and Finance charges	25	29,64,56,911	39,55,83,702	-
TOTAL:		5,80,55,91,836	4,37,52,60,150	2,00,58,155
PROFIT BEFORE PRIOR PERIOD ADJUSTMENTS		(1,01,69,02,365)	49,02,21,275	(2,00,58,155)
Prior Period Adjustments	26	(12,72,59,417)	(1,05,44,15,694)	-
TOTAL:		(1,14,41,61,782)	(56,41,94,419)	(2,00,58,155)
PROFIT BEFORE TAX		(1,14,41,61,782)	(56,41,94,419)	(2,00,58,155)
Provision for Taxes				
PROFIT AFTER TAX		(1,14,41,61,782)	(56,41,94,419)	(2,00,58,155)
Adjustment for rectification entries				
Balance Brought forward from earlier year		(2,00,58,155)	(1,33,21,93,266)	-
Restructuring Amount			1,89,63,87,685	-
		(1,16,42,19,937)	(1,89,63,87,685)	(2,00,58,155)
Balance Carried to Balance Sheet		(1,16,42,19,937.00)	0.00	(2,00,58,155.00)

For and on behalf of the Board


(W.M.S. Pariat)
Chairman cum Managing Director
Meghalaya Energy Corporation
Limited


(D.P. Wahlang)
Director Finance
Meghalaya Energy Corporation
Limited


(G.S. Mukherjee)
Company Secretary
Meghalaya Energy
Corporation Limited

In terms of our report attached.

For A S Biswas & Co.
(Chartered Accountants)
Firm Registration No.: 301977

CA A S Biswas
(Partner)
M No.: 010778


Place:
Date:


CASH FLOW STATEMENT - For FY 2010-11.
MEGHALAYA ENERGY CORPORATION LIMITED

3

PARTICULARS	For the year ended 31.3.2011 (Figures in Rupees)
Cash flows from Operating Activities	
Net Profit before tax	(1,14,41,61,782)
Adjustment for :	
Depreciation and amortization	21,73,13,990
Transfer to Capital Reserve	7,35,140
Preliminary Expenses written off	3,69,25,692
Contingent provision against standard assets	2,53,38,553
Excess provision written off	
Non Cash rectification adjustments	(29,54,61,821)
Foreign exchange fluctuation	
Gain on sale of Fixed asset	
Interest expense	29,64,56,911
Dividend Income	
Interest & other non operating Income	(6,94,35,786)
Rental Income	
Profit (loss) on sale of investment	
Operating profit before working capital changes	(93,22,89,103)
Adjustment for :	
Inventories	(4,42,73,499)
Trade Receivable	(90,34,00,087)
Loans and advances	(74,42,218)
Other Current assets	5,15,14,023
Change in Deferred Expenditure	(2,93,70,152)
Current Liabilities and provisions	1,79,64,98,777
Cash generated/(used) from operating activities	
Direct taxes paid	
Net Cash generated / (used) from operating activities (A)	(6,87,62,258)
Cash Flow from Investing Activities	
Interest and other income received	6,94,35,786
Dividend Received	
Rent Received	
Purchase of Fixed assets	(7,50,89,974)
Sale of Fixed Assets	47,00,771
Sale/(Purchase) of investments against employee benefit fund	(2,92,00,000)
Sale/(Purchase) of investments	14,40,77,012
Decrease /(increase) in capital work in progress	(3,24,10,77,747)
Net Cash generated / (used) from investing activities (B)	(3,12,71,54,152)
Cash Flow from Financing Activities	
Proceeds from grant and subsidies	83,65,50,459
Proceeds from Equity	1,35,98,15,400
Proceeds from long term borrowings	1,47,84,48,635
Repayment of long term borrowings	(45,54,22,469)
Interest paid	18,85,06,452
Dividend Paid	
Proceeds / Repayment of short term borrowings	
Net Cash generated / (used) from financing activities (C)	3,40,78,98,478
Net increase/decrease in cash and cash equivalents	21,19,82,068
Cash and Cash Equivalents opening balance	95,07,31,464
Cash and Cash Equivalents closing balance	1,16,27,13,532

For and on behalf of the Board


(W.M.S. Pariat)
Chairman cum Managing Director
Meghalaya Energy Corporation
Limited


(D.P. Wahlang)
Director Finance
Meghalaya Energy Corporation
Limited


(G.S. Mukherjee)
Company Secretary
Meghalaya Energy Corporation
Limited

In terms of our report attached:-

For A & Review & Co.



MEGHALAYA ENERGY CORPORATION LIMITED
Schedules to Balance Sheet & Profit & Loss Account for FY 2010-11

(Figures in Rupees)

SCHEDULE-1

SHARE CAPITAL

Particulars	ACCTT. CODE	As at March 31, 2011	As at April 01, 2010 (Transferred)	As at March 31, 2010
Authorised				
200,00,00,000 (Prev. Year 200,00,00,000) equity shares of Rs 10 each		2000,00,00,000	2000,00,00,000	2000,00,00,000

Issued, Subscribed & Paid up Capital
10,00,000 fully paid (Prev. Year 10,00,000) Equity Shares of Rs 10 each

Equity Pending Allotment	54,500	1,00,00,000	2,02,00,00,000	1,00,00,000
Additional Equity Pending Allotment	54,500 (A)	7,01,52,99,982	5,65,54,84,582	

TOTAL		9,04,52,99,982	7,67,54,84,582	1,00,00,000
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RESERVE AND SURPLUS

Particulars	ACCTT. CODE	As at March 31, 2011	As at April 01, 2010 (Transferred)	As at March 31, 2010
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Consumer's contribution	55,100	5,61,53,059	-	-
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Subsidies & Grants towards Capital Assets	55,200 & 55,300	4,63,81,05,600	3,85,77,08,200	
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Grant for Reforms & Restructuring	55,500	-	-	-
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		4,69,42,58,659	3,85,77,08,200	-
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Less:

Transfer to Capital Reserve	55,8	5,82,11,797	5,82,11,797	
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Accumulated Amortization	55,9	34,38,01,995	29,08,98,853	
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Capital Reserve		4,29,22,44,867	3,50,85,97,550	1,15,14,500
		8,51,41,225	7,28,91,585	
TOTAL		4,37,73,86,091	3,58,14,89,135	1,15,14,500

SCHEDULE-2

(Figures in Rupees)
SCHEDULE-3
as at March 31, 2010

Particulars	ACCTT. CODE	As at March 31, 2011	As at April 01, 2010 (Transferred)	As at March 31, 2010
Payment Due on Capital Liabilities				
REC Loan	51.103	51,53,352		48,33,64,706
State Govt. Loan	51.104			
Loan from CSS	51.106			
HUDCo loan	51.110	81,263	81,263	
SBI Corporate loan	51.109	5,87,88,885	3,60,00,000	
		6,40,23,500	51,94,45,969	
Interest Accrued				
State Govt Loan	51.206	62,39,605		
REC Loan	51.202	57,11,63,106	58,44,88,085	
Public loan	51.203	6,85,71,841	7,58,63,591	
CSS	51.207			
PFC	51.208			
Bank loan	51.209 & 51.210			
HUDCo loan	51.211	2,38,38,094	2,38,38,096	
Federal Bank	51.212	3,65,99,634	1,25,40,662	
OEFC Japan	51.213	41,50,573	35,63,810	
JBIC Japan	51.214	5,45,13,655	4,25,271	
I.O.B.	51.215	24,89,48,611	13,89,66,660	
RAPDRP	51.216	1,08,52,205	45,16,872	
		17,98,613		
		1,03,27,09,500	84,42,03,048	
Capital Liabilities				
Public loan	52.110			
Loan from REC	53.301 to 53.304	1,74,40,00,000.00	1,89,49,00,000	
Loan from Bank	53.50 to 53.501	3,12,37,06,114.00	2,56,02,76,612	
Scheme Loan		93,07,45,000.00	1,18,04,91,573	
Foreign Currency loan	53.700			
HUDCo loan	52.310	1,17,99,56,886.48	80,94,30,876	
PFC	53.900	40,78,01,265.00	40,78,01,265	
Federal Bank	53.800	1,05,39,40,000.00	95,20,00,000	
	53.910	1,10,87,67,426.00	50,00,00,000	
		9,54,89,16,691.48	8,30,49,00,326	
Loan from State Govt.	54.200			
		23,44,32,270.00		
Power Bonds 8.5%	54.600			
		23,44,32,270.00		
TOTAL		10,88,00,81,961.70	9,66,85,49,343	
UNSECURED LOANS				
Particulars	ACCTT. CODE	As at March 31, 2011	As at April 01, 2010 (Transferred)	As at March 31, 2010
TOTAL				

SCHEDULE-4

FIXED ASSETS & PROVISION FOR DEPRECIATION, 2010-11

SCHEDULE-5

GROSS BLOCK						PROVISION FOR DEPRECIATION				NET BLOCK				
Sl. No.	Assets Group	Asset Code	At the end of Previous Year (Rs)	Addition (Rs)	Deduction	Re-classification	At the end of the Year (Rs)	At the end of Previous Year (Rs)	Depreciation for the year	Adjustment on Deduction	Re-classification	At the end of the Year	At the end of the Year	At the end of the Previous Year
1	Land & Land Right	10.1	10,52,75,223	101,15,15,00	46,99,940.00		10,15,88,798					10,15,88,798	10,52,75,223	
2	Buildings	10.2	31,80,50,091	46,07,31.00			31,55,10,822	14,74,42,539	1,00,22,415			15,74,64,123	15,80,46,699	16,76,07,551
3	Hydraulic Works	10.3	1,28,33,70,669	10,00,37.00			1,28,43,71,306	68,09,66,890	6,63,78,886			74,73,45,776	53,70,25,530	60,24,03,779
4	Other Civil Works	10.4	27,40,43,751	57,04,7.00			27,46,14,198	12,15,26,796	86,63,750			13,01,90,546	14,44,21,652	15,25,16,955
5	Plant & Machinery	10.5	1,54,07,95,457	18,54,04.00			1,54,26,49,461	63,05,25,573	6,45,57,317	21,709.00		69,51,04,600	84,75,44,861	91,02,69,884
6	Lines&Cables													
7	Networks	10.6	2,37,74,41,048	60,66,335.00			2,43,81,04,983	1,26,81,03,213	11,26,73,390	1,30,62,54.00		1,38,20,82,856	1,05,60,22,127	1,10,93,37,835
8	Vehicles	10.7	8,74,16,493	502,3325.00			9,24,39,818	5,76,47,864	35,78,162	3,32,042.00		6,08,93,984	3,15,45,833	2,97,68,629
9	Furniture & Fixtures, etc	10.8	4,35,55,974	19,98,855.00			4,55,54,829	2,26,70,748	18,58,582			2,45,29,330	2,10,25,498	2,08,85,226
10	Office Equipment, etc	10.9	4,81,29,708	25,04,525.00			5,06,34,233	2,11,53,718	24,84,631			2,36,38,349	2,69,95,883	2,69,75,989
Sub-Total:			6,07,50,78,413	7,50,89,974	46,99,940		6,14,54,68,447	2,95,00,37,343	27,02,17,132	16,60,005	-	3,22,12,49,565	2,92,42,18,883	3,12,50,41,071
Capital Expenditure Resulting in an Asset not belonging to the Board														
11	Spare Units/ Service Units	11.1												
12	Capital spares at Generation Station	11.2												
13	Assets taken over from Licenses pending final valuation	11.3												
Sub-Total:			6,07,50,78,413	7,50,89,974	46,99,940	-	6,14,54,68,447	2,95,00,37,343	27,02,17,132	16,60,005	-	3,22,12,49,565	2,92,42,18,883	3,12,50,41,071
Total for previous year:			549,66,58,766	57,83,89,647	-		607,50,78,413	264,83,67,942	25,93,50,253	4,24,19,148		295,00,37,343	312,50,41,070	284,84,20,824
Assets not in use			16.12	15,56,999		831	15,56,167	2,95,00,37,343	27,02,17,132	16,60,005	-	3,22,12,49,565	15,56,167	15,56,999
			6,07,66,35,412	7,50,89,974	46,99,940	831	6,14,70,24,614	2,95,00,37,343	27,02,17,132	16,60,005	-	3,22,12,49,565	2,92,57,75,050	3,12,65,98,069

(Figures in Rupees)

CAPITAL WORK IN PROGRESS**SCHEDULE-6**

Particulars	ANALYTICAL DATA	ACCTT.CODE	As at March 31, 2011	As at April 01, 2010 (Transferred)	As at March 31, 2010
Capital Work-in-Progress		14	15,93,70,03,586	12,79,40,62,713	15,93,70,03,586
Advance to Suppliers (Capital)		25.1 to 25.9	61,21,57,547	51,40,20,673	61,21,57,547
TOTAL			16,54,91,61,133	13,30,80,83,386	-

INVESTMENTS**SCHEDULE-7**

Particulars	ACCTT.CODE	As at March 31, 2011	As at April 01, 2010 (Transferred)	As at March 31, 2010
Investment against funds	20.1	8,44,32,551	5,52,32,551	15,00,000
Investment in Subsidiaries		15,00,000		
Investments other than Fund investments	20.2	2,06,33,43,124	2,20,74,20,135	
TOTAL		2,14,92,75,675	2,26,26,52,686	15,00,000

INVENTORIES**SCHEDULE-8**

Particulars	ACCTT.CODE	As at March 31, 2011	As at April 01, 2010 (Transferred)	As at March 31, 2010
Stock of Materials at Site	22.6 & 22.613	5,16,57,268	58910108.1	
Stock of Materials at other	22.621 to 22.633	23,42,72,448	17,43,07,147.2	
Stock of Stationery	22.900	10,37,595	12,98,76,00	
code not indicated		-	0	
Materials at Site	22.641 to 22.659	(1,11,34,365)	(2,95,65,84.19)	
Other materials	22.710 to 22.760	0.0	0	
Materials Stock Excess	22.810 to 22.833	-	0	
TOTAL		27,58,32,945.59	23,15,59,447.06	0.00
Less: Material Transfer Account	22.4	0.00	0	
TOTAL		27,58,32,946	23,15,59,447.06	0

CASH AND BANK BALANCES

Particulars

	ACCTT.CODE	As at March 31, 2011	As at April 01, 2010 (Transferred)	As at March 31, 2010
Cash in hand	24.1	1,61,42,043	1,67,64,142	
Cash Imprest with staff	24.2	72,64,830	64,96,612	
Balance with Banks	24.3, 24.4 & 24.7	1,26,33,05,486	1,02,82,41,353	
Remittance in Transits	24.5 & 24.6	(12,41,98,828)	(10,07,70,644)	
TOTAL		1,16,27,13,531	95,07,31,464	

(Figures in Rupees)

SCHEDULE - 9

SUNDRY DEBTORS

Particulars

	ACCTT.CODE	As at March 31, 2011	As at April 01, 2010 (Transferred)	As at March 31, 2010
Sundry debtors for Sale of Power	23.1	17,64,67,398	1,28,13,81,209	
Inter State Assam	23.601	6,98,72,055	92,58,434	
Inter State Mizoram	23.602	13,68,746	13,68,746	
U.I.	23.606 to 23.616	40,30,01,367	40,45,90,259	
Electricity Duty Recv.	23.200	6,67,57,849	5,97,13,149	
Dues from Disconnected Consumers	23.500	0	-	
Miscellaneous Receipts	23.700	19,07,98,378	1,61,67,53,909	
		42,76,46,57,93.30	3,37,30,65,707	0.00
Less: Provision		11,23,96,218.00	8,70,57,665	
TOTAL		41,60,09,575.30	3,28,60,08,042	0.00

SCHEDULE - 10

OTHER CURRENT ASSETS

Particulars

	ACCTT.CODE	As at March 31, 2011	As at April 01, 2010 (Transferred)	As at March 31, 2010
Sundry Debtors - Trading	28.1	10,240	10,240	
Income accrued and due	28.3	20,63,46,70.00	16,16,31,44.04	
Recoveries from Ex-employees	28.4	61,37,616.00	55,44,147	
Other Claims and Receivables	28.7 & 28.8 (Excl. 28.890)	48,954	58,481	
Deposits	28.901-919	50,54,750.00	29,750	
Inter Unit Transfer	30 to 38	4,80,11,926	10,96,06,417	
TOTAL		7,98,98,156	13,14,12,179	0

SCHEDULE - 11

LOANS AND ADVANCES

Particulars

	ACCTT.CODE	As at March 31, 2011	As at April 01, 2010 (Transferred)	As at March 31, 2010
Advances for O & M Supplies	26.1 to 26.8	34,61,11,16.10	3,05,38,461	
Advance to Staff	27.1 & 27.2	22,85,97,85.73	1,95,89,788	
Others	27.8	1,00,77,494	1,210	
TOTAL		5,75,71,677	5,01,29,459	

SCHEDULE - 12

(Figures in Rupees)
SCHEDULE-13

RECEIVABLES FROM GOVT FOR TERMINAL BENEFITS

Particulars	ACCTT.CODE	As at March 31, 2011	As at April 01, 2010 (Transferred)	As at March 31, 2010
Receivables From Government For Terminal Benefits	28.890	8,40,04,24,337	8,40,04,24,337	-
TOTAL		8,40,04,24,337	8,40,04,24,337	-

CURRENT LIABILITIES / PROVISIONS

SCHEDULE-14

Particulars	ACCTT.CODE	As at March 31, 2011	As at April 01, 2010 (Transferred)	As at March 31, 2010
Security Deposit of Customers	48.1	4045985.54	41,11,445	-
Liabilities for power	41.1 to 41.2	862103502.00	81,73,42,923	-
Liabilities for Capital Supplies	42.1 to 42.6	124371349.47	6,05,88,507	-
Liabilities for O&M Supplies	43.1 to 43.6	26161197.71	2,75,75,145	-
Staff related liabilities	44.1 to 44.6	877138262.51	8,53,91,65,811	-
Deposit and Retension from Suppliers	46.1 & 28.930	247357758.99	17,08,77,360	-
Electricity Duty payable	46.3	30789795.83	-	-
Liabilities for Expenses	46.4	923551192.56	32,98,63,766	-
Provision for Taxation	46.8	29453971.00	6,71,15,854	-
Other Liabilities	46.9	924485248.59	72,50,48,349	43,655
Deposits	47.7	181654421.21	12,33,68,593	-
Bank Overdraft	50.200-202	80,69,65,608	27,07,22,473	-
TOTAL		12,93,23,22,657	11,13,57,80,225	43,655

DEFERRED EXPENDITURE

SCHEDULE-15

Particulars	ACCTT.CODE	As at March 31, 2011	As at April 01, 2010 (Transferred)	As at March 31, 2010
Feasibility Study	17.3	27,01,82,782	24,08,12,630	-
Exp. For Forming	18.2	3,59,65,893	7,28,91,585	-
TOTAL		30,61,48,675	31,37,04,215	-

SALE OF ELECTRICAL ENERGY

Particulars	ACCTT.CODE	For the year ended at March 31, 2011	For the year ended at March 31, 2010 in MeSEB	For the year ended at March 31, 2010
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(Figures in Rupees)

SCHEDULE-16

REVENUE FROM SALE OF POWER

Inter State Sale of Power

- a) Assam
b) U.I.Sale others

	61.101	6,06,13,621.00	4,96,43,474.00	
	61.110-120	14,51,03,039.00	22,50,90,278.00	
Domestic & Residential	61.201-219	79,17,15,560.81	70,98,81,778.71	
Commercial	61.221-236	33,47,13,229.69	31,34,81,850.07	
Industrial Medium & Low Voltage	61.241-253	3,32,44,284.80	3,43,04,909.83	
Industrial High & Extra H.V.	61.261-273	1,92,04,53,922.80	2,31,81,79,643.02	
Public Lighting	61.281-293	87,10,614.19	97,75,008.90	
Irrigation & Agriculture	61.301-313	5,75,447.86	10,59,538.70	
Public Water works	61.321-333	13,86,81,329.94	12,30,54,246.54	
Bulk Supply to others	61.341-372	30,15,19,788.18	30,01,21,350.16	
Misc. and General purpose	61.381-389	47,16,249.00	66,37,731.00	
Construction Project H.T.	61.39-61.4	31,89,647.04	1,75,19,040.27	
TOTAL(A)		3,74,32,36,734.31	4,10,87,48,849	-

Electricity Duty Recovery

- Other State Levies Recovery
Meter Rent/Service Line Recovery

Recoveries for Thefts of Power and Malpractices

- Wheeling charges Recoveries
Misc. charges from consumers

- Less : Duties
Electricity Duty Payable

	61.501-510	2,27,84,645.83	2,02,18,814.00	
	61.600	147,13,478.34	1,30,19,475.70	
	61.700	13,00,07.00	2,33,046.00	
TOTAL(B)		3,76,28,131.17	3,34,71,336	-
	61.800	1,86,40,988.50	45,21,671.90	
	61.900	3,22,72,781.70	3,08,27,517.54	
TOTAL(C)		5,09,13,770.20	3,53,49,189	-
TOTAL(A+B+C)		3,83,17,78,635.68	4,17,75,69,374	-
	61.541-550	2,27,84,645.83	2,02,18,814	0.00
TOTAL(D)		2,27,84,645.83	2,02,18,814	0.00
TOTAL(A+B+C-D)		3,80,89,93,989.85	4,15,73,50,560	-

REVENUE SUBSIDIES & GRANTS

(Figures in Rupees)

SCHEDULE-17

Particulars	ACCTT.CODE	For the year ended at March 31, 2011	For the year ended at March 31, 2010 in MeseB	For the year ended at March 31, 2010
R.E. Subsidy	63.11	12,31,74,000	12,31,20,000	
Subsidy against losses on Account of Flood, Cyclone Etc.	63.12	31,48,944		
TOTAL		12,63,22,944	12,31,20,000	

OTHER INCOME

SCHEDULE-18

Particulars	ACCTT.CODE	For the year ended at March 31, 2011	For the year ended at March 31, 2010 in MeseB	For the year ended at March 31, 2010
Interest on Staff Loans and Advances	62.211-62.215	50,028	1,08,907	
Income from Investment	62.221-62.223	6,89,01,276	5,32,11,511	
Interest on Loans and Advances to Licensee	62.240			
Delayed payment charges from consumers	62.250	70,05,61,973	48,59,21,283	
Discount/Rebates from Suppliers/Contractors	62.260-62.264	1,66,95,783	3,14,55,996	
Interest from Bank (other than fixed deposit)	62.270-62.273	1,48,592	2,77,208	
Income from Trading	62.321-62.360	3,35,890	31,23,628	
Income from staff welfare activities	62.6			
Miscellaneous Receipts	62.901-62.950	1,37,75,853	1,09,12,332	
TOTAL		80,04,69,395	58,50,10,865	0

AMORTIZATION

SCHEDULE-19

Particulars	ACCTT.CODE	For the year ended at March 31, 2011	For the year ended at March 31, 2010 in MeseB	For the year ended at March 31, 2010
Amortization of Grant	77.9	5,29,03,142		
TOTAL		5,29,03,142		0

PURCHASE OF POWER

(Figures in Rupees)
SCHEDULE-20

PARTICULARS	ACCTG. CODE	For the year ended at March 31, 2011	For the year ended at March 31, 2010 in MeseB	For the year ended at March 31, 2010
Power Purchased	70.1	2,47,63,69,455	1,95,02,86,305	
Total Power Purchased	TOTAL	2,47,63,69,455	1,95,02,86,305	
Write-off cost: acquiring rights to receive power from other bodies	70.3			
Wheeling charge	70.4	55,99,55,450	27,59,70,124	
	TOTAL	3,03,63,24,905	2,22,62,56,479	

GENERATION OF POWER

SCHEDULE-21

Particulars	ACCTG. CODE	For the year ended at March 31, 2011	For the year ended at March 31, 2010 in MeseB	For the year ended at March 31, 2010
FUEL CONSUMPTION				
Coal	1			
Oil	2			
Gas (Steam Power Generating)	3			
Gas (Internal Combustion)	4			
TOTAL (1-4)	5			
Other Fuel Related Cost	6			
Sub-Total for fuel cost (5&6)	7			
Operating Expenses:				
Cost of Water	8			
	9			
Hydel Power:				
Thermal Power:				
	10	24,38,791	16,46,933	
	11	71.7	9,70,993	
Lubricants and Consumable Store				
Sub-station supplies				
Sub-total for operating Expenses (8-10)		24,38,791	16,46,933	
Cost of Generation of Power	12	24,38,791	26,17,926	
Fuel Related Losses	13	72.1,72.2 & 72.3		
Central Excise Duty on Generation				
TOTAL (12+13)		24,38,791	26,17,926	

REPAIRS & MAINTENANCE

Particulars

ACCTT CODE

For the year ended at March 31, 2011 For the year ended at March 31, 2010 in MesEB For the year ended at March 31, 2010

(FIGURES IN RUPEES) SCHEDULE-23

REPAIRS & MAINTENANCE TO:-
Plants & Machinery
Building
Hydraulic works
Civil Works
Lines & Cables Net Work, etc
Vehicles
Furniture & Fixture etc
Office equipments

TOTAL

74.1	5,09,61,020	2,06,11,907	
74.2	1,44,59,240	10,40,15,441	
74.3	2,20,21,013	3,33,73,787	
74.4	4,90,98,924	5,66,75,73,86	
74.5	6,06,46,460	6,44,63,46,47	
74.6	55,36,695	5,47,28,20	
74.7	29,06,501	20,61,290	
74.8	22,38,653	18,14,911	
TOTAL	22,78,68,496	20,09,25,874	

ESTABLISHMENT EXPENSES

Particulars

ACCTT CODE

For the year ended at March 31, 2011 For the year ended at March 31, 2010 in MesEB For the year ended at March 31, 2010

SCHEDULE-23

Salaries
Overtime
Dearness Allowance
Other Allowance
BONUS
Sub-Total
Medical Expenses Reimbursement
Leave Travel Assistance
Earned Leave Encashment, etc
Honorarium
Incentives
Leave Salary (Contribution to Depitatonist)
Repayment under Workmen's Acts, others
Other Staff Cost
Total other staff costs (7 to 14)
Staff welfare expenses
Terminal Benefit

Less: Capitalised

TOTAL

75.1	60,26,14,100	54,10,07,756	
75.2	63,43,810	69,64,947	
75.3	26,18,65,689	17,56,38,75	
75.4	9,28,54,744	9,11,66,724	
75.5	-	0	
75.6	96,36,78,343	81,57,03,302	
75.6.1	2,30,91,205	1,96,70,229	
75.6.2	3,55,248	46,255	
75.6.17	2,27,05,890	1,82,17,280	
75.6.18	1,54,710	48,200	
75.6.19	9,15,540	7,69,074	
75.6.30	50,303	1,32,670	
75.6.29	1,24,674	12,50,32	
75.7	4,73,97,570	3,90,08,740	
75.7	9,24,564	5,82,299	
75.8	55,10,20,240	29,39,28,557	
TOTAL	1,56,30,20,717	1,14,92,22,898	
75.900	9,49,40,279	9,98,96,094	
TOTAL	1,46,80,80,438	1,04,93,26,804	

ADMINISTRATIVE & GENERAL EXPENSES				(Figures in Rupees)		
				SCHEQUE-24		
Particulars	ACCT. CODE	For the year ended at March 31, 2011	For the year ended at March 31, 2010 in MosEB	For the year ended at March 31, 2010		
Rent, Rate & Taxes	76.101-76.103	28,49,720	18,23,347			
Insurance	76.104-76.107	68,47,306	69,28,380			
Telephone charges, Postage, Telegrams & Telex charges	76.110-76.113	51,88,104	33,90,493			
Legal charges	76.121	100	30,98,771			
Audit Fees	76.122	14,60,565	11,00,000			38,605
Consultancy charges	76.123	71,76,094	2,73,84,657			
Technical Fees	76.124	3,26,056	1,53,903			
Other Professional charges, others	76.125	2,85,11,293	50,07,526			
Conveyance and Travelling	76.131-76.139	5,26,18,466	4,18,85,609			
Stipend, Training Expenses, etc	76.126-76.128	7,60,594	6,34,524			
Other Expenses:	76.151-76.190					
Fee & Subscription	76.151	3,600	7,500			
Books & Periodicals	76.152	1,51,912	1,43,474			
Printing & Stationery	76.153	42,82,113	34,64,218			
Advertisement	76.155	26,28,180	19,60,087			
Contribution & Charity	76.157	51,200	1,56,587			
Electricity charges	76.158	46,364	39,233			
Water charges	76.160	70,211	1,30,416			
Entertainment	76.162	11,34,707	2,79,441			
Tableau Exp.	76.163	20,040	555			
Lab Testing	76.164	92,985	2,272			
Miscellaneous Expenses, others	76.190	5,90,765	4,76,572			
Freight	76.210-76.220	2,874	-			2,00,19,550
Other purchase Related Expenses etc	76.230-76.290	26,54,347	20,38,159			
TOTAL		11,74,67,596	10,01,05,724			2,00,58,155
Less: Capitalised	76.9	2,51,91,040	13,11,614			
		9,22,76,556	9,87,94,110			2,00,58,155
		41,19,28,607	14,24,04,171			
Add : Debits	79.1-79.5		24,11,98,280			2,00,58,155
TOTAL						

INTEREST & FINANCE CHARGE

(Figures in Rupees)

SCHEDULE 25

Particulars	ACCT CODE	For the year ended at March 31, 2011	For the year ended at 2010 in Rupees	For the year ended at March 31, 2010
Interest on State Govt Loan	78.1	62,39,605	19,91,08,000	
Interest on Bonds	78.2	18,70,56,594	21,07,83,500	
Interest on Debentures	78.3			
Interest on Foreign Currency Loans/Credits	78.4			
Interest on other Loans/Deferred Credits				
Each Sub Account Under 78.5 (Shown separately)				
Interest on PFC Loan	78.550 & 78.586	11,62,84,211	6,16,73,110	
Interest on loan from CSS	78.540		98,39,422	
Interest on LIC Loan	78.501			
Interest on IDBI Loan	78.510			
Interest on R.E.C. Loan	78.520	27,34,86,385	26,29,91,792	
Interest on Loan from Bank	78.560-580	17,88,24,848	13,82,11,375	
Loan from HUDCo	78.581	4,42,00,959	2,96,19,827	
Interest on Federal Bank	78.582	7,00,52,595	1,30,64,313	
Interest on OECF Japan	78.583	1,55,73,113	1,55,73,113	
Interest on JIBC Japan	78.584	25,48,991	17,20,407	
Interest Loan from (IOB)	78.585	4,26,25,392	3,85,54,148	
Penal Interest in respect of Capital Liabilities	78.590 to 78.599	1,06,85,011		
Interest to Consumers	78.600			
Total Interest on Capital Liabilities	TOTAL	94,75,77,704	98,11,39,075	-
Interest on Borrowing for working capital	78.7			
Other Interest & Finance charges	78.8			
Discount to Consumers for timely Payment of Bills	78.820 to 78.839		148950	
Interest to Suppliers/Contractors	78.841 to 78.842			
Interest to Fixed Deposits	78.850			
Interest on Contribution Provident Fund	78.851			
Interest on Genl. Provident Fund	78.852			
Other Interest	Sub Account Under 78.85			
Cost on Raising Finance	78.861 to 78.869	2,39,12,989	8308067	
Discount on Issue of Bonds/Debentures	78.871			
Premium on Redemption on Bonds/Debentures	78.873			
Other charges	78.881 to 78.889	3,60,33,258	44453815.6	
Interest on sum paid by State Govt. Under Guarantees	78.890			
TOTAL	TOTAL	1,00,75,23,951	1,03,40,49,908	-
Less : Capitalised				
	TOTAL	78.9	71,10,67,040	63,84,66,206
			29,64,56,911	39,55,83,702
				-

NET PRIOR PERIOD CREDITS/CHARGES

Prior period items are defined as those items which arise

from retrospective change in the basis of accounting (it may be noted that retrospective changes in the basis of accounting should be avoided as far as possible).
On correction of Fundamental error in accounting of prior period.
On account of short or excess provision made in previous years.

Waiver of any liability relating to revenue expenses of past years (such as waiver of interests for past years by State Government in view of the Board's weak financial position) would be treated as prior period income.

Particulars	ACCTT. CODE	For the year ended at March 31, 2011	For the year ended at March 31, 2010 in MeSEB	For the year ended at March 31, 2010
Income relating to Previous Years	Separately each A/c. Under 65.1 to 65.9			
Coal related gains of prior period	65.110			
Receipt from Consumers relating to prior period	65.200	6,06,063		
Int. Income for prior period	65.400	-		115.00
Excess provision for Depreciation in prior period	65.600	-		11,561.74
Excess provision for Interest & other Finance charges in prior period	65.700	-		1,02,97,728.00
Other excess provision relating to prior period	65.800	28,02,880	1,02,97,728.00	31,05,008.69
Other income relating to prior period Total prior period income	65.900	23,54,284	31,05,008.69	-
Total:		57,63,227	1,34,14,413.43	-
Prior period expenses/losses				
Purchase of Power relating to prior period	83.100	1,27,77,275	1,17,19,1053.00	
Other generation costs relating to prior period	83.300	-	0.00	
Employee costs relating to prior period	83.500	2,90,62,926	447,41816.00	
Depreciation under provided in prior period	83.600	13,27,963	42,41,9262.78	
Interest & Other Finance charges relating to prior period	83.700	6,38,96,143	81,32,55,694.00	
Wheeling charges relating to prior period	83.110		49,90,6467.00	
Short provision for Income Tax in prior period	83.810	-	0.00	
Administrative expenses relating to prior period	83.820	7,140	1,325.00	
Materials related expenses relating to prior period	83.840	-	0.00	
Other expenses relating to prior period	83.850	2,59,51,197	31,44,90.00	
Total:		13,30,22,644	1,06,78,30,107.78	-
Total prior period expenses Net prior period Credits/(Charges) may be	(1-2) or (2-1) as the case may be	(12,72,59,417)	(1,05,44,15,694.35)	-

Meghalaya Energy Corporation Limited.

SIGNIFICANT ACCOUNTING POLICIES

Schedule-27

Particulars

Corporate information

1. MeECL was incorporated under 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.2000 Crores divided into 200 Crores nos. of Equity Shares of Rs. 10 (Rupees) 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.

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.

3. In exercise of the power conferred under Sub-Section (4) of Section 131 of the Electricity Act, 2003 the Govt. of Meghalaya subdivided 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 with effect from 14th Sep, 2009 vide "The Meghalaya Power Sector Reforms Transfer Scheme, 2010". The Transfer Scheme was notified initially by the Meghalaya State Govt. vide Notification No. Power-74/2009/290 dated 31.03.2010.

4. According to the section 131 of the Electricity Act, 2003 the assets and liabilities of erstwhile MeSEB were vested to the Government of Meghalaya and re-vested by the Government to the restructured holding company in accordance with the necessary amendments in the published Transfer Scheme "The Meghalaya Power Sector Reforms Transfer Scheme, 2010". As per the Transfer Scheme, the re-vesting of assets & liabilities to the all new companies has to be effected w.e.f. financial year 2009-2011. Whereas, it was decided that the subsidiaries namely generation utility, transmission utility and distribution utility would be operationalised w.e.f. 1st April 2012 after re-vested of assets and liabilities by holding company.

Significant 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 The Electricity Act 2003 have been adopted.

Basis 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 issued by the Institute of Chartered Accountants of India. 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.

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.

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 said notification No.POWER-74/2009/290 dated 31st March 2010 issued by the Government of Meghalaya. 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/ extensions/ renovation and modernization are capitalised.

b) The Company is capitalizing the Capital spares purchased initially with the equipment or purchased subsequently in accordance with the provisions of Accounting Standard 10 read with Accounting Standard Interpretation 2 issued by the Institute of Chartered Accountants of India.

Capital Work in Progress

a) Cost of material consumed, erection charges and the incidental expenses incurred for the project, 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 Plant 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.

e) Capital Expenditure on assets not owned by the company is reflected in fixed asset and the same are depreciated at relevant rates.

f) The cost incurred and revenue generated during the Trial Run Stage of the Projects/Power Station is capitalized.

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 completed 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.

Impairment of Assets

The Impairment of Assets i.e. "The cash generating unit" is defined in Accounting Standard-28 issued by The Institute of Chartered Accountants of India 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 Profit & Loss Account. 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.

Depreciation and Amortization

The rates of depreciation prescribed by Central Electricity Regularity Commission for the purpose of tariff are being followed by the company which is significantly different from those prescribed under Schedule XVI company's act 1956.

Investment

Investments are classified into current and long term investments. Current investments are stated at the lower of cost and fair value. Long term investments are stated at cost price. Provision for diminution in the value of Long Term Investment is made only if such decline is not temporary in nature in the opinion of the management.

Inventories

(a) The inventories are valued at lower of Cost or Market Price.

(b) Stores and spares are valued at lower of the weighted average cost inclusive of freight and other allocable overheads or net realizable value.

(c) Scraps/Obsolete assets are valued at estimated cost or net realizable value, whichever is less.

(d) Stores and spares in Transit are valued at cost plus freight and other incidental expenses.

Revenue Recognition

(a) Revenue is recognised on the basis of amount of invoices for supply of energy determined in accordance with the Techno-Commercial parameters approved in the relevant Tariff Orders by State Electricity Regulatory Commission. Revenue is recognised when there is no ambiguity as to the measurability and ultimate collection.

(b) Income from scrap and interest income are accounted for on accrual basis and insurance claims and dividend is accounted for on their receipt.

Expenditure

All expenses are reflected in revenue accounts under their natural heads. Expenses shown under the generation of power, repairs & maintenance, the employee cost, depreciation, administration and general expenses and interest and finance charges, are disclosed separately.

Grant from the Government

(a) In accordance with the Accounting Standard 12 on 'Accounting for Government Grants', issued by The Institute of Chartered Accountants of India, Grants and Subsidies received from Government are recognised on reasonable certainty of its realisability.

(b) Grants and Subsidies received for the specific assets are disclosed as Grants on Liabilities side and amortized in proportion of depreciation every year for depreciable assets acquired. On acquisition of Non depreciable assets, the cost of asset acquired is transferred from Grant account to Capital Reserve and kept intact.

(c) Grants & Subsidies on Revenue Accounts are disclosed separately as Income in the Profit & Loss Account.

Taxation

Provision for Taxation has not been made due to losses of the Company.

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 expense on account of exchange rate difference either on settlement or on transaction is recognised in the profit & loss account.

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 extraordinary.

Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any, by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are disclosed in the notes.

Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

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 gratuity fund and post-employment medical benefits, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. *Actuarial valuations for Pension fund has been calculated as on March 31, 2012. Leave encashment liabilities & Gratuity liabilities are being considered.* 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 :

- (i) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (ii) 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.

Notes to Accounts

1. Cash in Transit

There is a time lag between when a company deposits/ withdraws cash or cheque in its account and when the bank credits /debits it. Since the company records the increase/ decrease in bank balance in its accounting records as soon as the cash or cheque is deposited/ withdrawn, the balance as per bank statement would be lower/ higher than the balance as per cash book until the deposit/ withdraw is processed by the bank. Therefore, any outstanding deposits/ withdraws must be subtracted/ added from the balance as per cash book in the bank reconciliation statement.

There is "Remittance in Transit to Head Office" & "Transfers in Transit from Head Office" (Both are part of "Remittance in Transit" head mentioned in "schedule 9") are routine activities of normal operation of company mainly at the end of the month.

The details are as:

Particulars	As on March 31, 2011		As on April 01, 2010		As on March 31, 2012	
	Debit	Credit	Debit	Credit	Debit	Credit
Remittance in Transit to HO	25,699,476	160,232,777	14,808,257	145,110,000	74,538,728	92,100,518
Remittance in Transit from HO	10,334,473		29,531,099		191,853,076	
Total	36,033,949	160,232,777	44,339,356	145,110,000	266,391,804	92,100,518
Net	(124,198,828)		(100,770,644)		174,291,286	

Note: Provisional figure as on March 31, 2012 are taken purposefully to explain the extreme positions.

2. Contingent Liabilities

There is no provision/ adjustment has been made for the verdict announced by Hon'ble Supreme Court of India on August 28, 2012 for Civil Appeal Nos.1237-1238 of 2011 for Byrnihat Industries Association V/s Meghalaya State Electricity Regulatory Commission and ANR. The necessary provision/ adjustment for the same would be provided in financial statements of FY 2012-13.

3. Inter Unit Transfer

Transfer of materials among 48 (Forty Eight) accounting/ business units of company is routine process in the normal business of the company. The amount appearing in the head reflects the time gap in recognize the transaction of material transfer by the two different units.

The details are as:

Particulars	As on March 31, 2011	As on April 01, 2010	As on March 31, 2012
Inter Unit Transfer	48,011,926.00	109,606,417.00	0.00

Note: Provisional figure as on March 31, 2012 are taken purposefully to recognize the efforts made to improve business process.

It is in-complete transaction at particular point of time. It is not part of "inventories" mentioned in "Schedule 8".

4. Income from Investment

Majority of investment are being made through the funds available to company by the Lenders/ Government of India/ Government of Meghalaya for the purpose of deployment in difference schemes /projects and margin money stipulated by suppliers. It is being kept in the form of Fixed Deposits (Optimal return/ liquidity) with banks due to non-utilization of the same at particular point of time with charge by third party. Reasons being are as non-completion of scheduled activities, non-fulfillment of terms & conditions etc.. In general, the period of investment is very short (Few weeks to few months).

At present, company has no surplus cash or bank balances, which can be used for purely investment purpose with expectation of market rate/ higher return.

5. Inventories

In pursuance, transfer of assets & liabilities of MeSEB to Government of Meghalaya and further to Company as per "The Meghalaya Government Power Sector Reforms Transfer Scheme 2010", inventories of Rs.79,43,56,024.30 (Credit) under suspense account is inherited. The reconciliation of the same is under progress.

6. Terminal Benefit Expenses

The terminal benefit expenses comprising pension, medical allowance, DCRG, Ex. gratia to company (formerly MeSEB)'s retired employees & family pensioners and provision provided for pension, gratuity and leave encashment liabilities for existing employees during the year as per the terms of "The Meghalaya Government Power Sector Reforms Transfer Scheme 2010".

S.No.	Particulars	Figure in Rupees
1	Terminal benefits expenses paid to pensioners/ family pensioners	28.98 Crore
2	Payment made to Pension Trust for provision for terminal benefits of existing employee	2.92 Crore
3	Payable to Pension Trust for provision for terminal benefits of existing employee	23.22 Crore
	Total	55.10 Crore

There is receivable from Government of Meghalaya for terminal benefits of existing employees & retired employees of Rs.840.04 crore under the above mentioned scheme. Pension Trust is not in operation due to non-availability of adequate fund, hence the terminal benefits expenses for pensioners has been paid by company on behalf of Pension Trust. No provision has been made for recovery of the same from Pension Trusts.

7. Audit Fee Payable

The details of payment to auditors are as follows:

S.No.	Particulars	For the year ended as on March 31, 2011
1	-Provision for Auditor General Fee	650,000.00
2	-Provision for Statutory Auditor Fee	786,520.00
3	-Tax Auditor Fee	15,000.00
4	-Others	9,045
	Total	1,460,565.00

8. Sundry Debtors

Company has sundry debtors of Rs.427.64 crore and 337.30 Crore as on April 01, 2011 and March 31, 2011 respectively.

The details are as:

S.No.	Particulars	As on March 31, 2011	As on April 01, 2010
1	Inter State	2,238,909,566	1,696,598,648
2	Electricity Duty Recoverable	66,757,849	59,713,149
3	Miscellaneous Receipts	1,970,798,378	1,616,753,909
	Total	4,276,465,793	3,373,065,707

The sundry debtors are considered unsecured and reasonably good and outstanding for a period less than six months.

9. Bad Debts

Company has made provision for bad debts against sundry debtors of Rs.2.53 crore during the financial year increasing accumulated bad debt provision from 8.71 crore as on April 01, 2010 to 11.24 crore as on March 31, 2011.

10. Receivables from Government of Meghalaya against terminal benefits

No provision for accrued interest has been made for the receivables of Rs.840.04 crore from Government of Meghalaya against the terminal benefits of retire employees, family pension and existing employees of company (Erstwhile MeSEB) applicable from April 01, 2010 as per the "The Meghalaya Government Power Sector Reforms Transfer Scheme 2010"

11. 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.

12 Related Party Disclosure

A Name of related parties and description of relationship:

1. **Holding Company/ Enterprise:** -

2. **Subsidiaries:**

Meghalaya Power Generation Corporation Ltd.

Meghalaya Power Transmission Corporation Ltd.

Meghalaya Power Distribution Corporation Ltd.

3. **Associates:**

NIL

4. **Key Management Personnel:** Board of Directors

Mr. W.M.S. Pariat. IAS. Chairman cum Managing Director

Mr. B.K. Dev Varma. IAS. Director

Mr. N.S. Samant. IAS. Director

Mr. D.P. Wahlang. IAS. Director (Finance)

Mr. M.R. Synrem. IAS. Director (Corporate Affairs)

Mr. S. Kharlyngdoh. MCS, Director (Corporate Affairs)

Mr. M. Bora. Director (Generation)

Mr. C.D. Saio. Director (Distribution)

5. **Relatives of Key Management Personnel:**

NIL

B. Information carried out with related parties in the ordinary course of business is as follows:

Key Management Personnel – Salary & Benefits:

Shri C.D. Saio, Director (Distribution) = Rs. 7,67,724.00

Shri M. Bora, Director (Generation) = Rs. 1,84,684.00

13. Share Capital

Particulars	As on March 31, 2011	As on April 01, 2010
Authorized Capital		
20,000,000 Equity Shares of Rs. 10/- each	20,000,000,000.00	20,000,000,000.00
Total	20,000,000,000.00	20,000,000,000.00
Issued, Subscribed and Paid up Capital		
10,000,000 Equity Shares of Rs. 10/- each	10,000,000.00	10,000,000.00
Total (A)	10,000,000.00	10,000,000.00
Share Application Money Pending for Allotment	9,03,52,99,982.00	7,675,484,582.00
Total (B)	9,03,52,99,982.00	7,685,484,582.00
Total (A+B)	9,04,52,99,982.00	7,685,484,582.00

The Equity shares have been issued to the Government of Meghalaya on 23rd December 2003.

14. Earnings Per Share

Particulars	For the year ended as on March 31, 2011
Net Profit after tax	-114,41,73,052.00
Weighted Avg. of Shares	90,45,29,998.00
Basic Earnings per share	-1.26
Diluted Earnings per share	-1.26

15. Net deferred tax (liability) / asset

The Company has not recognised deferred tax asset on unabsorbed depreciation and brought forward business losses due to absence of reasonable evidence of virtual certainty to earn future profits sufficient to set off such assets.

16. Details of government grants

Particulars	For the year ended as on March 31, 2011
Government Grants Received during the year	
- Recognised under reserve & surplus	2,143,324,000.00
- Recognised under revenue	126,322,944.00
Total	2,267,535,744.00

(D.P. Parrot)
Chairman cum Managing Director
Meghalaya Energy Corporation
Limited

(D.P. Wahlang)
Director Finance
Meghalaya Energy Corporation
Limited

(G.S. Mukherjee)
Company Secretary
Meghalaya Energy Corporation
Limited

In terms of our report attached.

For A S Biswas & Co.

(Chartered Accountants)


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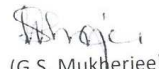
MEGHALAYA ENERGY CORPORATION LIMITED
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details		008374
Registration No.		13
State Code		31.03.2011
Balance Sheet Date		
II Capital raised during the year (Rs. in 000's)		Nil
Public Issue		Nil
Rights Issue		Nil
Bonus Issue		Nil
Private Placement		Nil
III Position of Mobilisation & Deployment of Funds (Rs. in 000's)		
Total Liabilities	2,43,02,768	Total Assets 2,43,02,768
<u>Sources of Funds</u>		<u>Application of Funds</u>
Paid up Capital	10,000	Net Fixed Assets 29,25,775
Equity Pending Allotment	90,35,300	Capital Work In Progress 1,65,49,161
Reserves & Surplus	43,77,386	Investments 21,49,276
Secured Loans	1,08,80,082	Net Current assets 12,08,188
Unsecured Loans		- Misc. Expenditure 14,70,369
Deferred Tax Liability		-
IV Performance of Company (Rs. in 000's)		47,88,689
Turnover		56,78,332
Total Expenditure		(11,44,162)
Profit/(Loss) before tax		(11,44,162)
Profit/(Loss) after tax		(1.26)
Earnings per share (Rs.)		-
Dividend rate (%)		
V Generic names of three Principal Products/Services of Company (as per monetary terms)		
Item Code No. (ITC Code)	Product Description	
Not Applicable	Generation, Transmission and Distribution of Electricity	

For and on behalf of the Board


 (W.M.S. Pariat)
 Chairman cum Managing Director
 Meghalaya Energy
 Corporation Limited


 (D.P. Wahlang)
 Director Finance
 Meghalaya Energy
 Corporation Limited


 (G.S. Mukherjee)
 Company Secretary
 Meghalaya Energy
 Corporation Limited

Annexure 'D'

(2)



A S BISWAS & COMPANY
CHARTERED ACCOUNTANTS

To
The Members,
Meghalaya Energy Corporation Limited,
Lumjingshai, Shillong.

I. We have audited the attached Balance Sheet of **MEGHALAYA ENERGY CORPORATION LIMITED** as at 31st March, 2011 Profit & Loss Account for the year ended on that date, annexed there to, and also the Cash Flow statement for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

II. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

III. As required by the Companies Auditor's Report Order, 2003 issued by the Central Government of India terms of Sub section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

IV. Further to our comments given in the annexure referred to in paragraph III above, attention is invited to the following items of Significant Accounting Policies and Notes to the Accounts:

1. ACCOUNTING STANDARDS :

i) The Accounting principles and policies enunciated in the Electricity (Supply) (Annual Accounts) Rules, 1985 followed by the Company are not in total consonance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.



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Page 1

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A S BISWAS & COMPANY
CHARTERED ACCOUNTANTS

ii) Valuation of Inventories – AS2: The Company has not valued the inventories, as contemplated in AS2 Valuation of Inventories. Hence the impact, is not ascertained and quantified by the Company.

iii) Claims against the company not acknowledged as debts in the nature of Contingent Liabilities are not fully quantified and disclosed in the notes of accounts, as per Accounting Standard 4, "Contingencies and Events Occurring after the Balance Sheet Date."

iv) AS 6 on Depreciation Accounting has not been followed.

v) The Disclosure made for Gratuity, Pension and Earned Leave Encashment are not in line with AS 15 'Revised' 'Employee Benefits'.

2. CORPORATE INFORMATION ABOUT ASSETS & LIABILITIES TRANSFERRED FROM MEGHALAYA STATE ELECTRICITY BOARD :

As reported the assets and liabilities of Meghalaya State Electricity Board were vested to the Government of Meghalaya and re-vested by the Government to the restructured holding company on 01.04.2010.

The assets and liabilities of the Company as on 31.03.2011 are arrived from the opening balances as on 01.04.2010, taken as per transfer scheme contained in "The Meghalaya Power Reforms Transfer Scheme, 2010" dated 23.12.2013 of the Government of Meghalaya after giving effect of subsequent transactions taken place during the year. The notification as above contained all Assets and Liabilities given as block figure under major groups of heads as on 01.04.2010. There are no satisfactory details of assets and liabilities in support of these balances. Therefore, we are unable to determine the correctness or otherwise of the assets and liabilities as on 31.03.2011 to the extent of such transferred opening balances.

3. PURCHASE OF POWER:

The power purchase costs, and inter state sale of Power is accounted as per figures provided by SLDC department of the Corporation, but in our opinion, the figures are subject to reconciliation and should be certified by an Independent agency.



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Page 2



A S BISWAS & COMPANY
CHARTERED ACCOUNTANTS

4. FIXED ASSETS AND DEPRECIATION ON FIXED ASSETS:

- i) The Company owns both Leased as well as Freehold Land . However Separate classification of the cost of land between Leasehold and Freehold has not been worked out and hence amortization / depreciation on leasehold land has not been provided for in the accounts, the amount is thereby unascertained.
- ii) The gain on sale of land at Polo Rs 6,38,033.00 (AV 178)has been credited to Capital Reserve, hence revenue has been understated by this amount.
- iii) The amount received from insurance company against claims for Jeeps for damages, the gain in this transaction amounts to Rs. 97,106.00(AV 188) has been credited to Capital Reserve, revenue has been understated by this amount.
- iv. The company has not conducted physical verification of fixed assets during the year under audit and also not identified the assets that have retired from active use ,if any. Due to which we are unable to comment on the correctness or otherwise of the value of fixed assets as on 31.03.2011.

5. INVENTORIES:

- i) During the year the management has not carried out any physical verification of inventories.
- ii) The closing inventory as per the balance sheet was Rs 27,58,32,945.59 (Dr.) as on 31.03.2011. The value of inventory includes credit balance figures of some items . The items are :

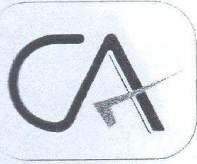
Transformer	Rs. 60,54,729.58
Electric Lighting	Rs. 4,75,538.00
Towers	Rs. 4,99,99,648.51
Cables & Conductors	Rs. 1,67,94,566.00
Cables & Equipments	Rs. 88,530.00
TOTAL	Rs. 2,84,13,012.09

- iii) In our Opinion , value of stock has been undervalued by Rs 2,84,13,012.09.

6. SUNDRY DEBTORS :

- i) The Company has not furnished the details of reconciliation of balances between customer ledgers and Financial Ledger and also not furnished age wise / cause wise breakup of dues from customers particularly in respect of long outstanding dues.





A S BISWAS & COMPANY
CHARTERED ACCOUNTANTS

ii) There is no system or procedure of obtaining confirmation of balances from customers and there is no proper system of review for identifying doubtful dues particularly arising out of disputed and long pending dues.

iii) In the absence of the above, we are not in a position to quantifying the provision required for irrecoverable/doubtful dues and the consequential impact thereof on the financial statements.

iv) In the absence of any accounting policy for making provision for sundry debtors, we are unable to comment on the adequacy of the provision for doubtful debts.

7. OTHER RECEIVABLES:

i) The net debit balance of Rs. 4,80,11,926.00 in inter-unit accounts, is under reconciliation. Pending reconciliation, we are unable to determine its impact on the Profit & Loss and on the assets and liabilities.

8. CASH & BANK BALANCES:

i) Cash in transit Rs 12,41,98,828.00(Cr) of net credits made by banks, which is under reconciliation. Pending reconciliation, we could not determine the effect on the Profit & Loss, Assets and Liabilities.

9. OTHER CURRENT ASSETS:

Amounts Recoverable from Ex Employees Rs 61,37,616.00 are very old items, which require reconciliation and determination as to their ultimate recoverability. Pending such determination the effect on profit and assets could not be ascertained.

10. LOANS AND ADVANCES:

Advances to Staff include very old items and also some items showing credit balances. These accounts need reconciliation and proper adjustments. Pending such adjustments, we could not determine the effect on the Profit & Loss, Assets and Liabilities.

11. CURRENT LIABILITIES & PROVISIONS:

i) Electricity Duty payable comprises of two items :

Electric Duty	Rs. 2,27,84,645.00
Royalty	Rs. 80,05,150.00
Total	Rs. 3,07,89,795.00



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Page 4



A S BISWAS & COMPANY
CHARTERED ACCOUNTANTS

The account head should be Duties payable instead of Electricity Duty Payable.

12. NON CONFIRMATION OF BALANCES :

- i) Amount payable Rs. 86,21,03,502.00, which is shown as liability on power purchase, is subject to Confirmation.
- ii) The Company has not furnished details in respect of liability for sundry creditors for Capital and O&M supplies of Rs. 12,43,71,349.47 and Rs 2,61,61,197.71, such balances are also subject to confirmation/ consequential adjustments.
- iii) The balances appearing under sundry advances, creditors, loans, inter corporate deposits are subject to confirmation / reconciliation and consequential adjustments. In absence of confirmation of balances and / or reconciliation in respect of the above we are not in a position to quantify the consequential impact on the accounts.

13. The details of project wise breakup of Capital Work In Progress as on 31st March 2011 were not made available to us. In the absence of details we are not in a position to confirm the correctness or otherwise of the projects capitalized, reasons for long pending projects and projects where there is no progress. The impact if any on such projects could not be ascertained.

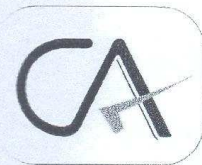
14. OTHER COMMENTS :

- i) We have observed that the Corporation has multiple PANs viz., AABAM5162F, AACCM3684K and AAGCM5623C, holding all the three PANs attracts penalty under the Income Tax Act.
- ii) The classification of Capital Liabilities and secured loans should have been more descriptive and properly grouped. Loan from bank amounting to Rs 93,07,45,000/- should be segregated bank wise. Public loan also includes MeSEB Bonds of Rs 170,00,00,000/- which is listed in BSE, should have been shown separately. Loans have been verified on test check basis.
- iii) LOAN FROM REC : It is observed that REC loan of Rs 3,12,37,06,114/- has been transferred under the relevant Notification. However treatment of the referred amount as LOAN is not correct since as per clause 'H' of the Tripartite Loan Agreement amongst RECL, Govt of Meghalaya and MeSEB dated 24th August, 2005 the liability of repayment vest with the Govt of Meghalaya.

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Page 5





A S BISWAS & COMPANY
CHARTERED ACCOUNTANTS

iv) LOAN FROM JBIC : We have observed that JBIC Loan amounting to Rs 8,30,26,421/- has been transferred as loan , as per the relevant Notification issued by the Govt Of Meghalaya. As per tripartite agreement amongst RECL , Govt of Meghalaya and MeSEB dated NIL of 2004 (per copy of the agreement made available to us) the total amount disbursed to the Executing Agency shall be treated as Additional Central Assistance and such funds, as per guideline of Ministry of Finance, need be treated as Loan and Grant in ratio of 1 : 9. Hence the liability on this account has been overstated. Documents relating to OECF Foreign Currency Loan were not available for verification.

15. *The Company has not identified the name & amount payable to 'Small, Micro, Medium Enterprises (SMEs). Whether the amount was paid on due date or not is not ascertained. The Company has not provided interest, if any payable to SMEs for delay of payment as required under SME Act, 2006.*

V. *Subject to the above, we report that :*

a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit,

b) In our opinion, proper books of accounts as required by law have been kept by the company with so far as it appears from our examination of such books

c) The Balance Sheet ,Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the Books of Account and with the returns from the units

d) The Balance Sheet ,Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the requirements of the Accounting Standards except to the extent deviations expressed in paragraphs (IV) above in so far as they relate to AS2 on valuation of Inventories, Accounting Standard 4," Contingencies and Events Occurring after the Balance Sheet Date ,AS 6 on Depreciation Accounting, AS 15 (Revised) on Employee Benefits.

e) As per Notification no.: GSR 829(E) dated 21 October 2003, the Government Companies are exempted from the provisions of clause 274(1)(g) of the Companies Act, 1956:



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Page 6

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A S BISWAS & COMPANY
CHARTERED ACCOUNTANTS

f) In our opinion and to the best of our information and according to the explanations given to us the said accounts read together with Accounting Policies and Notes thereon, but however subject to the observations given in paragraph IV and V above, the cumulative impact of which, on the Balance Sheet and Profit & Loss Account are not quantifiable, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- | | |
|---|--|
| i) In case of Balance Sheet, | of the State of Affairs of the Corporation
as at 31st March 2011, |
| ii) In the case of Profit & Loss Account, | of the Loss for the year ended 31st March
2011, and |
| iii) In case of Cash Flow statement, | of the Cash Flows of the Company for the
year ended 31 st March 2011. |

Place : Shillong - 793 001.

**For, A S BISWAS & COMPANY,
Chartered Accountants.**


**(CA A S BISWAS)
Partner.**

Membership No. 010778

Dated The 11th April, 2014



A S BISWAS & COMPANY
CHARTERED ACCOUNTANTS

ANNEXURE TO AUDITORS' REPORT
(Referred to in Paragraph III of our Report)

1. Fixed Assets:

(a) The Company has not maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The company has not carried out physical verification of the fixed assets , and hence we are unable to comment whether any material discrepancy was noticed as such or not.

(c) As per the information and explanation given to us, during the year the company has disposed a part of land , but in our opinion it will not trigger the risk of going concern assumption.

(d) It is observed that the Corporation has , as stated initiated steps to revalue its land after due physical verification and valuation thereof.

2. Inventory:

(a) We are informed that the management did not undertake any exercise for physical verification of its inventory at the year end. As there was no physical verification report, so we cannot comment of any discrepancy between physical verification and books records.

(b) The management need have followed proper stock taking procedures adequate and reasonable , in relation nature and the volume of its inventory.

(c) The cut off date instituted by management being 31st March,2012, no physical verification and review of inventory under ABC classification has been done. Hence it is not possible to ascertain discrepancies if any, of physical inventories as compared to Book records.

3. Loans and Advances: The Company has not granted or taken loans secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly sub-clauses (b), (c), (d), (e), (f) and (g) are not applicable.

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Page 8

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CHARTERED ACCOUNTANTS

4. Internal Control Systems: According to the information and explanations given to us, the Internal Control Systems are commensurate with the size of the Company and nature of its business for purchase of inventory, fixed assets and sale of services. However the internal control system needs to be strengthened with regard to , reconciliation of accounts, remittances in transit, inter unit accounts and accounting of capital and revenue work orders and stores accounting as per the Auditing Standards generally accepted in India.

5. Transactions to be entered into Register maintained under section 301 of the Act : According to the information and explanations given to us, there were no transactions that need to be entered in the registers maintained under Section 301 of the Companies Act, 1956. Accordingly reporting under this clause is not applicable.

6. Acceptance of deposits from public: The Company has not accepted deposits from public within the meaning of the provisions of Section 58A and Section 58AA or any other relevant provisions of the Companies Act, 1956 and the Rules framed there under.

7. Internal Audit System : The Company has an In-house internal audit system. In our opinion the scope and the coverage needs to be enlarged.

8. Maintenance of Cost Records was prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956 with effect from 01/04/2002. As per the information and explanations given to us, the Company has not maintained Cost records as per Cost Accounting Record (Electricity Industry), 2001. However, we are informed that the cost records are being compiled after completion of the Audit.

9. Payments and remittances to Statutory Authorities:

(a) The Company is regular in depositing the undisputed statutory dues including Provident Fund, Employees State Insurance, Income tax, Sales Tax, Wealth Tax, Service Tax, Excise Duty and other applicable statutory dues with appropriate authorities.

(b) According to the information and explanations given to us, the following are the details of disputed statutory dues as at the year end. .





A S BISWAS & COMPANY

CHARTERED ACCOUNTANTS

Payments and remittances to Statutory Authorities:

(a) The Company is regular in depositing the undisputed statutory dues including Provident Fund, Employees State Insurance, Income tax, Sales Tax, Wealth Tax, Service Tax, Excise Duty and other applicable statutory dues with appropriate authorities.

(b) According to the information and explanations given to us, the following are the details of disputed statutory dues as at the year end.

Name of Statute	Name of Dues	Assessed Amount (Rs in Lakhs)	Amount (Rs in Lakhs)	Period to which it relates	Forum where the dispute is pending
Income Tax Act	Corporate Tax	734.24	30.00	A.Y 2004-05	Income Tax Appellate Tribunal.
Income Tax Act	Corporate Tax		120.00	A.Y. 2004-05	Income Tax Appellate Tribunal.
Income Tax Act	Corporate Tax		30.00	A.Y 2004-05	Income Tax Appellate Tribunal.
Income Tax Act	Corporate Tax		30.00	A.Y 2004-05	Income Tax Appellate Tribunal.
Income Tax Act	Corporate Tax	221.14	23.40	A.Y 2009-10	ACIT(Appeals)
Income Tax Act	Corporate Tax		93.60	A.Y 2009-10	ACIT(Appeals)
Income Tax Act	Corporate Tax		23.40	A.Y 2009-10	ACIT(Appeals)
Income Tax Act	Corporate Tax		23.40	A.Y 2009-10	ACIT(Appeals)



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Page 10



A S BISWAS & COMPANY
CHARTERED ACCOUNTANTS

10. Accumulated Losses : As the Company is registered during March, 2010 i.e. not in existence for more than five years from the date of registration till the last day of the financial year covered under the report, clause x is not applicable to the Company.

11. Repayment of dues to banks or Financial Institutions : According to the information and explanations given to us, we are of the opinion that the Company has not defaulted in payment of dues to the financial institutions and banks.

12. Loans and Advances on the basis of security by way of pledge of Shares etc : The Company has not granted any loans and advances on the security by way of pledge of shares, debentures and other securities.

13. Chit Fund or Nidhi / Mutual Benefit Fund / Society : In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to Chit Fund and Nidhi / Mutual Benefit Fund / Societies.

14. Trading in Shares, Stocks etc : In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities.

15. Guarantee for Loan taken by others : According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

16. Application of Term Loans : As per the information and explanations given to us, we are of the opinion that the term loans are applied for the purpose for which the loans were obtained.

17. Usage of Short Term and Long Term Funds : According to the information and explanations given to us and on overall examination of the Balance Sheet of the Company, we are of the opinion that the funds raised on short-term basis, prima facie, have not been used for long term investment.





A S BISWAS & COMPANY
CHARTERED ACCOUNTANTS

18. Preferential allotment of Shares : The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.

19. Issue of Debentures : The Company did not have outstanding debentures during the year.

20. End use of money raised by public issue : The Company has not raised any money through issue of shares to the public during the year.

21. Frauds : To the best of our knowledge and belief and according to the information and explanations given to us, no frauds were discovered during the year.

Place : Shillong - 793 001.

**For, A S BISWAS & COMPANY,
Chartered Accountants.**

**(CA A-S BISWAS)
Partner.**

Membership No. 010778

Dated The 11th April, 2014



कार्यालय, महालेखाकार (लेखापरीक्षा)
मेघालय, शिलांग-793 001

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

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

Email: agauMeghalaya.gov.in

पत्र संख्या/Ltr.No. ES-II/1-5/2014-15/421

दिनांक/Date : 08 October, 2014

To,

The Chairman cum Managing Director,
Meghalaya Energy Corporation Limited (MeECL),
Lum-jingshai,
Short Round Road,
Shillong-793 001.



Sub:- Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the accounts of Meghalaya Energy Corporation Limited for the year ended 31 March 2011.

Sir,

I am to forward herewith the Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the accounts of Meghalaya Energy Corporation Limited for the year ended 31 March 2011 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, as required under Section 619A(2) of the Companies Act, 1956, may also be communicated.
4. Receipt of the letter along with enclosures may kindly be acknowledged.

Yours faithfully,

[Signature]

Deputy Accountant General
Economic Sector-II

Encl: As stated above.

LM
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13/10/14

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE
ACCOUNTS OF MEGHALAYA ENERGY CORPORATION LTD FOR THE
YEAR ENDED 31 MARCH 2011.**

The preparation of financial statements of Meghalaya Energy Corporation Ltd., for the year ended 31 March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 11 April 2014.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619 (3) (b) of the Companies Act, 1956 of the financial statements of Meghalaya Energy Corporation Ltd. for the year ended 31 March 2011. 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 selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 619 (4) of Companies Act, 1956 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

I. Sources of Funds

Secured Loans (Schedule 3): Rs. 1,08,800.82 lakh

This includes Rs.24.85 crore and Rs.0.05 crore being the capital liabilities and the interest accrued respectively on the loans availed from Rural Electrification Corporation Limited (REC) for implementation of projects under the RGGVY Scheme. As per clause 1.0 and sub-clause 1.5 of the Tripartite Agreement (August 2005) between REC, Government of Meghalaya (GoM) and the Meghalaya Energy Corporation Limited (MeECL) (erstwhile Meghalaya State Electricity Board), the liability to repay the loan amount along with the

interest and other charges for the loan availed from REC rests with the GoM. As such, the loan and interest component of RGGVY Scheme should have been shown under Receivables from Government.

Consequently, the Secured Loans have been overstated by ₹ 24.90 crore (₹ 24.85 crore + ₹ 0.05 crore) and Receivables from Government understated by ₹ 24.90 crore.

II. Application of Funds

Fixed Assets (Net Block) (Schedule 5): ₹ 29,257.75 lakh

The above includes assets created under the RGGVY Scheme up to March 2011 by the Corporation. As per clause G of the Tripartite Agreement entered (August 2005) into between REC, GoM and the MeECL, GoM shall be the owner of the assets created on implementation of the individual projects(s) under RGGVY Scheme in the state of Meghalaya.

Thus, depicting and charging of depreciation on assets, created under RGGVY scheme by MeECL, the ownership of which lies with the GoM, was not correct.

III. Application of Funds

1. Current Liabilities(Schedule 14): ₹ 1,29,323.23 lakh

Other Liabilities (Account Code 46.9): ₹ 9,244.85 lakh

a) MeECL received an amount of ₹ 100 lakh from Reliance General Insurance Co. Ltd towards insurance claim in respect of loss due to fire accident to Unit III of Stage-I Power House. However the Corporation had included the same in the Current Liabilities instead of adjustment against the related asset/expenditure.

Non-adjustment of the above has resulted in overstatement of Current Liabilities and Provisions and loss by ₹ 100 lakh.

b) Further, the Corporation during March 2012 received the final insurance claim of ₹ 2,78,10,000 towards insurance claim. However, the Corporation had not made suitable disclosures as required under **Accounting Standard 4 - Contingencies and Events occurring after the Balance Sheet Date.**

2. Investments (Schedule 7): ₹ 2,14,92.76 lakh

The above includes an amount of ₹ 8.44 crore towards funds investment. The Corporation has not classified these investments as required under **Accounting Standard 13.**

Further, the Corporation has not disclosed in its financial statement the aggregate amount of quoted and unquoted investments giving the aggregate market value of quoted investments.

B. Profit & Loss Account

(i) Income

Other Income (Schedule 18)

Income from Investment (Account code 62.221-62.223) – ₹ 689.01 lakh

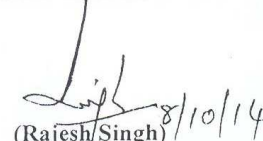
As required under Accounting Standard 13, Gross income from investments should be disclosed and the amount of tax deducted at source should be shown under Advance Taxes Paid. The corporation has not complied with the AS-13.

(ii) Expenditure

Interest and Finance Charges (Schedule 25): ₹2964.57 lakh

This includes ₹174.93 lakh being the interest paid during the year in respect of loan availed for RGGVY scheme. Since as per clause 1.0 and sub-clause 1.5 of the Tripartite Agreement, the liability to repay the loan along with the interest and other charges for the loan availed from REC rests with the GoM, it should have been shown as receivable from Government. This has, therefore, resulted in understatement of receivable from Government and overstatement of interest and finance charges as well as the loss for the year by ₹ 174.93 lakh.

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


(Rajesh Singh) 8/10/14
Accountant General (Audit)

Place: Shillong
Date: 08 October 2014