

CHAIRMAN'S SPEECH

Dear Shareholders,
Meghalaya Power Distribution Corporation Ltd.

On behalf of the Board of Directors of Meghalaya Power Distribution Corporation Ltd. (MePDCL), I am pleased to welcome you on the occasion of the adjourned eleventh Annual General Meeting of your Company for the financial year 2020-21.

Pursuant to the Government of Meghalaya Notification on "Meghalaya Power Sector Reforms Transfer Scheme, 2010", dated 31st March, 2012, your Company has started functioning as the 'State power Distribution Utility' from financial year 2012-13 and your Company has commenced filing its separate tariff petition with the Meghalaya State Electricity Regulatory Commission (MSERC) from financial year 2013-14.

The transfer values as on 1st April, 2012 for all the Assets & Liabilities including all rights, obligations and contingencies, to be transferred from MeECL to its three subsidiary Companies namely MePGCL, MePDCL and MePTCL was notified by the State Government through notification dated 29.04.2015. The Annual Accounts for the financial year 2020-21 was approved by the Board of Directors on 14th December, 2021 and the Statutory Auditors signed and submit its report on 4th March, 2022. The MePDCL has submitted its request letter to conduct the Supplementary Audit by the C&AG on 7th March, 2022 and the Report from the C&AG has received on 12th December, 2022.

I am happy to inform you that we have already finalised the annual accounts of the MePDCL for the financial year 2021-22 and quarterly accounts for the period ending June, 2022. The statutory audit is in progress.

This is of immense pleasure to inform that the online portal "Meghapower" is serving successfully as the online payment mechanism to the pre-paid and post-paid consumers of the MePDCL. Your company is taking steps for installation of smart meters in the State of Meghalaya under the ADB Project and for the construction of new 33/11KV Sub-Stations, 33KV lines and 11KV lines under the ADB Project and Revamp Distribution Sector Scheme.

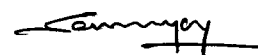
The Board of your Company is taking decisions from time to time to improve the existing infrastructure as well as installation of new infrastructures by strengthening, augmenting and/ or up-gradation of the sub transmission lines, distribution lines and substations in different parts of the State under various schemes like R-APDRP Part-B, Special Plan Assistance (SPA), North Eastern Council (NEC) funding, NERPSIP (World Bank funding) including Village electrification, System strengthening and metering under Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY), Decentralized Distributed Generation, Integrated Power Development Scheme (IPDS) scheme.

Your Company is taking all efforts to implement different projects and schemes introduced by the Government of Meghalaya/ Government of India and also to fulfil the objectives of the Electricity Act, 2003 and vigilant about the compliances of the Companies Act, 2013 and new accounting standards.

I hereby express my sincere gratitude for support and guidance received from the Hon'ble Chief Minister, Government of Meghalaya, the Hon'ble Power Minister, Government of Meghalaya and the senior officers and staff of the Government of Meghalaya for their support to the Corporation.

I would also like to express my thanks and appreciation to my esteemed Board Members and all employees of the MePDCL for their commitment to their work and for assistance in implementing different schemes for overall improvement of infrastructure of DISCOM and connecting every household with power. I am confident that with a dedicated and committed resource of employees and valuable support from the Government of Meghalaya, the Corporation will be able to meet its goals and the expectations of all the stakeholders.

With best wishes,



(Shri Sanjay Goyal, IAS)
Chairman-cum-Managing Director



MEGHALAYA POWER DISTRIBUTION CORPORATION LIMITED

OFFICE OF THE COMPANY SECRETARY

Corporate Identification Number: U40101ML2009SGC008394

Registered Office: LumJingshai, Short Round Road, Shillong-793001

Telephone No: 0364-2591074; Fax no: 0364-2590355; Website address: www.meecl.nic.in

MePDCL/CS/GM/2012/1763

NOTICE OF THE ADJOURNED 12TH ANNUAL GENERAL MEETING

To,

1. Shri S. Goyal, IAS, Chairman-cum-Managing Director & Member.
2. Shri S. Goyal, IAS, Chairman-cum-Managing Director, MeECL, representing the MeECL, Member.
3. Shri P. Bakshi, IAS, Commissioner & Secretary to the Government of Meghalaya, Power Department, Member
4. Shri R. Chitturi, IAS, Director (Finance) & Member.
5. Shri A. Ch. Marak, IAS, Member.
6. Shri M. Shangpliang, Director (Generation), MePGCL, Member.
7. Shri E. B. Kharmujai, Director (Transmission), MePTCL, Member.
8. Shri R. Syiem, Member.
9. Shri M. Shangpliang, Director (Distribution) In-charge, MePDCL.
10. Shri D. Hynniewta, Director (Corporate Affairs), MePDCL
11. Shri L. M. Sangma, Independent Director
12. Smt M. N. Nampui, Independent Director
13. M/s B. L. Purohit & Co, Chartered Accountants, Statutory Auditors for the financial year 2020-21.
14. M/s AmitPareek & Associates, Company Secretaries, Secretarial Auditor for financial year 2020-21.
15. M/s Niran & Co., Cost Accountants, Cost Auditor for the financial year 2020-21.

Shorter Notice is hereby given that the adjourned twelfth Annual General Meeting of the Company will be held on Thursday, the 15th day of December, 2022 at 11:45 A.M. at the conference room, MeECL, Lumjingshai, Short Round Road, Shillong – 793001, to transact the following business:

Ordinary Business:

Ordinary Resolution:

1. TO RECEIVE, CONSIDER AND ADOPT THE REPORTS OF THE BOARD OF DIRECTORS, BALANCE SHEET AS ON 31ST MARCH, 2021, STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR 2020-21, CASH FLOW STATEMENT FOR THE YEAR 2020-21 AND AUDITORS' REPORT THEREON AND ALSO THE COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA ON THE ANNUAL ACCOUNTS.

By Order of the Board

Company Secretary

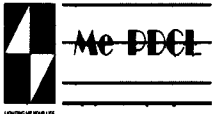
Dated: 15th December, 2022

Registered office:

LumJingshai, Short Round Road,
Shillong -793001, Meghalaya, India

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and a poli to vote instead of himself, and the need not be a member of the company.
2. Proxies in order to be effective must be lodged with the Company not less than 48 hours before the commencement of the Annual General Meeting.



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OFFICE OF THE COMPANY SECRETARY

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PROXY FORM

(Pursuant to the provisions of section 105 of the companies Act, 2013)

Reg Folio No _____

No. of Shares held

I/We _____ of _____ being a Member of M/s Meghalaya Power Distribution Corporation Limited (MePDCL) hereby appoint _____ of _____ or failing him _____ of _____ as my/ our proxy to vote for me/ us on my/ our behalf at the adjourned twelfth Annual General Meeting of the Company will be held on Thursday, the 15th day of December, 2022 at 11:45 A.M. at the conference room, MeECL, Lumjingshai, Short Round Road, Shillong – 793001 and at any adjournment thereof.

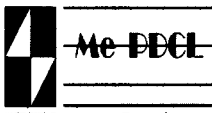
Signed this _____ the day of December, 2022

Signed

Affix
Re 1/-
Revenue
Stamp

Note: This form duly completed and signed must be deposited at the Registered Office of the Company not less than 48 hours before the Meeting

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MEGHALAYA POWER DISTRIBUTION CORPORATION LIMITED

OFFICE OF THE COMPANY SECRETARY

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ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Room/hall)

I hereby record my presence at the adjourned twelfth Annual General Meeting of the Company will be held on Thursday, the 15th day of December, 2022 at 11:45 A.M. at the conference room, MeECL, Lumjingshai, Short Round Road, Shillong – 793001 and at any adjournment thereof.

Full name of the Member (in BLOCK LETTERS) _____

Full name of the Proxy (in BLOCK LETTERS) _____

Member's/ Proxy's Signature _____



MePDCL/CS/GM/2012/1665

NOTICE OF THE TWELFTH ANNUAL GENERAL MEETING

To,

1. Smt R.V. Suchiang, IAS, Chairperson-cum-Managing Director & Member
2. Smt R.V. Suchiang, IAS, Chairperson-cum-Managing Director, MeECL representing the MeECL, Member
3. Shri C.V.D. Diengdoh, IAS, Director (Corporate Affairs) & Member
4. Shri Arunkumar Kembhavi, IAS, Director (Finance) & Member
5. Dr. Manjunatha C, IFS, Secretary to the Government of Meghalaya, Power Department & Member
6. Shri E.B. Kharmujai, Director (Transmission), MePTCL, Member
7. Shri M.K. Chetri, Director (Distribution), MePDCL & Member
8. Shri L.M. Sangma, Independent Director
9. M/s B L Purohit & Co., Chartered Accountants, Guwahati, Statutory Auditors for financial year 2020-21.
10. M/s Amit Pareek & Associates, Company Secretaries, Secretarial Auditors for the financial year 2020-21.
11. M/s Niran & Co., Cost Accountant, Cost Auditor for the financial year 2020-21.

Shorter Notice is hereby given that the Twelfth Annual General Meeting of the Company will be held through **video conferencing (VC)** on Friday, the 17th day of September, 2021 at 4:45 p.m. at the registered office of the Company at MeECL's conference room at Lumjingshai, Shillong – 793001.

The link to attend the Twelfth Annual General Meeting will be emailed simultaneously to all the Members, Directors and Auditors of the Company. All are requested to attend and participate in the meeting through VC. For any assistance, the office of the Company Secretary may be contacted at email address 'companysecretarymeecl@gmail.com' before or during the scheduled time of the above meeting.

The following business will be transacted at the meeting:

ORDINARY BUSINESS:

Ordinary Resolution:

1. TO RECEIVE, CONSIDER AND ADOPT THE REPORTS OF THE BOARD OF DIRECTORS, BALANCE SHEET AS AT 31ST MARCH, 2021, STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2021 AND AUDITORS' REPORT THEREON AND ALSO THE COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA.
2. CONSIDERATION ON THE MATTERS OF FIXATION OF THE REMUNERATION OF THE STATUTORY AUDITORS OF THE COMPANY TO BE APPOINTED BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA FOR THE FINANCIAL YEAR 2021-22 AND TO AUTHORIZE THE BOARD TO DO NECESSARY THINGS, IN THIS REGARD.

To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:

"Resolved that the Members hereby authorized the Board of Directors to fix the remuneration of the Statutory Auditors to be appointed by the Comptroller and Auditor General of India (CAG) for the financial year 2021-22.

Special Business:

3. RATIFICATION OF REMUNERATION OF COST AUDITORS FOR THE FINANCIAL YEAR 2021-22.

To consider and if, thought fit to pass with or without modification(s), the following resolution as Ordinary Resolution

"Resolved that pursuant to the provisions of section 148 of the Companies Act, 2013 read with applicable rules thereon and decision of the Board of Directors taken in the meeting dated 18th June, 2021, the Members of the company hereby ratifies the remuneration of M/s Niran & Co., Cost Accountants, Bhubneshwar, Odisha appointed as the Cost Auditor of the Company for the financial year 2021-22 to conduct the audit on the cost records, as maintained by the Company pertaining to the electricity activities and to file the cost audit report using the XBRL software at a fees of Rs. 50,000/- (rupees fifty thousand) only inclusive of out of pocket expenses but exclusive of GST which shall be paid at actual."

Dated: 31st August, 2021
Registered office:
LumJingshai, Short Round Road,
Shillong -793001, Meghalaya, India

By Order of the Board


Company Secretary

Notes:

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs vide circular dated 13th January, 2021 has allowed the companies to conduct the Annual General Meeting through video conferencing (VC) on or before 31st December, 2021 in accordance with the requirements provided in paragraph 3 and 4 of the MCA General Circular No. 20/2020.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and a poll to vote instead of himself, and he need not be a member of the company. Since this general meeting will be held through VC, where physical attendance of members in any case has been dispensed with, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by members will not be available for this meeting. However, in pursuance of section 112 of the Companies Act, 2013 i.e. 'Representation of President and Governors in meetings' and section 113 section 112 of the Companies Act, 2013 i.e. 'Representation of corporations at meeting of companies and of creditors', representatives of the members may be appointed for the purpose of participation and voting in the meeting held through VC.
3. The Notice of the above Annual General Meeting shall be placed in the website of the company at www.meecl.nic.in.
4. The Members are requested to notify changes (if any, in their address, email id. etc.) to the Company.
5. The Notice of the AGM shall be sent electronically to all the Members, Directors and Auditors at their email ids which are registered/available with the Company unless a physical copy of the same is requested.
6. The deemed venue for AGM shall be the Registered Office of the Company at MeECL's conference room at Lumjingshai, Shillong – 793001.
7. Members attending the AGM shall be counted for the purpose of reckoning the quorum under section 103 of the Companies Act, 2013.



8. The proceedings of the Meeting will be recorded as required under Companies Act, 2013 read with rules made and circulars issued thereunder. The Company shall maintain a recorded transcript of the meeting in safe custody and shall make the same available on the Company's website, as soon as possible.
9. The Company has been maintaining the statutory registers at its registered office at MeECL's conference room at Lumjingshai, Shillong – 793001, the registers will be made accessible for inspection through electronic mode and shall remain open and be accessible to any member during the continuance of the meeting.

Instructions for attending the AGM through VC.

Members will be able to attend the AGM through VC by following procedure:

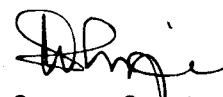
1. The link to attend the AGM through zoom link will be made available on the Email Id of the shareholders, Directors and Auditors as registered with the company. Enter the login credentials mentioned in your email.
2. The facility of joining the AGM through VC shall be kept open 15 minutes before the time scheduled for the AGM and shall not be closed till the expiry of 15 minutes after scheduled time.
3. The video-conference shall allow two way teleconferencing for the ease of participation of the members and the participants.
4. Members are requested to cast their vote by a show of hands in the meeting unless demand for poll is made by any Member or Chairman. If demand for poll is made by Chairman or any Member, Members are requested to convey their assent or dissent on the resolution by sending emails through their registered email address on 'companysecretarymeecl@gmail.com' result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.
5. **Further, all participants will be required to allow camera, if any, and hence use internet with a good speed to avoid any disturbance during the meeting.**
6. While all efforts will be made to make the VC meeting smooth, participants connecting through mobile devices, tablets, laptops, etc. may, at times, experience audio/video loss due to fluctuation in their respective networks. Use of a stable Wi-Fi or LAN connection can mitigate some of the technical glitches.

Dated: 31st August, 2021

Registered office:

LumJingshai, Short Round Road,
Shillong -793001, Meghalaya, India

By Order of the Board



Company Secretary



EXPLANATORY STATEMENT PURSUANT TO THE SECTION 102 OF THE COMPANIES ACT, 2013

FOR ITEM NO. 3: RATIFICATION OF REMUNERATION OF COST AUDITORS OF THE COMPANY FOR THE FINANCIAL YEAR 2021-22.

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and applicable rules thereon, a Cost Auditor in practice is required to be appointed for the financial year 2021-22 within September, 2021 to conduct the audit on the cost records, as maintained by the Company pertaining to the electricity activities.

For the previous financial year i.e. 2020-21, your Board of Directors has appointed (through tendering process) M/s Niran & Co., Cost Accountant firm from Odisha as the Cost Auditor of the three subsidiary companies of the MeECL namely MePDCL, MePGCL and MePTCL to conduct audit on the cost records, as maintained by the Company pertaining to the electricity activities and to file the cost audit report using the XBRL software at the following fees inclusive of out of pocket expenses plus GST at actual:

- i) For MePGCL the audit fee will be Rs. 60,000
- ii) For MePDCL the audit fee will be Rs. 50,000.
- iii) For MePTCL the audit fee will be Rs. 40,000.

As per the provisions of section 139 of the Companies Act, 2013, the auditor can be engaged for five consecutive years. The Board of Directors in its meeting held on 18th June, 2021 has re-appointed M/s Niran & Co., Cost Accountants as the Cost Auditors of the Company for the financial year 2021-22 at the same Cost Audit fee of the previous financial year 2020-21 i.e. at Rs. 50,000/- inclusive of out of pocket expenses plus GST at actual.

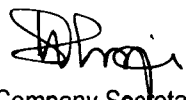
As per the requirement of the Companies Act, 2013, the above remuneration of the Cost Auditor is required to be ratified by the Members of the Company. Hence, this proposal is placed before the Members for their consideration and consent on the ratification of the amount of cost auditors' fees for the financial year 2021-22, already decided by the Board of Directors.

The Board of Directors recommends the resolution as set out under item no.3 for your approval.

None of the Directors of the company is interested or concerned in the above proposed resolution.

Dated: 31st August, 2021
Registered office:
LumJingshai, Short Round Road,
Shillong -793001, Meghalaya, India

By Order of the Board


Company Secretary

DIRECTORS' REPORT

Dear Members

Meghalaya Power Distribution Corporation Ltd.

Your Directors are pleased to present the twelfth Annual Report on the performance and operating result of the Company for the financial year ending as on 31st March, 2021 together with the Audited Statement of Accounts and the Report thereon of the Statutory Auditors and Comptroller and Auditor General of India (CAG).

GOVERNMENT NOTIFICATION

Restructuring of MeSEB

Pursuant to the Government of Meghalaya notification on 'The Meghalaya Power Sector Reforms Transfer Scheme, 2010' dated 31st March, 2010 and Subsequent Amendment Notification dated 31st March, 2012, the Meghalaya State Electricity Board (MeSEB) was restructured into four companies namely, Meghalaya Energy Corporation Ltd. (MeECL) which was incorporated on 14th September, 2009 as holding company of Meghalaya Power Distribution Corporation Ltd. (MePDCL), Meghalaya Power Transmission Corporation Ltd. (MePTCL), Meghalaya Power Generation Corporation Ltd. (MePGCL). The MeECL had carried all the activities of its own and its three subsidiary companies for the two financial years 2010-11 and 2011-12.

The Meghalaya Power Distribution Corporation Ltd. (MePDCL) was incorporated on 18th December, 2009.

STATE OF AFFAIRS OF MEGHALAYA POWER DISTRIBUTION CORPORATION LTD. (MEPDCL)

The MePDCL is a Government Company within the meaning of Section 45 of the Companies Act, 2013. The present share-holding is 100% owned by the Meghalaya Energy Corporation Ltd. (MeECL), a Government of Meghalaya Enterprise.

Your Company is licensee mandated with distribution of power to consumers within the State of Meghalaya. Your Company has started carrying its business operations with effect from 1st April, 2012.

The MePDCL has commenced filing its separate tariff petition before the Meghalaya State Electricity Regulatory Commission (MSERC) with effect from 1st April, 2013.

REGULATORY FRAMEWORK: TARIFF FIXATION/DETERMINATION

The Meghalaya State Electricity Regulatory Commission is a statutory body established in accordance with the provisions of the Electricity Act, 2003 and is responsible for licensing transmission, distribution and trade of electricity in the State. The other important responsibilities of the MSERC include; fixation of tariff, regulation of procurement and creation of a consumer friendly grievance settlement framework.

CONSUMER ADVOCACY

The Electricity Act, 2003 provides for active participation of consumers in all areas of generation, transmission and distribution of electricity. The regulatory mechanism created by this legislation has been deliberately designed to receive inputs from consumers and citizens.

From the framing of regulations to the stage of licensing utilities and fixing tariff, the Act requires that the people be provided an opportunity to participate in decision making. In fact the Act even requires the Commission disseminate knowledge among consumers about the means by which they can involve themselves and make the regulatory function sensitive to the needs of the community at large.

Given the importance of electricity in our daily lives the Commission expects that consumers and citizens will participate more actively in determining the contours of the service they expect from their service providers.

Beyond the framework already in place, the Commission being a quasi-judicial body with powers of a civil court, functions transparently. This implies that its regulatory activities are carried out in a transparent manner and all deliberations and decisions are open to the public. To ensure that consumers and their interests are not lost sight of; the Act authorises the Commission to even appoint, if necessary, suitable individuals or institutions to effectively represent the consumers.

OPERATIONS

During the year, your Company has suffered a loss of Rs. 4,25,48,47,425/- (rupees four hundred twenty five crore forty eight lakh forty seven thousand four hundred and twenty five only).

FINANCIAL PERFORMANCE

| PARTICULARS | 2020-21 (Rupees) | 2019-20 (Rupees) |
|-----------------------------|----------------------------|----------------------------|
| Revenue: | | |
| Revenue from Operations | 9,31,62,77,090.35 | 8,65,23,85,536.66 |
| Other Incomes | 57,12,42,736.19 | 50,82,06,452.86 |
| Total Revenue | 9,88,75,19,826.54 | 9,16,05,91,989.52 |
| Expenses: | | |
| Power Purchase Costs | 10,28,99,61,182.00 | 11,01,95,31,297.98 |
| Employee benefits expense | 2,09,93,59,143.87 | 1,59,82,41,919.70 |
| Finance Costs | 88,15,93,307.00 | 60,37,92,823.00 |
| Depreciation & amortization | 28,97,36,368.70 | 19,44,64,813.28 |
| Other Expenses | 30,31,94,759.78 | 17,09,66,433.31 |
| Total Expenses | 13,86,38,44,761.35 | 13,58,69,97,287.27 |
| Exceptional items | 27,85,22,491.11 | 9,04,000.00 |
| Profit/(Loss) | (4,25,48,47,425.92) | (4,42,73,09,297.75) |

DIVIDEND

Due to loss suffered by the Company, the Directors of your Company express their inability to recommend any dividend for the year.

FINALIZATION OF ANNUAL ACCOUNTS: DELAY AND REASONS THEREOF ALSO STEPS FOR ADDRESSING THE ISSUE

The transfer values as on 1st April, 2012 for the respective assets and liabilities transferred from MeECL to the respective subsidiary companies namely MePGCL, MePDCL and MePTCL was notified by the Government of Meghalaya on 29th April, 2015. Based on the above notified values, the annual accounts for the financial year 2012-13 was finalized.

The Annual Accounts for the financial year 2020-21 was approved by the Board of Directors on 14th December, 2021 and the Statutory Auditors signed and submit its report on 4th March, 2022. The MePDCL has submitted its request letter to conduct the Supplementary Audit by the C&AG on 7th March, 2022 however the Report from the C&AG has received on 12th December, 2022. Therefore, there is substantial delay to complete the procedure for publishing the Accounts for the FY 2020-21.

We are pleased to inform that the annual accounts for the financial year 2021-22 is already approved by the Board of Directors and after completion of the statutory audit and the supplementary audit from the Statutory Auditors and the Comptroller and Auditor General of India (CAG), respectively, the accounts for the financial year 2021-22 will be placed before the Shareholders in the Annual General Meeting.

SHARE CAPITAL

The authorized share capital of the Company is Rs.1000 Cr. The paid up share capital of the Company as on 31st March, 2021 was Rs. 8,46,85,79,690 divided into 8,46,85,79,69 nos. of equity shares of face value of Rs. 10/- (rupees ten) each. The entire share capital of the Company is subscribed by the Meghalaya Energy Corporation Limited (a Government of Meghalaya owned Enterprise).

STATUS OF THE VARIOUS ON-GOING SCHEMES FY 2020-21:

1. SAUBHAGYA & DDUGJY (Addl. Infra) Scheme in Meghalaya

The Meghalaya Power Distribution Corporation Limited (MePDCL) is implementing SAUBHAGYA scheme in all districts under the jurisdiction of MePDCL in Meghalaya State to energize the left out houses across the State by providing the Saubhagya Kits & creating adequate infrastructure for which Govt of india sanctioned an amount of Rs.275.73 Cr. vide letter No. REC/DDUGJY-Saubhagya/2018-19/303/7170 Dated 24/07/2018 However, the amount of Rs.275.73Cr was not enough to create the Additional infrastructure for the last-mile Household connectivity under the Saubhagya. On the request of MePDCL/Govt of Meghalaya, the Govt of india sanctioned an amount of Rs.381.33 Cr. (207.96+173.37)Cr. vide letter No.REC/DDUGJY/Addl. infra./Meghalaya/ 2018-19/613 Dated 05/10/2018 & letter No. REC/DDUGJY/Addl. infra./Meghalaya/ 2018-19/1445 Dated 29/03/2019 for additional infrastructure.

The Sanctioned Details:

| Serial | Particuiars | Amount Sanctioned (Rs. in crores) |
|--------|-------------|-----------------------------------|
|--------|-------------|-----------------------------------|

| | | |
|--------------------|---|---------------|
| 1 | Sanction [letter dated 6 th August 2018] | 275.73 |
| 2 | Additional sanction [dated 9 th August 2018] | 207.96 |
| 3 | Extra sanction [dated 29 th March 2019] | 173.37 |
| Grand Total | | 657.06 |

After the amount of Rs.657.05 Cr was sanctioned, the infrastructure parameters were reduced and the agencies were entrusted to take up the work as shown below:-

| Agency | 11 KV lines (Km) | DT (Nos) | LT lines (Km) | Estimated cost (Rs in crore) |
|--------------------|------------------|----------------|----------------|------------------------------|
| Departmental | 258.78 | 312.00 | 999.45 | 131.09 |
| Turnkey Contractor | 1645.00 | 1451.00 | 3594.00 | 525.96 |
| Total | 1903.78 | 1763.00 | 4593.45 | 657.05 |

Similarly, based on the reduced infrastructure parameters, the works were proposed to be taken up as shown below:-

| Particular | infrastructure Scope as per original DPR | DDU GJY, SAGY, DDG (Saubhagya) | Balance to be taken up | Reduced infrastructure scope to accommodate within sanctioned amount | | | % reduced parameters (7/4x100) |
|------------------|--|--------------------------------|------------------------|--|--------------------|-------------------|--------------------------------|
| | | | | TKC Scope (Total) | Departmental Scope | Total scope (5+6) | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 11 KV LINES Kms) | 5618.55 | 1349.5 | 4269.02 | 1645 | 258.78 | 1903.78 | 44.60 |
| DT (Nos) | 4470 | 1053 | 3417 | 1451 | 312 | 1763 | 51.59 |
| LT LINES (Kms) | 12273.82 | 1749.9 | 10523.88 | 3594 | 801.16 | 4395.16 | 41.76 |
| | | | | | | | 46% (average) |
| No of villages | 6607 | 1110 | 5497 | 4959 | 436 | 5395 | |

HOUSEHOLD ELECTRIFICATION

| SL No. | District | Achieved |
|--------------|------------------|---------------|
| 1 | Ri Bhoi | 16369 |
| 2 | Jaintia Hills | 24900 |
| 3 | East Khasi Hills | 21016 |
| 4 | West Khasi Hills | 16339 |
| 5 | East Garo Hills | 21049 |
| 6 | West Garo Hills | 5358 |
| 7 | South Garo Hills | 9537 |
| Total | | 162568 |

2. IPDS

The DPR to Power Finance Corporation Ltd was submitted after consulting public representatives including Members of Parliaments and Resolution of the 1st State Distribution Reform Committee meeting dated 15th October 2015.

Consequently, the PFC Ltd conveyed the sanction of the Monitoring Committee of MOP/GOI on 16.3.2016. The Scheme has been sanctioned in respect of the nine statutory towns namely Shillong, in East Khasi Hills District, Jowai under West Jaintia Hills District, Mairang, Nongstoin

under West Khasi Hills District, Nongpoh under Ribhoi District, Williamnagar under East Garo Hills District Tura under West Garo Hills District, Resubelpara under North Garo Hills District and Baghmara in South Garo Hills District. The total sanctioned cost of the project is **Rs 62.03 Crores** and that the PMA cost is **Rs. 0.31 Crores**, the details of which is as indicated below:

| Sl. No. | Name of Circle | Name of Towns: | Overall Sanctioned Cost (Rs. Cr.) | | |
|---------------|------------------------|--------------------------------------|-----------------------------------|-------------------|-----------------------------|
| | | | Approved Project Cost | Approved PMA Cost | Approved Project + PMA Cost |
| 1 | Eastern Circle | Jowai | 6.58 | 0.03 | 6.61 |
| 2 | West Garo Hills Circle | Tura | 10.55 | 0.05 | 10.61 |
| 3 | Shillong Circle | Shillong | 19.07 | 0.10 | 19.17 |
| 4 | East Garo Hills Circle | Resubelpara, Williamnagar & Baghmara | 12.65 | 0.06 | 12.71 |
| 5 | Western Circle | Nongpoh | 4.55 | 0.02 | 4.58 |
| 6 | Central Circle | Mairang&Nongstoin | 8.64 | 0.04 | 8.68 |
| Total: | | | 62.035 | 0.310 | 62.345 |

Status of works:

| Sr. No. | Milestone Name | Unit | Sanctioned Quantity | Awarded Quantity | Completion Status |
|---------|--------------------------------|------|---------------------|------------------|-------------------|
| 1 | New Sub-station | MVA | 41 | 41 | 41 |
| 2 | Nos. of New Sub-station | No | 6 | 6 | 6 |
| 3 | 33 KV Bay Extension | No | 1 | 1 | 1 |
| 4 | Capacity addition 33/11 KV Xr | MVA | 5 | 5 | 5 |
| 5 | Nos. of 33/11 KV Additional Xr | No | 2 (10 MVA) | 2 (10MVA) | 2 (10MVA) |
| 6 | R&M of 33/11 KV S/S | No | 10 | 10 | 10 |
| 7 | 33 KV New Feeders | Km | 11 | 11 | 11 |
| 8 | 11 KV New Feeders | Km | 81 | 81 | 81 |
| 9 | 11 KV Feeder Reconductoring | Km | 10 | 10 | 10 |
| 10 | installation of New DT | MVA | 5 | 5 | 5 |
| 11 | Nos of Installation of New DT | No | 53 | 53 | 53 |
| 12 | Capacity Enhancement of DT | MVA | 7 | 7 | 7 |
| 13 | Nos Capacity Enhancement of DT | No | 43 | 43 | 43 |
| 14 | New LT Lines | Km | 60 | 60 | 60 |
| 15 | LT Line Reconductoring | Km | 36 | 37 | 37 |
| 16 | Pre Paid Meter | No | 6400 | 6400 | 6400 |
| 17 | Solar Panels | Kwp | 210 | 210 | 210 |
| 18 | Boundary Meter | No | 10 | 12 | 12 |

Project Status: Project completed.

RT-DAS (Real Time Data Acquisition System):-

The Power Finance Corporation Limited has, additionally sanctioned, under IPDS scheme the following:

| Sl. No. | Name of the Scheme: | Sanctioned Date | Sanctioned Amount (Rs. In Crores) |
|----------------|-----------------------------------|------------------------|--|
| 1 | RT-DAS-for SAFI SAIDI Measurement | 10-12-2018 | 1.94 |

Scope of work:

Supply, Installation, Testing & Commissioning of Hardware & Software for implementing "Real Time Data Acquisition System (RT- DAS)" covering 15 no's 33/11kv Substations (49 feeders) of IPDS Non-SCADA towns in Meghalaya.

Objectives:

To calculate the System Average Interruption Duration Index (**SAIDI**) & System Average Interruption Frequency Index (**SAIFI**) for reliable power supply to the consumers.

Status of works:

Feeder remote terminal unit installed at the following 15 Nos Substation across the Meghalaya comprising of 49 Nos feeders. The control center was set up at MeECL Head Quarter Premises. all others works completed.

| Sl No | Name of Substation | Name of Town |
|--------------|---------------------------|---------------------|
| 1 | Lapalang | Shillong |
| 2 | Umjarain | Shillong |
| 3 | Mawpat | Shillong |
| 4 | Charphalong | Shillong |
| 5 | Mawiong Police Battalion | Shillong |
| 6 | Williamnagar | Williamnagar |
| 7 | Resubelpara | Resubelpara |
| 8 | Dobasipara | Dobasipara |
| 9 | Tura Rongkong | Tura |
| 10 | Jyntru | Nongpoh |
| 11 | Smit | Shillong |
| 12 | Umiew | Shillong |
| 13 | Khyletreshi | Jowai |
| 14 | Tura | Tura |
| 15 | Chirangre | Tura |

Project Benefit

- Accurate measurement & Improvement in reliability of the power supply.
- 24x7 power supply for consumers in urban area.
- Reduction of Losses to meet AT&C loss reduction trajectory.
- Improvement in quality of supply like voltage level, PF etc

- Prompt and effective solution to the consumer queries / grievances

Project Status: Under progress.

GAS INSULATED SUBSTATION.(GIS):-

The Power Finance Corporation Limited has additionally sanctioned under iPDS scheme the work for construction of Gas insulated Substations along with Associated 33KV & 11KV Lines as follows:

| Sl. No. | Name of the Scheme: | Sanctioned Date | Sanctioned Amount (Rs. In Crores) |
|---------|--------------------------|-----------------|-----------------------------------|
| 1 | Gas Insulated Substation | 10-12-2018 | 24.64 |

Scope of work and Award date:

| Sl | Package Name | Scope | Date of Award |
|----|--------------------------------|---|---------------|
| 1 | Gas Insulated Substation (GIS) | Construction of New 33/11KV, 2 x 10MVA, GiS (E-House) at Dhankheti, Shillong City - 1 No | 23.09.2020 |
| | | Construction of New 33/11KV, 2 x 5MVA, GIS (E-House) at Sabah Muswang, Jowai Town - 1 No | |
| 2 | Associated Lines for GIS | Construction of Associated 33KV & 11KV Lines along with Bay Extension at 33/11KV Nongthymmai Substation | 23.09.2020 |

Objectives:

- 24x7 power supply for consumers in urban area
- Reduction of AT&C losses.
- Providing access to all urban households.
- Ensuring better energy accounting.
- Better voltage profile.
- Decrease in the DT failure.

Status of works:

The survey work completed and civil work is in progress.

Project Benefit

- Accurate measurement & Improvement in reliability of the power supply.
- 24x7 power supply for consumers in urban area.
- Reduction of Losses to meet AT&C loss reduction trajectory.
- Improvement in quality of supply like voltage level, PF etc
- Prompt and effective solution to the consumer queries / grievances.

ENTERPRISE RESOURCE PLANNING (ERP):-

The Power Finance Corporation Limited has additionally sanctioned under IPDS scheme the **Enterprise Resource Planning (ERP)**. The scope of work, sanctioned date, sanction amount and date of award is as follows:

| Sl.No | Package Name | Scope | Sanctioned Date | Sanctioned Amount (Rs. In Crores) | Date of Award |
|-------|------------------------------------|---|-----------------|-----------------------------------|---------------|
| 1 | Enterprise Resource Planning (ERP) | Supply, installation, implementation and Integration of ERP | 10-12-2018 | 19.01 | 23.09.2020 |

Scope of work:

- i. Human Resource Management Planning (including Employee Self Service).
- ii. Material & Inventory Management (Purchase & stores).
- iii. Finance & Accounts.

Objectives:

To centralize the de-centralized system through Information technology.

Status of works:

The user acceptance test is in progress.

Project Benefit

- To maximize the efficiency of Human resource.
- Improve quality of work.
- Prompt and effective solution to the consumer queries / grievances

3. North Eastern Region System Improvement Project (NERP5IP)

Recognizing the critical need to improve the performance of the transmission and distribution networks, the Government of India (GoI) has developed a comprehensive scheme for NER in consultation with POWERGRID and the State Governments to (i) augment the existing transmission and distribution infrastructure to improve the availability and reliability of service delivery across all the NER states; and (ii) build institutional capacity of the power utilities/ departments in NER. This network expansion scheme is part of GoI's wider efforts to extend last mile electricity connectivity to households and to have 24 x 7 Power for All. Under the proposed scheme, to be financed jointly by the GOI and the World Bank, investments for augmenting transmission and distribution networks (up to 33kV), and technical assistance and capacity building will be provided to key sector stakeholders.

Completed work during FY 2020-21 is as follows:

| Sl. No. | Name of the substation / line | Date of Charging | Package |
|---------|--|------------------|------------|
| 1 | 33/11 kV Khanapara New SS- 1x5 MVA Transformer | 13.12.2021 | MEG DMS 03 |
| 2 | 33/11 kV Mynkre S/S - 2x5 MVA | | MEG-DMS-01 |
| 3 | 33/11 kV Rymbai S/S - 1x5 MVA | | MEG-DMS-01 |
| 4 | 33/11 kV Lumshnong / Bydihati S/S- 1x5 MVA | | MEG-DMS-01 |
| 5 | 33/11 kV Latyrke (Sutnga) S/S – 2x10 MVA | | MEG-DMS-01 |
| 6 | 33/11 kV RajballaBhaitbari S/S – 1x5 MVA | | MEG DMS 02 |
| 7 | 33/11 kV Chibinang S/S – 1x5 MVA | | MEG DMS 02 |
| 8 | 33/11 kV Rakshambre S/S – 1x5 MVA | | MEG DMS 02 |
| 9 | 33/11 kV Mawpat SS - 2x10 MVA | | MEG DMS 03 |
| 10 | 33/11 kV New Shillong SS - 2x10 MVA | | MEG DMS 03 |
| 11 | 33/11 kV Mawryngkneng SS – 2x7.5 MVA | | MEG DMS 03 |

| | | | |
|----|--|--|------------|
| 12 | 33/11 kV Mawkynrew SS – 2x5 MVA | | MEG DMS 03 |
| 13 | Extn. Of Tikrikilla SS- 1 no. | | MEG DMS 02 |
| 14 | Extn. Of Phulbari SS- 1 no. (Cap. Aug. from 2x2.5MVA to 2x5MVA) | | MEG DMS 02 |
| 15 | Extn. Of 33/11kV Jongksha - 1 no Bay | | MEG DMS 03 |
| 16 | Aug. Of 33/11 kV SE fall - 2x10 MVA | | MEG DMS 03 |
| 17 | 132/33kV Mynkre (New) - 33/11kV Latykre Line | | MEG-DMS-01 |
| 18 | 132/33kV Mynkre (New) - 33/11kV Mynkre Line | | MEG-DMS-01 |
| 19 | 132/33kV Mynkre (New) - 33/11kV Rymbai Line | | MEG-DMS-01 |
| 20 | 132/33kV Mynkre (New) - 33/11kV Byndihati Line | | MEG-DMS-01 |
| 21 | 132/33kV Phulbari (New) – Chibinang Line | | MEG-DMS-02 |
| 22 | Existing 33/11kV Tikrikilla – Rakshambre Line | | MEG-DMS-02 |
| 23 | Reconductoring converted to New Line (From Racoon to Wolf): Part of existing 33 kV Tikrikilla–Phulbariline from tapping point to Tikrikilla S/s | | MEG-DMS-02 |
| 24 | LILO of Existing Tikrikilla - Phulbari at 132/33kV Phulbari (New) Line | | MEG-DMS-02 |
| 25 | 132/33kV Phulbari (New) – RajballaBhaitbari Line | | MEG-DMS-02 |
| 26 | 132/33kV Phulbari (New) - Existing 33/11kV Phulbari | | MEG-DMS-02 |
| 27 | 220/132/33kV New Shillong – Mawpat Line | | MEG-DMS-03 |
| 28 | Existing 33/11kV SE Falls – Mawpat Line | | MEG-DMS-03 |
| 29 | 220/132/33 KV New Shillong - New Shillong Line | | MEG-DMS-03 |
| 30 | 220/132/33 KV New Shillong – Mawryngkneng line | | MEG-DMS-03 |
| 31 | Existing 33/11kV Jongksha-Mawkynrew Line | | MEG-DMS-03 |
| 32 | LILO of existing Jowai-Landnongkrem 33kV at Mawryngkneng&Mawlyndep Line LILO of existing Jowai-Landnongkrem 33kV at Mawryngkneng Line | | MEG-DMS-03 |
| 33 | Re-conductoring (Racoon to Wolf): 33kV Jowai-Landonokrem | | MEG-DMS-03 |

4. DDUGJY Scheme

(a) Electrification of Un-electrified villages (under census 2011)(Grid & Off-Grid)

- The works include construction of 11KV lines, 11/0.433KV Sub-Stations, LT lines in all Un-electrified villages and providing Service connection to all households under the scope of work.
- Present Status – Works completed

(b) Intensification work of electrified villages

- The works include construction of 11KV lines, 11/0.433KV Sub-Stations, LT lines and providing Service connection to all households under the scope of work.
- Present Status – Works completed

- (c) Strengthening and Augmentation of sub-transmission & distribution network in rural areas
- The works include (a) construction of new 33/11KV Sub-Station with control room and construction of 33KV & 11KV Associated Lines in Krang village, Mawruksoin village, Nongmyndo village and Nongpyndeng village and (b) Augmentation of 33/11KV Power transformer of Laitumsaw Sub-Station.
 - Present Status- Works completed.
- (d) Metering at distribution transformers, feeders and consumers end in rural areas.
- The works include Metering of Distribution Transformer, 33kV Feeder & 11KV Feeder in rural areas of Jaintia Hills, Ri-Bhoi, East Khasi Hills, South Garo Hills, West Garo Hills, East Garo Hills and West Khasi Hills district in Meghalaya.
 - Present Status- Works completed.

5. NEC Scheme

The project for implementation of power supply to Dadenggre area by construction of new 33/11KV Single Circuit Line from Rongkhon to Dadenggre and strengthening of the 11KV and LT Network under West Garo Hills (D) Division, Meghalaya was approved by NEC on 18/03/2016 at a cost of INR 570.00 lakhs with funding from Central & State on 90:10 basis. The Government of Meghalaya had released to MeECL, the following installments for the project till 31st March, 2021:

| <u>INR in Lakhs</u> | | | | | |
|---------------------|-----------------|---------------|-------------|--------|----------------|
| Sl No | installments | Central Share | State Share | Total | Date of Credit |
| 1 | 1 st | 75.44 | 8.38 | 83.82 | 28.03.2017 |
| 2 | 2 nd | 200.00 | 22.22 | 222.22 | 11.07.2018 |
| 3 | 3 rd | 150.00 | 16.70 | 166.70 | 22.09.2019 |
| 4 | 4 th | Nil | 9.70 | 9.70 | 25.02.2021 |
| Total | | 425.44 | 57.00 | 482.44 | |

Out of the project cost of INR 570.00 Lakhs, an amount of INR 482.44 Lakhs was received and the balance amount of INR 87.56 Lakhs NEC Share was yet to be released. The work for the project is in progress.

6. Special Plan Assistance (SPA)

The Government of Meghalaya vide letter No.POWER-55/2014/134 dated 02.01.2019 had sanctioned an amount of INR 1000.00 Lakhs under SPA for 'Upgradation of substations and associated infra-structures in peri-urban locations not covered under RGGVY'. The grant amount of INR 900.00 Lakhs and State share of INR 100.00 Lakhs were released by the Government of Meghalaya to MeECL on 05.03.2019.

The project consists of the following works and are in progress.

| <u>INR in Lakhs</u> | | |
|---------------------|--|--------|
| Sl No | Name of Works | Amount |
| 1 | Renovation & Modernisation of 33/11KV, 2x2.5MVA Substation at Uinsning | 308.38 |
| 2 | Construction of 33KV Line from Umling to Lailad | 179.00 |
| 3 | Construction of 33KV Substation at Rongjeng | 285.18 |
| 4 | Construction of 33/11KV Substation with 33KV Line at Praharinagar | 225.42 |
| Total | | 997.98 |

7. Meghalaya Power Distribution Sector Improvement Project (Externally Aided Project) under ADB assistance:

The project will strengthen and modernize the power distribution network, reduce technical and commercial losses, and improve the power quality of the distribution network in Meghalaya State. The project will enhance the institutional capacity of Meghalaya Power Distribution Corporation Limited (MePDCL) by (i) supporting the preparation of a distribution sector road map and financial road map to improve MePDCL's planning capability, and financial performance and sustainability; (ii) introducing innovative components in project design; and (iii) building MePDCL's capacity to monitor project implementation, including the environmental and social impacts of projects. The project will also support pilot testing of gender and socially inclusive renewable mini grid energy systems, which have the potential for future replication.

Scope of works and Award dates during the year 2020-21 are as follows:

| Sl | Package Name | Scope | Date of Award |
|---|--------------------------------------|--|---------------|
| 1 | 33/11KV Substation, East Khasi Hills | Construction of New 33/11KV Substation - 7 Nos | 16.11.2020 |
| | | Augmentation / Bay extension of existing 33/11KV Substation - 11 Nos | |
| | | Mobile Substation, 3.15MVA, 33/11KV - 1 No | |
| | | 2500LPH Oil Filter Plant - 1 No | |
| 2 | 33/11KV Substation, West Khasi Hills | Construction of New 33/11KV Substation - 5 Nos | 24.11.2020 |
| | | Augmentation / Bay extension of existing 33/11KV Substation - 10 Nos | |
| 3 | 33/11KV Substation, East Garo Hills | Construction of New 33/11KV Substation - 8 Nos | 24.11.2020 |
| | | Augmentation / Bay extension of existing 33/11KV Substation - 10 Nos | |
| | | 2500LPH Oil Filter Plant - 1 No | |
| 4 | 33/11KV Substation, West Garo Hills | Construction of New 33/11KV Substation - 4 Nos | 16.11.2020 |
| | | Augmentation / Bay extension of existing 33/11KV Substation - 13 Nos | |
| | | 2500LPH Oil Filter Plant - 1 No | |
| 5 | Smart Metering | Replacement of 1Ph Consumer Meters - 1,78,022 Nos | 16.02.2021 |
| | | Replacement of 3Ph Consumer Meters - 1,978 Nos | |
| | | Spare 1Ph Consumer Meters - 19,483 Nos | |
| | | Spare 3Ph Consumer Meters - 517 Nos | |
| | | DT Meters - 6,500 Nos | |
| | | HT Bulk Consumer Meters - 285 Nos | |
| | | LT Bulk Consumer Meters - 230 Nos | |
| Advance Metering Infrastructure System and others | | | |
| 6 | Project Implementation Consultant | Project Consultation for 30 months for ADB assisted projects | 15.03.2021 |

All the above cited works are being implemented and are under progress

BOARD OF DIRECTORS

At the beginning of the financial year 2020-21, the following was the composition of the Board of Directors of the Company:

- i. Smti A. Nikhla, MCS : Chairman-cum-Managing Director
- ii. Smti A. Nikhla, MCS : Director (HR&A)
- iii. Shri S. Diengdoh : Director (Distribution)
- iv. Shri R. V. Warjri : Independent Director
- v. Smti L. Kharkongor : Independent Director

During the year, following changes occurred in the composition of the Board of Directors:

- i. Shri S. Diengdoh retired as the Director (Distribution) on 31.08.2020
- ii. Shri M. Shangpliang appointed as the Director (Distribution) on 12.01.2021.
- iii. Smti A. Nikhla, MCS ceased as Director (HR&A) on 02.09.2020.
- iv. Smti A. Nikhla, MCS ceased as Chairperson-cum-Managing Director on 02.09.2020.
- v. Shri Arunkumar Kembhavi, IAS appointed as the Director (Corporate Affairs) on 2.09.2020.
- vi. Shri Arunkumar Kembhavi, IAS appointed as Chairperson-cum-Managing Director on 2.09.2020.
- vii. Shri Arunkumar Kembhavi, IAS ceased as Director (Corporate Affairs) on 26.11.2020.
- viii. Shri. S. Sharma, IAS appointed as the Director (Corporate Affairs) on 26.11.2020.
- ix. Shri R. V. Warjri, Independent Director ceased on 15.12.2020.
- x. Shri L. M. Sangma was appointed as the Independent Director on 15.12.2020.
- xi. Shri. L. Kharkongor, Independent cum woman Director resigned on 03.02.2021.
- xii. Shri. S. Sharma, IAS ceased as the Director (Corporate Affairs) and Director (Finance) (i/c) on 29.01.2021.
- xiii. Shri Arunkumar Kembhavi, IAS appointed as Director (Finance) on 09.02.2021.
- xiv. Shri D.D. Shira, MCS appointed as the Director (Corporate Affairs) on 29.01.2021.

As on date of approval of this Directors' Report, the following is the strength of your Board:

- i. Shri S. Goyal, IAS : Chairman-cum-Managing Director
- ii. Shri C. Ramakrishna, IAS : Director (Finance)
- iii. Shri D. Hynniewta : Director (Corporate Affairs)
- iv. Shri M. Shangpliang : Director (Distribution)
- v. Shri L. M. Sangma : independent Director
- vi. Smt. M.N. Nampui : independent Director and Woman Director.

AUDIT COMMITTEE:

The following are the members of the audit committee-

- i. Director (Corporate Affairs) Chairman
- ii. Independent Director Member
- iii. Independent Director Member
- iv. Company Secretary Convener

PLACING OF ACCOUNTS BEFORE THE AUDIT COMMITTEE:

One post of Independent-cum-Woman Director is vacant since 3.02.2021. Therefore, in absence of minimum two Independent Directors, the Audit Committee was not functional and the annual accounts of the company for the financial year 2020-21 could not be placed before the Audit Committee. The Annual Accounts of the Company for the financial year 2020-21 was approved by the Board of Directors on 14th December, 2021. Shri R. V. Warjri, Independent Director ceased on 15.12.2020 and L. M. Sangma was appointed as the independent Director on 15.12.2020.

Smt. M.N. Nampui was appointed as the independent and Woman Director of the company on 08-07-2022 and therefore, as on date of this report, the Audit Committee is in place.

APPOINTMENT OF WHOLE TIME DIRECTOR

Shri S. Diengdoh retired as the Director (Distribution) on 31.08.2020 and Shri. M. Shangpliang was appointed as the Director (Distribution), Whole Time Director of the Company on 12.01.2021.

APPOINTMENT OF INDEPENDENT DIRECTOR AND WOMAN DIRECTOR

As per the provisions of section 149 of the Companies Act, 2013 read with the relevant rules thereon, two Independent Directors including one Woman Director namely Shri L. M. Sangma and Smti L. Kharkongor were appointed by the Governor of Meghalaya in the Board of MeECL and its three subsidiary companies.

Smti L. Kharkongor, Independent-cum-Woman Director resigned on 3.02.2021. Smt. M.N. Nampui was appointed as the Independent and Woman Director of the company on 08-07-2022. Shri R. V. Warjri, Independent Director ceased on 15.12.2020 and L. M. Sangma was appointed as the Independent Director on 15.12.2020.

The Independent Directors are the members of the following committees formed by the Board:

- i. Audit Committee
- ii. Nomination and Remuneration Committee

DECLARATION BY THE INDEPENDENT DIRECTOR

The Independent Directors of the Company have given the certificate of independence for the Financial Year 2020-21 to your Company stating that they meet the criteria of independence as mentioned under section 149(6) of the Companies Act, 2013.

KEY MANAGERIAL PERSONNEL (KMP) OF THE COMPANY

As per the provisions of section 203 of the Companies Act, 2013, at the beginning of the financial year 2020-21 the following persons were designated/appointed as the Key Managerial Personnel (KMP) of your company:

- i. Smti A. Nihla, MCS, Chairman-cum-Managing Director
- ii. Shri S. Diengdoh, Director (Distribution), Whole Time Director
- iii. Shri G.S. Mukherjee, Company Secretary.
- iv. Shri. B. P. Singh , Chief Financial Officer.

Shri S. Diengdoh retired as the Director (Distribution) on 31.08.2020 and Shri. M. Shangpliang was appointed as the Director (Distribution), Whole Time Director of the Company on 12.01.2021.

As on the date of approval of the Director's Report, the following persons are the Key Managerial Personnel (KMP) of the Company:

- i. Shri S. Goyal, IAS - Chairman-cum-Managing Director
- ii. Shri C. Ramakrishna, IAS - Director (Finance) & Chief Financial Officer
- iii. Shri M. Shangpliang, Director (Distribution), the Whole Time Director
- iv. Shri G. S. Mukherjee – Company Secretary

NUMBER OF BOARD MEETINGS HELD DURING THE FINANCIAL YEAR 2020-21:

A. During the financial year 2020-21, the Board of your company has hold twelve meetings on the following dates:

- i. 26.06.2020
- ii. 02.07.2020
- iii. 31.07.2020
- iv. 04.09.2020
- v. 29.09.2020
- vi. 20.10.2020
- vii. 04.12.2020
- viii. 07.12.2020
- ix. 17.12.2020
- x. 01.02.2021
- xi. 12.02.2021
- xii. 18.02.2021

B. DATES OF AUDIT COMMITTEE MEETINGS: One post of Independent-cum-Woman Director was vacant since 3.02.2021. Therefore, in absence of minimum two Independent Directors, the Audit Committee was not functional.

COMMON NOMINATION AND REMUNERATION COMMITTEE

During the Financial Year 2020-21 there exists a Common Nomination and Remuneration Committee for MeECL and its three subsidiary companies, constituted with the following members:

- i. Director (Corporate Affairs) : Chairman
- ii. Independent Director, MeECL : Member
- iii. Independent Director, MeECL : Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As per section 135 (9) of the Companies Act, 2013 inserted by the Companies (Amendment) Act, 2020 provides that where the amount to be spent by a company does not exceed fifty lakh rupees, the requirement under sub-section (1) of section 135 of the Companies Act, 2013 for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee shall be discharged by the Board of Directors of such company.

GRIEVANCE REDRESSAL FORUM

In line with regulation 3 of the Meghalaya State Electricity Regulatory Commission Redressal of Grievances (Amendment) Regulations, 2011, the Holding Company has constituted a Forum for redressal of grievances of consumers, at Headquarter located at Lumjing Shai, Short Round Road, Shillong.

PARTICULARS OF EMPLOYEES UNDER SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL), RULES, 2014:

NIL

STATUTORY AUDITORS

M/s B. L. Purohit & Co., Chartered Accountants, Guwahati, was appointed as statutory auditor of your Company for the financial year 2020-21 by the Comptroller and Auditor General (C&AG) of India. The statutory audit report on the annual accounts 2020-21 was submitted by the auditors on 4th March, 2022.

COST AUDIT

M/s Niran & Co., Cost Accountants, Kolkata, was appointed as the Cost Auditor of the Company for the financial year 2020-21 in compliance to Section 148 of the Companies Act, 2013 read with Companies (cost records and audit) Rules, 2014. The cost audit report for FY 2020-21 was received by the Auditor and Corporation has filed the cost audit report with the Ministry of Corporate Affairs on the 17.10.2022.

MATERIAL CHANGES AND COMMITMENTS, IF ANY; AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE BALANCE SHEET RELATES AND THE DATE OF THE REPORT.

The details under the above head are incorporated in the notes to the accounts of the company for the year ending 31st March, 2021.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

Particulars required under the conservation of energy, technology absorption, foreign exchange earnings and outgo, in the manner as prescribed in Rule 8(3) of the Companies (Accounts) Rules, 2014 is Nil.

STATEMENT ON DEVELOPMENT AND IMPLEMENTATION OF A RISK MANAGEMENT POLICY

The management of your company is taking necessary decision from time to time for addressing/mitigating elements of risk with an objective to ensure sustainable business growth with stability and to promote pro-active approach in reporting, evaluating and resolving risks, which are associated with the business. The comprehensive risk management policy will be framed in coming years.

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company's internal financial control system is commensurate with the size and nature of its business and complexity of its operations. The internal control system is designed to give assurance that correct information is provided and adequate control on all activities is implemented, with a special focus on areas of higher risk.

There is common Internal Audit Department of MeECL & Subsidiaries which carries risk focused audits across all divisions, enabling identification of areas where risk management process may need to be improved. The Internal audit reports are placed before the Audit Committee from time to time for its consideration.

Different audits like System audit, transaction audit etc. are also conducted by the Comptroller and Auditor General of India (CAG) from time to time which also highlights the risk concern areas.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the financial year ending 31st March, 2021 no transaction occurred carrying foreign exchange.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013: NIL

PUBLIC DEPOSIT

The Company has not accepted any deposit from the public, pursuant to section 73 of the Companies Act, 2013.

ANNUAL RETURN

The Annual Return of the Company for the relevant financial year 2020-21 will be published in the website of the Corporation at www.meecl.nic.in

VIGIL MECHANISM

In compliance of Section 177(10) of the Companies Act, 2013, the necessary steps for implementation of Common policy on Vigil Mechanism for MeECL and subsidiaries have been taken and the same was published in the website of the Company.

DISCLOSURE UNDER THE SEXUAL HARASSMENT

Your Company has already in place 'Prohibition of sexual harassment of working women' as per MeSEB Employees (conduct) Regulations, 1996, since adopted by MeECL. Further, a common policy on the 'prevention of Sexual harassment of Women at Workplace' for MeECL and its subsidiaries, as per the requirement of the Sexual harassment of women at Workplace (prevention, prohibition and Redressal) Act, 2013 is also in place. As on the end of the relevant financial year, the Company has not received any complaints of sexual harassment.

TRAINING AND HUMAN RESOURCE DEVELOPMENT:

The training and human resource development activities have been categorized as a common service for all the employees working with the MeECL and its three subsidiary companies and are being looked after by the Human Resource Development Center under the MeECL.

EVALUATION OF BOARD, ITS COMMITTEES AND ALL DIRECTORS:

As per notification no. G.S.R. 463(E) dated 5th June, 2015 issued by the Ministry of Corporate Affairs, the provisions of Chapter IX, clause (p) of subsection (3) of section 134 shall not apply in case the directors are evaluated by the Ministry or Department of the Central Government which is administratively in charge of the company, or, as the case may be, the State Government, as per its own evaluation methodology.

As per notification no. G.S.R. 463(E) dated 5th June, 2015 issued by the Ministry of Corporate Affairs, Chapter XII, subsections (2), (3) and (4) of section 178 of the Companies Act, 2013 shall not apply to Government company except with regard to appointment of 'senior management' and other employees.

COMPLIANCE WITH SECRETARIAL STANDARD

The Board of your company is vigilant and is taking necessary steps and efforts from time to time, for complying with the applicable Secretarial Standard, issued by the Institute of Company Secretaries of India (ICSI).

STATUTORY AUDITORS' AND COMPTROLLER AND AUDITOR GENERAL (CAG) OF INDIA OBSERVATIONS AND MANAGEMENT'S REPLY THEREON:

The replies to the points referred to in the Statutory Auditors' Report and on the comments of the Comptroller & Auditor General of India are given below –

A. OBSERVATION OF THE STATUTORY AUDITORS

A. Basis for Qualified Opinion

| Statutory Audit Observation | Management Replies |
|--|---------------------------------------|
| <p>1. The Company did not have appropriate/adequate internal control procedure commensurate with the size, nature, complexity of its business operations with regard to:</p> <ul style="list-style-type: none"> • Maintenance of books of accounts: Lack of uniformity in system of maintenance of accounts at the division and head quarter levels. The Company did not have appropriate internal controls over the year-end financial reporting process including control over collection, preservation and assimilation of financial information from various offices so as to permit preparation of financial statements which are free from material misstatements. • Lack of periodical reconciliation between daily cash collection as per cash book and Monthly statements submitted by divisions/sub divisions. Lack of authenticity of physical verification certificates with regards to Capital work-in-progress, fixed Assets, Cash and Bank balance and inventories. Lack of reconciliation of significant accounts like trade receivables, trade payables, security deposits, loans and advances and other accounts in a timely or accurate manner. • Lack of updating of registers, | <p>1 Noted for future compliance.</p> |

| | |
|--|-------------------------------|
| <p>reconciliation of books at regular intervals and the cascading effect of long pending unresolved balances and negative balances reflected in the books of accounts.</p> <ul style="list-style-type: none"> • Substantial unreconciled figures with regards to inter-division transaction • Delay in transfer from capital work in progress to fixed assets on the basis of completion certificates. • Deficiency in maintenance of party wise details with respect to third party transaction. • Lack of segregation of financials between the parent company and its subsidiaries, in the actual sense of the statement. <p>Entitlement of assets and liabilities especially Term Deposits, Loan, Bank Accounts) remaining centralized at the level of the holding company, instead of titles being handed over in reality</p> | |
| <p>2 Further, formal reviewing procedures are yet to be established with regards to Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.</p> | <p>2 Noted for compliance</p> |

| | |
|--|--|
| <p>1. NOTE 1: COMPANY INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES:</p> <p><u>Clause 5 Depreciation/amortization:</u> states that the rates of depreciation or amortization and estimated lives thereon as prescribed by CERC for the purpose of tariff are being followed by the Company. CERC has prescribed depreciation rate in case of "IT Equipment includes software" as 15%, however, we observed that the Company is charging depreciation @ 6.33% on such assets which were acquired upto 31.03.2020, it applied 15% depreciation rate on assets acquired during FY 2020-21 which is incorrect. The financial impact of the less charging of depreciation could not be readily calculated for lack of complete details however, there is overstatement of PPE and understatement of loss due to less charging of depreciation.</p> <p><u>Clause 8 Borrowing Costs:</u> states that borrowing costs that are directly attributable to the acquisition, construction/exploration/development or erection of qualifying assets are capitalized as part of cost of such asset until such assets are substantially ready for their intended use. Further,</p> | <p>Part of the IT equipments were grouped with Office Equipment and depreciation rate as applicable for office equipment has been applied. However, audit observation has been noted for future compliance.</p> <p>CWIP under the Corporation is funded in the form of Grants/Equity against</p> |
|--|--|

IND AS 23 on Borrowing Costs requires that an entity shall capitalize the borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset. An entity shall recognize other borrowing costs as an expense in the period in which it incurs them. As observed during the course of audit, RAPDRP assets are lying in CWIP whereas the interest paid/ payable on RAPDRP loan amounting to Rs. 962.79 lakhs has been charged to Profit and Loss A/c. Thus, the accounting treatment regarding the same is inconsistent with the principles of IND AS 23.

implementation of Central Government Schemes. Out of the same, the 10% State Government share has been accounted as State Government Loan as per the sanctioned letter and the interest is only provided and not incurred/paid. As such the interest accrued is treated in the Profit & Loss Account. Moreover, in respect of RAPDRP Schemes, amount attributed is interest bearing for non completion of the project in stipulated time. However, non payment of such interest even after non compliance to the prescribed time frame has not attracted any mandatory obligation of payment and surcharge thereon. Under such circumstances, possibility of declaration of such loan into grant by the Government cannot be denied as the executing agency is a Government entity. Accordingly the interest against RAPDRP fund has been provided to P&L Account only.

Clause 16 Employee benefits: It is clear from the note that the provision for long term employee benefits has not been made in accordance with Ind AS 19 Employee Benefits. The impact of the above on the financial assets could not be ascertained.

The employees belong to Holding Company and are on deputation to the Subsidiaries as per Transfer Scheme.

NON CURRENT ASSETS:

2. NOTE 2: PROPERTY PLANT & EQUIPMENT Rs. 69449.66 lakhs

- a. Land Rs. 199.40 lakhs: Title deeds of freehold land and lease agreements were not made available to us for our verification,
Further it was stated that all the immovable properties utilized by the company are not in the name of Company but are in the name of the holding company Meghalaya Energy Corporation Limited. It is also stated in Note 49 that the value wise details of Assets on Lease cannot be provided.
- b. We refer to paragraph 1(ii), of Annexure A to our Report (Annexure to Independent Auditor's Report) regarding inadequate physical verification of fixed assets, as a result of which adjustment(s) that might have been necessary (which may be material) could not be carried out by the Company at this stage.
- c. As per Ind AS 16 'Property, Plant and Equipment' residual value and useful life of each asset shall be reviewed at each financial year. However,

a. The immovable properties have been transferred to the company by way of Gazette Notification "Meghalaya Government Power Sector Reforms Transfer Scheme 2010".

b. The audit observation has been noted for future compliance.

c. The audit observation has been noted for future compliance.

from the records verified it seems that residual value and useful life of assets classified under PPE had not been assessed by the Company in FY 2020-21.

- | | |
|---|--|
| <p>d. As per Ind AS-16 on 'Property, Plant and Equipment' Items of fixed assets that have been retired from active use and are held for disposal should be stated at the lower of their net book value and net realizable value and should be shown separately in the financial statements. Any expected loss is required to be recognized immediately in the profit and loss statement. However, Company has not complied with the above requirements.</p> <p>e. The Company has not identified any asset that might have to be impaired at the balance sheet date, and as such, no adjustments have been made as required by Ind AS-36 on 'Impairment of Assets' specified under Section 133 of the Act.</p> <p>f. Land Rs. 199.40 lakhs: Title deeds of freehold land and lease agreements were not made available to us for our verification, Further it was stated that all the immovable properties utilized by the company are not in the name of Company but are in the name of the holding company Meghalaya Energy Corporation Limited. It is also stated in <u>Note 49</u> that the value wise details of Assets on Lease cannot be provided.</p> <p>g. We refer to paragraph 1(ii), of Annexure A to our Report (Annexure to Independent Auditor's Report) regarding inadequate physical verification of fixed assets, as a result of which adjustment(s) that might have been necessary (which may be material) could not be carried out by the Company at this stage.</p> <p>h. As per Ind AS 16 'Property, Plant and Equipment' residual value and useful life of each asset shall be reviewed at each financial year. However, from the records verified it seems that residual value and useful life of assets classified under PPE had not been assessed by the Company in FY 2020-21.</p> <p>i. As per Ind AS-16 on 'Property, Plant and Equipment' Items of fixed assets that have been retired from active use and are held for disposal should be stated at the lower of their net book value and net realizable value and should be shown separately in the financial statements. Any expected loss is required to be recognized immediately in the profit and loss statement.</p> | <p>d. Audit observation has been noted for future compliance.</p> <p>e. Disclosure for impairment of PPE has been made in note 40 to the financial statement to be taken up in subsequent periods.</p> <p>f. Repetition on the points above.</p> <p>g. Repetition on the points above</p> <p>h. Repetition on the points above</p> <p>i. Repetition on the points above</p> <p>j. Repetition on the points above</p> |
|---|--|

However, Company has not complied with the above requirements.

- j. The Company has not identified any asset that might have to be impaired at the balance sheet date, and as such, no adjustments have been made as required by Ind AS-36 on 'Impairment of Assets' specified under Section 133 of the Act.

3. NOTE NO. 3 CAPITAL WORK IN PROGRESS: Rs96026.14 lakhs

- a. Regarding the Capital work in progress (CWIP) Rs. 96026.14 lakhs, detailed particulars have not been made available for verification such as status of the work, reasons for delay in capitalization etc. hence we are not in a position to comment on the correctness of CWIP figure.
- b. There were no transactions in the below mentioned CWIP accounting codes during the financial year 2020-21 and earlier. There was no capitalization of under mentioned opening CWIP in spite of no further addition in CWIP during the reporting period:

a. Scheme-wise details of CWIP Rs 96026.14 lakhs has been disclosed in Note 3.2 of the Financial Statement. Moreover, some of the CWIP e.g DDUGJY , Saubhagyaetc as on 31st March 2021 are ongoing works.

b. The point is noted for further action towards reconciliation and necessary accounting treatment etc.

| Accounting code and heading | Amount as on 31st March 2021(in Rs. Lakhs) |
|---|--|
| 14.146 (Ganol Small Hydro Project- I & II Lines and Cables Network) | 37.83 |
| 14.216 (PMGY I Lines and Cables HV) | 253.49 |
| 14.226 (PMGY II Lines and Cables HV) | 172.21 |
| 14.226(A) (PMGY II Lines and Cables M & LV) | 0.04 |
| 14.232 (PMGY III Buildings HV) | 1.18 |
| 14.236 (PMGY III Lines and Cables HV) | 1071.67 |
| 14.236(A) (PMGY III Lines and Cables M & LV) | 5.48 |
| 14.246 (PMGY IV Lines and Cables HV) | 187.82 |
| 14.246(A) (PMGY IV Lines and Cables M & LV) | 3.38 |
| 14.256 (PMGY V Lines and Cables HV) | 407.85 |
| 14.256(A) (PMGY V Lines and Cables M & LV) | 1.06 |
| 14.266 (PMGY VI Lines and Cables HV) | 183.12 |
| 14.276 (PMGY VII Lines and Cables HV) | 185.37 |
| 14.516 (REMNP I Lines and Cables HV) | 943.6 |
| 14.526 (REMNP II Lines and Cables HV) | 1083.03 |
| 14.740 (CWIP- 14.740) | 6.04 |
| 14.81T (CWIP-14.81T) | 0.73 |
| 14.866 (PM Package Lines and Cables HV) | 351.29 |
| 14.872 (APDRP Buildings HV) | 14.04 |
| 14.874 (APDRP Civil Works HV) | 99.85 |
| 14.875 (APDRP Plant and Mach HV) | 192.47 |
| 14.876 (APDRP Lines and Cables HV) | 2174.84 |
| 14.876 PGCIL/SCADA (CWIP- PGCIL/SCADA) | 482.31 |
| 14.876 RAPDRP (Pt B) (RAPDRP(Pt-B) Cherra Scheme) | 122.4 |

| | |
|--|----------|
| I4.876 RAPDRP Pt-A (RAPDRP(Pt-A) Cherra Scheme) | 0.34 |
| I4.876(A) (APDRP Lines and Cables M & LV) | 1910.08 |
| I4.87X SCADA (CWIP - SCADA) | 41.88 |
| I4.886(B) (RGGVY EKH O/O EE RE (C)) | 134.88 |
| I4.886(M) (RGGVY RiBhoi O/o E.E/R.E) | 102.31 |
| I4.887(A) (RGGVY Vehicles M & LV) | 1.62 |
| I4.889 (RGGVY Office Equip HV) | 0.05 |
| I4.88X APDRP (CWIP - APDRP) | 1661.18 |
| I4.896 (DDUGJY (Lines & Cable)) | 3194.99 |
| I4.896 (DDUGJY(Lines and Cable Network)) | 1908.7 |
| I4.926 (CWIP- I4.926) | 346.77 |
| I4.934 (CWIP - 14.934) | 5.01 |
| I4.935 (CWIP - 14.935) | 17.55 |
| I4.936 (A) (CWIP - I4.936 (A)) | 10.04 |
| I4.936 (Capital Work in Progress-Lines and Cable Network) | 205.2 |
| I4.936 (CWIP - I4.936) | 221.76 |
| I4.936 SPMNP (CWIP- SPMNP) | 169.95 |
| I4.936 TIS NLCPR (CWIP- TIS NLCPR) | 11.42 |
| I4.944 (CWIP- 14.944) | 10.67 |
| I4.945 (CWIP - I4.945) | 0.5 |
| I4.945(A) (CWIP- 14.945 (A)) | 10.28 |
| I4.946 (CWIP - 14.946) | 487.66 |
| I4.946 CRE (CWIP- CRE) | 428.99 |
| I4.946 TIS (CWIP - TIS) | 13.17 |
| I4.952 (CWIP - I4.952) | 21.19 |
| I4.956 (CWIP- 14.956) | 0.6 |
| I4.964 (CWIP - 14.964) | 1.59 |
| I4.972 (CWIP - 14.972) | 0.85 |
| I4.974 (CWIP - 14.974) | 0.33 |
| I4.975 (CWIP - 14.975) | 0.04 |
| I4.976 (CWIP - 14.976) | 41.01 |
| I4.979 (CWIP - 14.979) | 0.03 |
| I4.Lines & S/Station - Wahiajer -NEC (CAP (NEC) Constn.of Line & S/Station - Wahiajer) | 10.69 |
| I4.NERPSIP (NORTHEAST REGION POWER SUPPLY IMPROVEMENT PROGRAMME) | 10.75 |
| I4.Overall Scheme (Overall Sheme) | 2.65 |
| I4.RAPDRP (CWIP - RAPDRP) | 180.09 |
| I4.RGGVY (CWIP - RGGVY) | 23160.77 |
| I4.SCA (Special Central Assistance) | 39.14 |
| I4.XXX NLCPR (CWIP - NLCPR) | 839.12 |

The above pending CWIP is under the following schemes/programmes

1. Pradhan Mantri GramodayaYojna(PMGY)
2. REMNP
3. Accelerated Power Development and Reforms(APDRP)
4. Supervisory Control and data acquisition(SCADA)
5. SPMNP

6. NLCPR
7. Ganol small hydro project 1 & 2
8. NEC
9. PM Package
10. CRE
11. NDS
12. SCA
13. RAPDRP
14. APDRP

We were not provided the reasons for

- long pending projects,
- no progress
- non capitalization

of above referred opening CWIP which remain unchanged during the reporting period. Further, CWIP figure may include certain WIP which have in fact been completed but still are shown under CWIP head due to non-receipt of completion certificates.

Further, capital work- in- progress may include projects which are lying under capital work- in- progress for many years. Short/ excess provision to respective fixed assets, if any, could not be quantified in the absence of adequate information / records relating to capital work in progress. No provision for loss/deterioration in assets has been made during the year for these projects.

a. During the year there was addition of 200.00 lakhs in the RGGVY scheme under CWIP by debiting this CWIP account for payment made to contractor. This is wrong accounting as the payment should have been debited to the contractor account and CWIP account debited with the amount of bill submitted by the Contractor.

b. Under mentioned capital stock items are showing Closing Credit Balance in the Consolidated Ledgers, which apparently shows the wrong valuation and / or wrong accounting entries of the stated inventories:

| Particulars | Closing Credit Balance (Rs.) in lakhs |
|--|---------------------------------------|
| 22.602 (Cement-Materials Stock Account (Capital)) | 0.0069 |
| 22.611 (GI Sheets-Materials Stock Account (Capital)) | 0.60 |
| 22.612 (GI Pipes-Materials Stock Account (Capital)) | 56.60 |
| Total Credit Balance | 57.20 |

a. The balances of the following accounting heads of capital inventory had no changes during the reporting financial year.

| ACCOUNT CODE AND PARTICULARS | OPENIN G BAL. (Dr) | OPENIN G BAL.(Cr.) | CLOSING BAL. (Dr.) | CLOSIN G BAL. (Cr.) |
|------------------------------|--------------------|---------------------|--------------------|---------------------|
| | | | | |

The matter will be reviewed for rectifications, if required.

Disclosure for reasons for the aforesaid negative balances has been made in Note 48 (V) to the Financial Statements. The point is noted for necessary reconciliation in respective Divisions concerned.

Inventory with no changes:

22.213-JowaiDist Division in the month of Feb 2014. The Division has confirmed it as a case of non-accounting and the same will be rectified accordingly .

22.304- Revenue Division Shillong in the month of March 2015. Matter has been taken up for reconciliation.

22.504- Revenue Division Williamnagar in the month of June 2017. Matter has been taken up for reconciliation.

22.601 - This includes an opening balance of Rs. 8,898/- arising from trifurcation. The balance amount of Rs. 32,319/- arises from DGM(E). The Division has specified that it is a case of wrong booking which will be rectified in accounting period 2021-22.

22.602 – The amount arises from legacy issues pertaining to trifurcation of the

| | | | | | |
|--|-------|--------|-------|--------|---|
| 22.213 (Others Capital) | 7.07 | - | 7.07 | - | <p>erstwhile MeSEB to MeECL. Trifurcation was carried out by PFCCL and not the MeECL.</p> <p>22.607- Noted. Matter will be taken up for reconciliation.</p> <p>22.610 – The amount arises from legacy issues pertaining to trifurcation of the erstwhile MeSEB to MeECL. Trifurcation was carried out by PFCCL and not the MeECL.</p> <p>22.611 – Amt arises from Ri-Bhoi Distribution Division. Matter has been taken up for reconciliation.</p> |
| 22.304 (Metering Equipments Capital 304) | 0.34 | - | 0.34 | - | |
| 22.504 (Metering Equipments-Materials Stock Adjustment Account (Capital)) | 16.55 | - | 16.55 | - | |
| 22.601 (Steel-Materials Stock Account (Capital)) | 0.41 | - | 0.41 | - | |
| 22.602 (Cement-Materials Stock Account (Capital)) | - | 0.0069 | - | 0.0069 | |
| 22.610 (Towers-Materials Stock Account (Capital)) | 0.82 | - | 0.82 | - | |
| 22.611 (GI Sheets-Materials Stock Account (Capital)) | - | 0.60 | - | 0.60 | |
| 22.607 (Electric light fittings-Material Stock Account (Capital)) | 11.14 | - | 11.14 | - | |
| <p>4. NOTE 5 OTHER NON CURRENT ASSETS Rs.1211.50 lakhs: Detailed list of parties to whom the advance has been paid was not provided therefore we cannot comment on the correctness or otherwise of the amount.</p> | | | | | <p>Action has been taken on this item with the various Divisions instructed to provide party wise details of Advances as on 31.07.2021. The data is still awaited and necessary action shall be taken accordingly.</p> |
| <p>CURRENT ASSETS:</p> <p>5. NOTE 6: INVENTORIES Rs.1613.71 lakhs</p> <p>a. As per the Division II - Ind AS Schedule III to the Companies Act 2013 the mode of valuation of inventories is required to be stated in the notes however, no such disclosure has been made in the financial statements under Note 6 on Inventories.</p> <p>b. IND AS 2 on Inventories prescribes that the inventories shall be measured at the lower of cost and net realisable value, and the valuation method shall be disclosed. However, Management has not stated the inventories at the lower of cost and net realisable value but has stated them solely at cost, which constitutes a departure from the Accounting Standards referred to in sub-section (3C) of section 211 of the Act. Thus, the above non-disclosure of accounting policies proves to be inconsistent with the requirements of the mentioned IND AS.</p> <p>c. We are unable to express our opinion on the authenticity and valuation of stated inventory amounting to Rs. 1613.71 lakhs in absence of details with respect to:</p> <ol style="list-style-type: none"> age wise bifurcation of closing inventory, proper reconciliation of physical inventory with General Ledger, item wise identification of possibility of usability of the stocked inventory, the number of obsolete inventories due to technical changes or due to rusting or damages. | | | | | <p>a. Accounting policy for valuation of Inventories is given in Note – 1 C(7) of the financial statements as per which inventories are valued at Cost.</p> <p>b. Accounting policy for valuation of Inventories is given in Note – 1 C(7) of the financial statements as per which inventories are valued at Cost. Further no significant variation in the value of Cost and NRV is anticipated by the management. However point raised has been noted for future compliance.</p> <p>c. Stock value appeared in the accounts of the Corporation is on the basis of the accounts maintained by the stock holding Divisions under the Corporation. Stock ledgers etc are maintained in respective Divisions.</p> <p>However, the point is noted for further necessary action from the Divisions concerned.</p> <p>d. In number of cases, there is some delay in reconciliation of CWIP hence the apparent non-utilisation of inventory. Once final closure of CWIP is carried out, then this gap</p> |

d. The opening value of inventory as on 01.04.2020 was Rs. 1482.08 lakhs and there were fresh purchases/debits amounting to Rs. 413.82 lakhs though consumption/credits were only Rs. 282.19 lakhs. Thus, there is blockade of funds in inventories though there is not so much consumption.

e. it is stated by Management that "the physical verification of inventories has been conducted in various Divisional & sub-divisional units as on 31st March,2021. However, the data furnished by the Divisions is not complete and adequate to determine the material discrepancies if any." Thus, the identification of non-moving, slow moving, obsolete and damaged items of inventory are pending in most of the Divisional & sub-divisional units of the Company. Also, where the identification has been done the same has not been segregated from good inventory. Further, no provision has been made in books towards non-moving, slow moving, obsolete and damaged items of inventory.

f. The balances of the following accounting heads of operation and maintenance inventory had no changes during the reporting financial year.

| ACCOUNT CODE AND PARTICULARS | OPENING BAL. (Dr) in lakhs | OPENING BAL.(Cr.) in lakhs | CLOSING BAL. (Dr.) in lakhs | CLOSING BAL. (Cr.) in lakhs |
|---|----------------------------|----------------------------|-----------------------------|-----------------------------|
| 22.621 (Steel-Materials Stock Accounts (O & M)) | 3.19 | - | 3.19 | - |
| 22.631 (GI Sheets-Materials Stock Accounts (O & M)) | - | 0.44 | - | 0.44 |
| 22.632 (GI Pipes-Materials Stock Accounts (O & M)) | 0.13 | - | 0.13 | - |
| 22.233 (Others O&M) | 34.36 | - | 34.36 | - |
| 22.324 (Metering Equipments O&M 324) | 0.82 | - | 0.82 | - |
| 22.333 (Others O&M 333) | 12.97 | - | 12.97 | - |

will reduce.

e. Matter has been taken up with Director Distribution vide No. ACT/COMP/MePDCL/FA/19-20/399/76 Dt. 25.08.2021

f. The company is in the process of necessary reconciliation and necessary effect will be given in the financial statements after such reconciliation.

From the mentioned figures, a considerable amount arises from opening balances upon trifurcation. However, the concerned Divisions have been identified and shall be taken up with them for further action.

FINANCIAL ASSETS:

6. NOTE 7 : TRADE RECEIVABLES: Rs.59626.30 lakhs

a. Closing balance of trade receivables as on 31.03.2021 against Unsecured considered good is Rs. 59626.30 lakhs out of gross trade receivable of Rs. 61840.85 lakhs. The provision for doubtful debts is Rs. 2214.55 lakhs which is calculated @ 3% of outstanding debts of consumers within state as

a. Sale of Power (Interstate) currently involves only power traders from whom there is netting off of

on 30th September 2020, other debtors listed below such as Interstate customers, UI etc are not considered for provision. Below is the list of debtors which are outstanding for more than three years against which Provision for doubtful debts have not been provided. (Rs in lakhs)

| Accounting code and heading | Amount as on 31st March 2021 (in Rs. Lakhs) |
|---|---|
| 23.602 (Mizoram) | 13.68 |
| 23.606 (Sundry Debtors for Sale of Power UI (Inter)) | 3935.06 |
| 23.610 (WVVV (NTPC)) | 10.08 |
| 23.614 (LANCO) | 100.00 |
| 23.615 (PTCIL) | 5.85 |
| 23.704 (B) (Sudry Debtors - Delayed Payment Charges-ASEB) | 4.70 |
| 23.SAI (Input Based Distribution Franchisee) | 1438.31 |
| 23.FPPPA (Sundry Debtors for Sale of Power-FPPPA) | 51.52 |
| 23.FPPPA (Sundry Debtors for Sales of Power for ED-FPPPA) | 0.89 |

b. As per the statement provided by the Management for consumers having outstanding of more than Rs. 50 lakhs as on 31.03.2021, it is observed that there is outstanding of Rs.19603.88 lakhs from 51 consumers and of which Rs. 10274.18 lakhs is outstanding against 33 Non-Government consumers whose connection was disconnected.

Thus, the provision made in books for bad and doubtful debts is not appropriate compared to the recovery chances of the disconnected consumers. Further, as per the Ind AS 109 the above trade receivables were not separately reported as "Trade Receivables which have significant increase in credit risk"

This observation was also a subject matter of qualification in our previous audit report on the financial statements for the year ended 31st March, 2020 and since accounting effect has not yet been given the observation remains in this year also.

c. The Trade receivables contains Rs.11571.67 lakhs against Delayed payment surcharge which is doubtful of recovery as evident from Note 7.2 whereby it was proposed to write off @ 20% every year but no such provision has been made for the financial year and therefore it can be construed that the gross trade receivable of

receivables and payables. Similarly, Unscheduled Interchange is only a settlement mechanism which also involves netting off of receivables and payables and till date there has not been any case of receivables pending.

Hence the above have not been considered in the 3% doubtful debts

b. Management had come up with One-Time Settlement Scheme vide Order No. MeECL/CA/GA/7/2019/162 Dated 04.11.2020 whereby long time dues have been targeted for recovery. Moreover, accounting of the same has been incorporated in this FY 2020-21 to the extent possible.

c. On recommendation of BOD, a committee has been set up vide Office Order No. MeECL/CA/GAP/232/2019/4 Dt. 20.08.2019 for scrutinizing the amount of proposed DPS waiver @ 20% for further necessary action towards approval of waiver etc. Thus without BOD approval, no accounting treatment could be made.

d. On occasions, while booking of demand for the above receivables,

Rs. 61840.85 lakhs are entirely not good.

- d. The below mentioned account heads showing credit balances are wrongly classified under Trade receivables but should have been classified under liabilities or income head:

| Accounting code and heading | Amount as on 31 st March 2021 (in Rs. Lakhs) |
|--|---|
| 23.191 (Temporary Power Supply (Urban)) | 268.93 |
| 23.192 (Temporary Power Supply (Rural)) | 89.96 |
| 23.193 (Temporary Power Supply Leshka) | 51.64 |
| 23.701 (Sundry Debtors - Service Connections and Other Capital Receipts) | 476.11 |
| 23.702 (Sundry Debtors - Deposits) | 114.97 |

- e. In absence of detail with respect to age wise bifurcation of debtors and reconciliation of Debtors Ledgers with Concerned Divisions and Circle Debtors Ledgers and in absence of confirmation of Debtors balance at least with institutional buyers, we are unable to express our opinion on the authenticity of Gross Debtors amounting to Rs. 61840.85 lakhs.

- f. The trade receivables also include receivables from employees of the company amounting to Rs. 257.60 lakhs whereby recovery is not regular as evident from the remarks made in the internal audit reports.

- g. The Company had brought the MePDCL OTS-2020 in November 2020 whereby the consumers were given option to avail 100% waiver of the delayed payment surcharge (DPC) or 30% waiver of the total outstanding dues. As per the details provided by the "Nodal Officer of the OTS" 4552 consumers availed the OTS and waiver allowed to consumers in OTS 2020 is

the bifurcation of fixed charges and other relevant heads cannot often be correlated with the respective collection made thereof. Thereby, booking of collection is often recorded in lump-sum in other ledgers of receivables, under the same accounting group code 23.xxx. Hence, it may be stated that the accounting code 23.xxx is reflective of actual balance of receivables in aggregate. So, there appears no case for treating the above mentioned debtors as liabilities or income head, instead there is a case for correct bifurcation of debtors' heads under the group accounting code of 23.xxx. Due to the above mentioned problem of correlating debits with corresponding credits, often negative balances appear in certain heads of accounts. The same is under reconciliation.

- e. Noted and further action shall be taken up.

- f. Noted and further action shall be taken to resolve the amounts.

- g. Noted. However, the amount of Rs. 10.36 crores has been reverted back and accounted for in the FY 2021-22.

- h. Matter pertaining to OTS is being reviewed. The same is under reconciliation with various Revenue Sub Divisions.

Rs.17.43 crores, and amount realized was Rs.32.22 crores. However, an amount of Rs. 27.79 crores has been debited to Statement of profit and loss as one time settlement (Note 31) thus there is an overstatement of loss by Rs.10.36 crores and understatement of Receivables by the same amount.

- h. The MePDCL OTS 2020 was applicable for recovery of long outstanding bills as on 31.03.2020. The effect of the OTS was given in the bills of March 2020 which in our opinion was not correct. Further, for few consumers who availed OTS and who were long disconnected and no bills were raised on them, special bill was raised on them for DPC till 31.03.2020. We raised a query as to whether this amount of DPC was account for in the books or not as the revision in bill for 31.03.2020 were done in January 2021 and these parties were allowed 100% waiver of DPC. No response was received and thus we cannot comment whether the effect of amount involved in OTS was correctly given in accounts.
- i. Further, the OTS was availed by 4552 consumers however, consumer wise details was made available only for the 21 nos. of major consumers involving waiver of an amount of Rs.14.31 crores and amount stated to be realized at Rs.25.82 crores. For 4531 consumers list was not made available.

i. Noted. The same has been sent to the D(D) for clarification. The same is under reconciliation with various Revenue Sub Divisions

7. NOTE 8: FINANCIAL ASSETS (CASH & CASH EQUIVALENTS: Rs. 6416.06 lakhs)

a. Cash on hand Rs.525.96 lakhs: This balance is not pure cash but consists of cheques in hand, Postage Stamps, Postal Orders, Drafts also, and thus not a correct depiction of cash on hand. The exact amount of cheques included in the cash balance is not made available. Further, the Cash on Hand Balance seems to be factually incorrect as the said Cash in Hand Balance is arrived after setting off of under mentioned negative/credit balance of Cash in Hand amounting to Rs 619.06 Lakhs, as per details:

a. 24.110(C) – The balance arises from trifurcation. The observation is noted for reconciliation and at the end of Revenue Sub Division concerned

| Accounting code and heading | Amount as on 31 st March 2021 (in Rs. Lakhs) |
|---|---|
| 24.110(C) (Cash for Chest) | 0.04 |
| 24.161 (S) (Revenue Cash &ChequeColi-Wiliamngar Rev S/D) | 0.03 |
| 24.161 (Sutnga) (Collection A/c : Sutnga) | 0.09 |
| 24.161 (A) (Revenue Cash&ChequeColi- Rev Div I&II) | 40.93 |
| 24.161 (C) (Revenue Cash &ChequeColi-Nongpoh Rev S/D) | 302.93 |
| 24.161 (Dadenggre) (Revenue Cash &ChequeColi-Dadenggre Dist. S/D) | 0.01 |
| 24.161 (I) (Revenue Cash &ChequeColi-Mairang Rev S/D) | 1.82 |
| 24.161 (N) (Revenue Cas&ChequeColl-Bajengdoba S/D) | 0.00 |
| 24.161 (P) (Revenue Cash &ChequeColl-Tura Rev S/D) | 1.15 |
| 24.161 (Shangpung) (AEE ShangpungDist Sub Div) | 25.81 |
| 24.162(A) (Revenue Cash &ChequeColl-Khliehriat Rev S/D) | 214.77 |
| 24.163(A) (Revenue Cash &ChequeColl-Cherrapunjee Rev S/D) | 6.49 |
| 24.164(B) (Revenue Cash &ChequeColl-Sohiong Rev S/D) | 25.00 |

It is observed that the closing balances of cash & bank as per Distribution revenue division books do not match with the respective figures maintained in the Head office compilation section. Pending reconciliation, the effect of these differences on the balances appearing in the books cannot be ascertained.

This observation was also a subject matter of qualification in our previous audit report on the financial statements for the year ended 31st March 2018 and since the accounting effect has not yet been given the observation remains in this year also.

b. Balance with banks Rs.5759.10 lakhs

Most of the bank accounts appearing in the books are in the name of the holding company Meghalaya Energy Corporation Limited. It was explained that the request for changing the name of the account holder in the banks is under process. Since the company has a separate legal entity and therefore the assets and liabilities recorded in its books must be in its own name.

Under mentioned Collection bank accounts are showing Credit Balances which is technically not correct and therefore should be reconciled and the corrective accounting should be done: -

b. Noted for further follow up action. The observation is noted for reconciliation to be taken up by the respective Revenue Sub Divisions.

| Head of Accounts | Closing Balance as per Consolidated Trial Balance (Rs. In lakhs) |
|--|--|
| 24.301 (O) (Collecting Bank- Mahandraganj Rev S/D) | 6.08 |
| 24.301 (T) (Collecting Bank- Ampati Rev S/D) | 9.19 |
| 24.301 (U) (Collecting Bank- Chokpot Rev S/D) | 0.31 |
| 24.301(B) (Collecting Bank- Umiam Rev S/D) | 103.13 |
| 24.301(D) (Collecting Bank- Byrnihat Rev S/D) | 104.47 |
| 24.301(E) (Collecting Bank Jowai Rev S/D) | 448.9 |
| 24.301(F) (Collecting Bank- Mawsynram Rev S/D) | 3.91 |
| 24.301(G) (Collecting Bank- Pynursla Rev S/D) | 1.06 |
| 24.301(H) (Collecting Bank- Nongstoin Rev S/D) | 9.78 |
| 24.301(I) (Collecting Bank- Mairang Rev S/D) | 1.76 |
| 24.301(J) (Collecting Bank- Mawkyrwat Rev S/D) | 6.19 |
| 24.301(L) (Collecting Bank- Baghmara Rev S/D) | 8.37 |

| | |
|---|-------|
| 24.301(M) (Collecting Bank-Nangalbibra Rev S/D) | 0.24 |
| 24.301(P) (Collection Bank - Tura - SBI) | 4.24 |
| 24.301(Q) (Collecting Bank-Phulwari Rev S/D) | 6.82 |
| 24.304(A) (Collecting Bank-Garobadha Rev S/D) | 5.52 |
| 24.305(A) (Collecting Bank-Rev Div I&II(A)) | 0.64 |
| 24.306(B) (Collecting Bank-Mawryngkneng Rev S/D(B)) | 66.83 |

Further, the bank balances include un-reconciled items and there are unidentified credits in the bank and cheque deposited but not credited which are under reconciliation. The impact of above on the revenue account, assets and liabilities could not be determined.

Cash imprest with staff Rs. 131.00 lakhs: As can be seen from table below against "Temporary Imprest with Staff" the opening balance was 116.97 lakhs and during the year there was debit of Rs. 59.65 lakhs and credit of Rs. 48.64 lakhs and the closing balance as on 31.03.21 was 127.99 lakhs. The detailed broadsheets showing the name of employees and advance against their names along with aging analysis was not provided to us to ascertain the correctness of the amount reflected in financial statements.

Thus, the management could not justify the correctness of this amount and the reason for treating such old balance as cash.

Detailed list of Imprest holders is maintained in Divisions concerned and can be verified at location.

| Particulars | Opening balance as on 01.04.2020 | Debit | Credit | Closing balance as on 31.03.2021 |
|---------------------------------------|----------------------------------|-------|--------|----------------------------------|
| 24.210 (Permanent Imprest With Staff) | 1.49 | 54.37 | 52.90 | 2.96 |
| 24.220 (Temporary Imprest With Staff) | 116.97 | 59.65 | 48.64 | 127.99 |
| 24.230 (HRD Imprest) | 0.05 | 0.00 | 0.00 | 0.05 |

8. NOTE 9: FINANCIAL ASSETS (BALANCES OTHER THAN CASH & CASH EQUIVALENTS): Rs.9037.04 Lakhs

a. **Other Bank Balances (Term deposits): Rs.9037.04**

a. Cash & Bank Section has clarified that :

| | |
|---|---|
| <p>lakhs we observed that the term deposits are in the name of the holding company Meghalaya Energy Corporation Limited but are shown in the books of the company, and this is totally incorrect accounting as legally the deposits are not in the name of the company.</p> <p>This observation was also a subject matter of qualification in our previous audit report on the financial statements for the year ended 31st March 2018 and since the accounting effect has not yet been given the observation remains in this year also.</p> <p>b. Fixed/term deposits with bank which are made out of grants and loan funds received from the donor/lender are not disclosed separately. Since the interest earned on such FD's is to be treated as part of respective grants etc. proper disclosure of the details should have been made in the notes on accounts.</p> <p>c. Disclosure not made of Fixed/term deposits with banks which are pledged for obtaining overdraft facility from Central Bank of India and State Bank of India. Overdraft availed Rs.2664.37 lakhs.</p> | <p>“This is because most of the investment made for MePDCL originated from MeECL Principal Accounts, C/A maintained with different banks. The same can be corrected only when dedicated Current Account Company wise are opened. The matter will be taken up.</p> <p>b. Noted for further action</p> <p>c. Noted for further action</p> |
| <p>9. <u>NOTE 10: FINANCIAL ASSETS (LOANS): Loan to Employees Rs.50.42 Lakhs</u></p> <p>The detailed broadsheets showing the name of employees and advance against their names was not provided to us to ascertain the correctness of the amount reflected in financial statements.</p> | <p>Action has been taken on this item with the various Divisions instructed to provide party wise details of Advances. (The data is still awaited and necessary action shall be taken accordingly)</p> |
| <p>10. <u>NOTE 11: FINANCIAL ASSETS (OTHERS): Rs.14,394.64 Lakhs</u></p> <p>a) Related party receivables totaling Rs. 14213.65 lakhs are subject to confirmation and reconciliation, the effect of reconciliation, if any on the financial statements is not determinable.</p> <p>b) Other income accrued and due Rs 34.38 lakhs: The amount is outstanding since before 2017 and if the realization is doubtful then appropriate provision should have been made in books.</p> | <p>The same has been duly noted. Reconciliation is under process.</p> |
| <p>11. <u>NOTE 12: CURRENT TAX ASSETS: Income tax refundable Rs.83.69 lakhs</u></p> <p>It is observed that the Tax Collected at source by OTPC amounting to Rs 7.14 lakhs has not been accounted for and as a result the current tax amount and liabilities are understated by this</p> | <p>Noted.</p> |

| | |
|--|---|
| amount. | |
| <p>12. NOTE 13: OTHER CURRENT ASSETS: Rs.2992.21 lakhs</p> <p>a. <u>Advances other than capital advances: Rs. 384.35 lakhs</u> Detailed broadsheet of parties to whom the advance has been paid was not provided therefore we cannot comment on the correctness or otherwise of the amount.</p> <p>b. <u>Balance with Govt. Authorities: Rs. 2460.47 lakhs</u> This is the amount shown as "GST Input Tax Credit Claimable" The complete details with supporting were not available for verification therefore could not verify the correctness or otherwise of the amount.</p> <p>c. <u>Staff Related Advance Rs. 147.38 lakhs</u></p> <p>Staff related advances amounting to Rs. 147.38 lakhs include credit balances against House Building advance which shows that there is some mistake in these heads. Chart showing discrepancies in staff related advances: -</p> | <p>a. Action has been taken on this item with the various Divisions instructed to provide party wise details of Advances. (The data is still awaited and necessary action shall be taken accordingly).</p> <p>b Noted.</p> <p>C Staff related advances:</p> <p>27.101- Credit balances have been appearing from yester years. Further action shall be taken.</p> <p>27.201- Adjustments have been made for about Rs. 7.33 Lakhs against the opening advance of Rs. 55.90 lakhs. Despite being in the nature of temporary advances, due to the opening balances derived as per Transfer Notification No. Power-79/2009/Pt-1/422 dated 29.04.2015 issued by Government of Meghalaya, the balances could not be fully adjusted. However efforts are being made to reconcile the same.</p> <p>27.205 – It may be stated that some portion of the amount pertains to balances upon trifurcation. Amounts in excess of this shall be reconciled in subsequent years with the relevant Sections/Divisions.</p> |

| Particulars | Opening Balance (Rs.) in lakhs | Debit During the Year (Rs.) | Credit During the Year (Rs.) | Closing Balance (Rs.) in lakhs | Remarks |
|-----------------------------------|--------------------------------|-----------------------------|------------------------------|--------------------------------|--|
| 27.101 (Houses Building Advances) | 11.83 Cr | | | 11.83 Cr | How Credit Balance can be possible under this head. |
| 27.201 (TA) | 59.26 Dr | 1.60 | 1.46 | 59.4 Dr. | Why adjustment could not be made in spite of having its nature of temporary advance. |
| 27.205 (Medical) | 92.59 Dr | 13.11 | 7.42 | 98.28 Dr | Why only 7.42 lakhs could be adjusted during the Year. |

EQUITY

13. NOTE 15: OTHER EQUITY: Rs. (282680.82 lakhs)

Equity share capital pending allotment Rs.1153.00 lakhs:

The statutory time limit prescribed by the Companies Act, 2013 for allotment and refund of share application money has not been complied with.

13. The Subsidiaries are receiving funds from the State Government through MeECL (i.e. Holding Company) in the form of Grant/Loans etc. and at that stage, there are no specific order/Communication from the Government to treat it as "application money" as mentioned under Section 42(6) of the Companies Act.

However after approval of the Promoter represented by the shareholder (100% holding by Government of Meghalaya) in General Meeting or by the Board of Directors, to treat it as equity capital, the aforesaid Fund become application money as on the date of approval. Accordingly, the equity shares are issued within the stipulated time period from the date of approval in compliance to

Section 42(6) of the Companies Act.

It is of this view that if the allotment is made by the companies within 60 days from the receipt of the fund from the State Government "Presuming" that same fund (which is being released as Grant/Loans) to be converted into equity, the same may create further legal implications due to "Presumption" in absence of specific direction from the Promoters.

NON-CURRENT LIABILITIES:

**14. NOTE 16: FINANCIAL LIABILITIES (BORROWINGS):
Rs.116693.52 lakhs**

a. Under mentioned book balances of Financial Liabilities are subject to confirmation and reconciliation with concerned lenders:

| Name of Lender | Closing Book Balances (Rs. In lakhs) |
|-----------------------------------|--------------------------------------|
| 9% Loan from PFC (R-APDRP-Part A) | 3389.40 |
| 9% Loan from PFC (R-APDRP-Part B) | 8026.64 |

b. Current maturities of long-term debts Rs.6366.34 lakhs; It is observed that current maturity not considered in case of Loans from PFC (R-APDRP-Part A) and Loan from PFC (R-APDRP-Part B)

a. The observation is noted.

b. Under RAPDRP (A&B) Govt. Scheme, if the works are completed within the stipulated timeframe, the total fund received shall be considered as Grants as per the MOU.

15. NOTE 17: DEFERRED REVENUES: Rs. 97892.68 Lakhs

Note 17.1 Details of movement in Grants and subsidies: Rs. 2804.82 lakhs amortized and transferred to revenue for the year however further the same amount was reduced from the Government grants and shown as deferred revenue under current liabilities which in our opinion is wrong accounting.

Note 17.3 Details of grants and subsidies received during the year: Rs. 6217.94 lakhs received against the DDUGJY scheme is shown as received towards Saubhagya scheme.

This treatment was done to show the current year amortisation as current liability in the balance sheet separate from the accumulated amortisation which is shown as non-current liability in the balance sheet. This is as per IND AS 20.

Saubhagya Scheme is comprised of two parts

1. Pure Saubhagya
2. Saubhagya Scheme including

additional infra under DDUGJY
As such the amounts of Rs. 6217.94 pertains to the Si. No. 2 above. Moreover, the Notes to Accounts has been modified to include the works "additional infra" under DDUGJY in "Grants received under Saubhagya"

CURRENT LIABILITIES:

16. NOTE 18: CURRENT FINANCIAL LIABILITIES: BORROWINGS

Rs. 2664.37 lakhs

a) As per the sanction letter and bank statement the overdraft and FDR are in name of the holding company but shown in the company books.

b) Overdraft A/c with Central Bank of India having A/c No. 3581742697 Rs 7.06 crores. Interest Rate is 8.75% & closing balance as on 31/03/2021 is Rs 7.11 crores: - The overdraft taken is against the pledge of the FDR/TDR and normally banks charges 1% more interest from the borrower then what it is paying to the borrower on FDR/TDR however in this case the bank has charged approximately 3% more than what it paid to the company. Thus, company lost approximately Rs. 15 lakhs towards excess interest paid to Central Bank of India during the year.

a. Point noted for further compliance.

b. Point is noted .

17. NOTE 19 FINANCIAL LIABILITIES TRADE PAYABLES

Rs.133025.63 lakhs

a. Trade Payable against
Purchase of Power from Outside Parties Rs. 94008.22 lakhs
Payables against Wheeling Charges Rs. 8557.85 lakhs
Payable against operational and maintenance related supplies Rs. 261.12 lakhs
Balance confirmation with the following creditors was provided to us and there are differences as mentioned below

a. The point is noted for future compliance. Details of Party wise balances against operation and maintenance related supplies are available in the Divisional Units.

| Serial no. | Name of Party | Amount as per books(in lakhs) | Amount as per party books(in lakhs) | Difference (in lakhs) |
|------------|---|-------------------------------|-------------------------------------|-----------------------|
| 1 | ONGC Tripura Power Company (OTPC) | 10642.11 | 9481.88 | 1160.23 |
| 2 | Power System Operation Corporation (POSOCO) Limited | 6.73 | -0.10 | 6.63 |

| | | | | |
|---|---|---------|---------|--------|
| 3 | Power Grid Corporation of India Limited (PGCIL) | 7097.39 | 6173.00 | 924.39 |
|---|---|---------|---------|--------|

Further balance confirmation was not

| Party Name | Amount (in lakhs) |
|---------------------|-------------------|
| PGCIL (Bills) | 223.67 |
| NEEPCO (Bills) | 79.14 |
| NTPC (Credit Notes) | (808.53) |
| OTPC (Credit Notes) | (338.78) |
| Net Effect | (844.50) |

furnished from other trade creditors. Further, party wise outstanding against the amounts payable against operational and maintenance related supplies were also not furnished for audit.

- b. Further as evident from the note no 19(a) and 19(b) there is difference of Rs. 116.84 lakhs in balances of 'Payables against Purchase of Power from Outside Parties' as per financial statements and as per Statement of Superintendent Engineer (EM), MePDCL. Similarly, there is a difference of Rs.97.68 lakhs in the balances of 'Payables against Wheeling Charges' as per financial statements and as per Statement of Superintendent Engineer (EM).
- c. Hence in view of non-availability of party wise confirmation from all power suppliers and the internal differences of Financial Figures related to Power Purchases & Opening Balance and Closing Balances of concerned suppliers, we are unable to express our opinion on the authenticity of balances appearing under this head.
- d. The Bills/Credit Notes related to power purchase and wheeling charges from the parties given in table below have not been accounted for in the FY 2020-21.

The Financial impact of the above table results in overstatement of Net Loss and Trade payables.

**19. NOTE 20: FINANCIAL LIABILITIES (OTHER):
Rs.101242.37 lakhs**

- a. **Interest accrued others: Rs.7414.60 lakhs:** This includes an amount of Rs.8.56 crores booked under "Interest accrued and due on PFC (PP 325 crores)" related to the period January 2020 to March 2020 (already provided in the accounts of 2019-20) it has resulted in overstatement of liabilities and the loss by Rs. 8.56 crores each.
- b. **Interest payable to the Govt. of Meghalaya Rs.**

b. Amount of Rs. 116.84 lakh: The observation has been noted and the matter shall be reconciled in the subsequent years

c. Query in this regard has been put up to the O/o the Director Distribution vide No. ACT/COMP/MePDCL/FA/19-20/399/74 Dt. 24.08.2021

d. Noted. However, the same has been accounted for in FY 2021-22.

a. Correction has been made in FY 2021-22.

1130.03 lakhs:

- i) This includes an amount of Rs. 821.26 lakhs payable to State Government under accounting code 46.510. The same amount is carried forward from FY 2016-2017 and neither it is being paid nor there any confirmation from the state government for this amount.
- ii) It also includes Rs. 308.78 lakhs towards Interest Accrued & Due on State Govt. Loans under accounting code 51.206. However, we observed that interest is not provided during the year on loan amounting to Rs.3385.72 lakhs from State Government. Due to lack of complete information on the amounts outstanding we cannot comment on the correctness of these amounts and their effect on financial statements.

c. Liabilities for capital supplies Rs.28094.35 lakhs

:

Party-wise details of amount payable were not furnished to us and as such we cannot comment on the accuracy of the same.

d. Staff related liabilities of Rs. 1773.08 lakhs are the net liability after netting off debit and credit balances. Many of the accounts have corresponding debit and credit balances which have not been reconciled and have not been set off and the reason thereof also could not be explained by the management. Further, there is no provision of liability during the current financial year for some certain accrued liabilities like Gratuity, Pension, Bonus. Many of liabilities balances under this head have been carried forward from the preceding years but the balances thereof remained unchanged during the current financial years. The employee wise details not produced and explained by the management and nor the management could explain the reason of classification of the said liabilities under the head Current Liabilities instead of under the Head Non-Current Liabilities.

e. Security Deposits and Retention Moneys Payable Rs. 19711.70 lakhs: Customer wise/division wise details were not made available to us. In absence of complete details, we are unable to express opinion on correctness of the above amount.

f. Liabilities for expenses Rs. 3332.67 lakhs:

This contains under mentioned balances. Against the heading Provision for liability for expenses only Rs. 36.77 lakhs were paid and closing balance increased to Rs. 3226.51 lakhs. As item wise details were not provided therefore, we cannot comment on the correctness of the same.

i) Noted. Necessary action will be taken up.

ii) The rate of interest has not been provided in the Sanction Letter. As such, no interest has been calculated. Necessary communication with the State Govt. will be taken up for necessary action.

Noted. Necessary action will be taken up

The observation has been noted and exercise to identify the same shall be carried out.

The observation has been noted and exercise to identify the same shall be carried out.

f) The observation has been noted and exercise to identify the same shall be carried out.

| PARTICULARS | Opening balance Amount in Rs. Lakhs | Debit Amount in Rs. Lakhs | Credit Amount in Rs. Lakhs | Closing balance Amount in Rs. Lakhs |
|--|-------------------------------------|---------------------------|----------------------------|-------------------------------------|
| 46.430 (Provision For Liability For Expenses) | 2211.20 | 36.77 | 1052.08 | 3226.51 |
| 46.932 (Excess Payment Recoverable From Contractor s/suppliers) | 27.45 | 0.00 | 0.00 | 27.45 |
| Total | | | | 3253.96 |

The balances have arisen mostly due to trifurcation of the MeECL Group into Generation, Transmission and Distribution utilities the Holding Company thereof as on 1.4.2012. The balances have been obtained from Transfer Notification No. Power-79/2009/Pt-1/422 dated 29.04.2015 issued by Government of Meghalaya. However, the observation has been noted and exercise to identify the same shall be carried out

20. NOTE 21 PROVISIONS Rs.2327.30 lakhs

Provision for employee benefits Rs.2327.30 lakhs is the amount of provision created for Revision of Pay in earlier years but not yet fully paid off. Further, no provision for the employee superannuation benefits had been made in the financial statements of the Company. This is in contrast to the Ind AS 19 Employee Benefits

The employee benefits on account of revision of pay have not been fully paid off due to financial crisis.

Provision for employee superannuation benefits - According to the Accounting Policies of the Company as presented in Note 1.C.16, in accordance with "The Meghalaya Government Power Sector Reforms Transfer Scheme 2010," the company has all its employees on deputation from the Holding Company, i.e., the Meghalaya Energy Corporation Limited (MeECL)

21. NOTE 22: OTHER CURRENT LIABILITIES Rs. 4738.31 lakhs

Statutory dues payable Rs. 4738.31 lakhs: As explained by the management under this heading there are balances which are subject to reconciliation and therefore, we cannot comment on the correctness of the same.

The observation has been noted and reconciliation is being performed for the same

22. NOTE 23: DEFERRED REVENUE: Rs 2804.82 lakhs

Rs. 2804.82 lakhs amortized and transferred to revenue for the year however further the same amount was reduced from the Government grants and shown as deferred revenue under current liabilities which in our opinion is wrong accounting.

This treatment was done to show the current year amortisation as current liability in the balance sheet separate from the accumulated amortisation which is shown as non-current liability in the balance sheet. This is as per IND AS 20

23. NOTE 24: REVENUE FROM OPERATION:

a. The statement of Profit and Loss for the year ended 31st March, 2021 shows Sales at Rs. 89407.81 lakhs whereas Power Purchase costs are shown as Rs. 102899.61 lakhs. Thus, there is a gross loss of Rs. 13491.80 lakhs. The quantitative details of power purchased during the FY 2020-21 and power sold during FY 2020-21 are as

a. The observation has been noted and the matter has been taken up with Director Distribution, seeking further comments on the same vide No. ACT/COMP/MePDCL/FA/19-20/399/76 Dt. 25.08.2021

under.: -

Total Power purchased= 2511.52 (MU) (Note 26.4)
Total Power sold = 1921.38 (MU) (Note 24.1 & 24.3)

Difference = 590.14(MU)

We sought an explanation from the management regarding the above difference in power purchased and power sold however no reply was provided.

b. It is observed that the amounts received against temporary service connections are revenue in nature however few sub divisions are booking the amounts under the below mentioned heads as liability which has resulted in understatement of revenue by Rs 58.24 lakhs during the year and overall Rs.409.85 lakhs.

| Accounting code and heading | Amount as on 31 st March 2021 (in Rs. Lakhs) |
|---|---|
| 23.191 (Temporary Power Supply (Urban)) | 268.94 |
| 23.192 (Temporary Power Supply (Rural)) | 89.26 |
| 23.193 (Temporary Power Supply Leshka) | 51.65 |

c. It is observed that under the heading other operating revenue Rebates on Purchase of Energy Rs. 1403.52 lakhs is shown, in our opinion this amount should have been reduced from the cost of power purchase.

b. Noted for future compliance

c. Rebate on power purchase is due to timely payment or for preceding year adjustments and as such can not be deducted from the current power purchase

24. NOTE 26 POWER PURCHASE COST: Rs. 102899.61 lakhs:

a. Following are the observation relating to Bills/Credit Notes that have not been taken into account for the period

| Party Name | Amount (in lakhs) |
|---------------------|-------------------|
| PGCIL (Bills) | 223.67 |
| NEEPCO (Bills) | 79.14 |
| NTPC (Credit Notes) | (808.53) |
| OTPC (Credit Notes) | (338.78) |
| Net Effect | (844.50) |

Thus the net effect of the non-accounting of above bills/credit notes is power purchases cost being shown excess by Rs.844.50 lakhs resulting in overstatement of Net Loss and Liabilities.

a. Noted. However, the same has been accounted for in the FY 2021-22.

25. Note 28- FINANCE COSTS Rs. 8815.93 lakhs

a) Interest on Loan of Rs.325 crores from Power Finance Corporation Ltd: Rs. 50.46 crores debited in profit and loss account includes an amount of

The observation is noted

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| <p>Rs.856 lakhs related to the period January 2020 to March 2020(already provided in the accounts of 2019-20) it has resulted in overstatement of the loss and liabilities by Rs. 856 lakhs each.</p> | |
| <p>26. Note 30- OTHER EXPENSES Rs. 3031.95 lakhs</p> <p>a. Short provision of expenses : Rs. 102.85 lakhs Short provision made for professional charges payable to TCS Ltd for Facility Management services Rs.935472/- and For AMC/ATS services provision short made for Rs.9350217/- (expenses booked under the heading "Telegram, Postage, Telegraph and Telex charges")</p> <p>b. Prior period expenses booked as current year expenses: Rs. 187.04 lakhs:</p> <p>i) Maintenance charges paid to TCS Ltd. For facility management services for the period 01/06/2019 to 28.02.2020 Rs. 8419248/- booked under expenditure head "Telegram, Postage, Telegraph and Telex charges"</p> <p>ii) Maintenance charges paid to TCS Ltd. For facility management services for March 2020 Rs. 935472/- booked under expenditure head "Legal and professional charges"</p> <p>iii) AMC/ATS services for FY 2019-20 Rs. 9350217/- booked under "Telegram, Postage, Telegraph and Telex charges".</p> <p>Thus total expenses amounting to Rs. 187.04 lakhs is booked as current year expenses which should have been booked as prior period expenses.</p> | <p>a. The observation is noted.</p> <p>b. The observation is noted</p> |
| <p>27. Note 31- EXCEPTIONAL ITEMS Rs. 2785.22 lakhs</p> <p>This includes Rs. 2779.29 lakhs against the MePDCL OTS-2020 however as per the details provided by the Nodal Officer of the OTS actual amount allowed to consumers in OTS 2020 is Rs.1742.75 lakhs, thus there is an overstatement of loss by Rs.1036.54 lakhs and understatement of Receivables by the same amount.</p> | <p>Rectification entry for the same has been accounted for in the FY 2021-22.</p> |
| <p>28. GENERAL OBSERVATION:</p> <p>i. We invite attention to Note 48 Additional information: The note states the various issues with the financial statements and matters pending reconciliation.</p> <p>ii. The audited accounts of the financial year 2018-19 and financial year 2019-20 are not yet laid before the AGM for consideration and are not adopted by the shareholders.</p> <p>iii. We have observed unreconciled debits and credits in the bank reconciliation statement for which proper explanation was not offered.</p> | <p>i. The observation is noted and shall be reconciled in subsequent years.</p> <p>ii. The audited accounts for FY 2018-19 & FY 2019-20 has been laid before AGM on 8th July 2022.</p> <p>iii. The observation is noted and shall be reconciled in subsequent years.</p> <p>iv. The point is noted and will be investigated and reconciled in</p> |

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| <p>iv. Certain accounts under the liabilities head are showing debit balances whereas under assets head they are showing credit balances. As this is apparently not correct, it needs verification and correction.</p> <p>v. Gross Trade receivables of Rs. 61840.85 lakhs as at 31.3.2021 is 66.38% of the total Revenue from operations for the financial year 2020-21, which shows poor collection from consumers.</p> <p>vi. The internal audit unit of the company has pointed out many irregularities regarding improper maintenance of cash book and records, bounced cheques not given effect in consumer accounts, huge receivables from live and disconnected consumers, loss of revenue due to billing inefficiencies, stock records not being maintained properly etc. which are of serious nature and should have been promptly acted upon, but we were not provided the compliance of these reports.</p> <p>vii. Under Micro, Small and Medium Enterprises Development Act, 2006 read with MCA notification GSR 719(E) dated 16/11/2007 following disclosures are required to be made relating to Micro, Small and Medium Enterprises</p> | <p>subsequent years.</p> <p>v. The observation is noted</p> <p>vi. The points noted</p> <p>vii. It may be stated that disclosures are made relating to Micro, Small and Medium Enterprises in Note 19 and Note 54</p> |
| <p>Section 22. Requirement to specify unpaid amount with interest in the annual statement of accounts. -</p> <p>Where any buyer is required to get his annual accounts audited under any law for the time being in force, such buyer shall furnish the following additional information in his annual statement of accounts, namely: —</p> <p>a. the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year;</p> <p>b. the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;</p> <p>c. the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;</p> <p>d. the amount of interest accrued and remaining unpaid at the end of each accounting year; and</p> <p>e. the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.</p> <p>No figures provided in the disclosures made by the Company.</p> | |

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Report on other legal and regulatory requirement

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| <p>i a The company has maintained Fixed)) Assets Register at its head office on the basis of records procured from the concerned accounting heads at various divisional and sub divisional offices. However, such fixed assets register does not contain quantitative details and exact situation of its fixed assets. Further, the fixed assets register is not in the standard format. The value of assets as per the register and as per the financial records does not match.</p> <p>b With regard to Physical Verification) of Fixed assets, we were informed that Physical Verification was not done at regular intervals.</p> <p>c The title deeds of immovable) properties were not produced to us for our verification; hence we are unable to comment that the company has recorded title deeds in its own name in respect of all the immovable properties in the possession of the company. The management has informed us that the company is in the process of getting its name incorporated in the various assets and liabilities transferred to it from its holding company, as per provisions of "The Meghalaya Power Sector Reforms Transfer Scheme 2010" and till date major part of the assets transferred to the Company are still in the name of its Holding Company i.e. Meghalaya Energy Corporation Limited.</p> | <p>a. The same has been noted. Training has been given at pan-organisational levels in the month of April, 2018 to resolve this issue.</p> <p>b. The same has been noted and due action is proposed to be initiated in the forthcoming periods.</p> <p>c. The same has been noted and due action is proposed to be initiated in the forthcoming periods</p> |
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| <p>ii) As explained and informed, the Company has conducted physical verification of its inventories at various divisional and sub divisional offices as on 31st March,2021.However, the data furnished by the divisions is not complete and adequate to determine the material discrepancies if any.</p> <p>The procedure of physical verification of inventory followed by the management is not reasonable and adequate and is not commensurate with the size of the company and nature of the business of the company.</p> | <p>The same has been noted and due action is proposed to be initiated in the forthcoming periods Furthermore, all Units are being instructed to conduct the physical verification mandatorily at the end of the financial year.</p> |
| <p>iii. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. However , the company has given/ taken advances from the company to / and from companies , firms or other parties covered in the register maintained under section 189 of the Companies Act, which were during the normal course of business transactions carried on at arm's length.</p> | <p>The same has been noted</p> |
| <p>iv As explained and informed, the Company has complied with the provisions of section 185 and 186 of the Companies Act 2013 in respect of loans, investments, guarantees and security provided by it.</p> | <p>The same has been noted</p> |
| <p>v. The company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and Provisions of Section 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regards to</p> | <p>The same has been noted</p> |

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| <p>Tax, goods and service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of dispute.</p> | |
| <p>viii. Based on our audit, and as per the information & explanation given by the management, the company has defaulted in the repayment of dues of principal or interest on loan to the financial institutions, banks and Government. Lender wise default details have been disclosed in Note 16.3 of Financial Statement.</p> | <p>The same has been noted.</p> |
| <p>c. Based on our audit and according to the information and explanations given to us no moneys were raised by way of initial public offer or further public offer (including debt instruments) by the Company during the year. Term loan was received from Government of Meghalaya however, the utilization of the loan for the purpose it was granted could not be verified as requisite information was not made available.</p> | <p>The same has been noted.</p> |
| <p>d. We have not been provided with the information regarding fraud by the Company or on the Company hence we cannot report on this matter.</p> | <p>The same has been noted.</p> |
| <p>e. Based on our audit and according to the information and explanations given to us the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.</p> | <p>The same has been noted.</p> |
| <p>f. The company is not a Nidhi company. Therefore, the provision of clause 4 (xii) of the Order are not applicable on the Company.</p> | <p>The same has been noted.</p> |

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| <p>g. Based on our audit and according to the information and explanations given to us the transactions entered by the company with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013, where ever applicable and the details have been disclosed in the Financial Statements, as required by the applicable accounting standards.</p> | <p>The same has been noted.</p> |
| <p>h. Based on our audit and according to the information and explanations given to us the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.</p> | <p>The same has been noted.</p> |
| <p>i. According to the information and explanations given to us by the management, the company has not entered into any non-cash transactions with directors or persons connected with them.</p> | <p>The same has been noted.</p> |
| <p>j. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.</p> | <p>The same has been noted.</p> |

B. REPLY TO COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL (CAG) OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013

REPLY TO COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF MEGHALAYA POWER DISTRIBUTION CORPORATION LIMITED FOR THE YEAR ENDED 31st MARCH 2021

| Comments | Replies by the Management |
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| <p>A. Balance Sheet Assets Current Assets Trade Receivables (Note 7) Unsecured, considered good: Rs. 596.26 crore 1: Refer CAG's comments (No. A3) on the accounts of the company for the year 2019-</p> | <p>Noted for future reference. However, it may be stated that an amount of Rs. 11.57 crores were written off as</p> |

20 pointing out short provisioning (₹ 43.37 crore) against doubtful dues (₹ 44.70 crore) recoverable from consumers whose supply has been disconnected for more than two years as 31 March 2020 and hence, these dues became time-barred in terms of Section 56(2) of the Electricity Act, 2003

During 2020-21, further dues of **Rs. 52.39** crore became time-barred while the Company has written off ₹ 11.57 crore against previous unrecoverable dues making total time-barred dues As on 31 March 2021 to to **Rs. 85.52** crore (₹ 44.70 crore upto 2019-20 *minus* **Rs. 11.57** crore written off during the year *plus* ₹ 52.39 crore added during 2020-21). Against this, the Company has kept provisions of **Rs. 2.57** crore (3 *per cent* of total outstanding debts) as per its declared Accounting Policy (*refer para 22.1 of Significant Accounting Policies*). Thus, there was short-provisioning to the extent of **Rs. 82.95** crore *minus* **Rs. 2.57** crore) against time-barred dues relating to consumers whose supply was disconnected for more than two years as on 31 March 2021.

This has resulted in overstatement of 'Trade Receivables – Unsecured, considered good' by ₹ 82.95 crore with corresponding understatement of 'Loss for the year' to the same extent.

bad debts as on March 2008 (Vide AV No. 162 of FY 2009-10). Therefore, the comments relating to "February 2002 to March 2015" may kindly be re looked into. Further, the matter relating to the succeeding years has already been discussed with the Director (Distribution) and the same is taken up for further analysis and reconciliation.

B. Statement of Profit and Loss

Expenses

Power Purchase Costs (Note 26):

Rs. ₹ 825.23 crore

1: This is understated by ₹ 28.92 crore due to non-accounting of power purchase bills for the current year raised by Power Grid Corporation of India Limited (₹ 6.75 crore) and North Eastern Electric Power Corporation Limited (₹ 22.17 crore). This has correspondingly resulted in understatement of 'Current Liabilities' and 'Loss for the year' by ₹ 28.92 crore each.

Noted for future reference. However, it may be stated that an amount of ₹ 29.31 crore has been booked in the FY 2021-22 as follows

1. PGCIL – Rs. 4.52 crs – This relates to Surcharge Bill raised by PGCIL on 27.05.2021. Therefore, booked in FY 2021-22.
2. PGCIL – Rs. 0.09 Crs – This relates to SCADA EMS of SLDC for March 2021 for which provision for the same has been created and accounted for in the Field Office viz State Load Dispatch Centre (MePTCL) wef FY 2017-18.
3. PGCIL – Rs. 0.64 crs – This relates to Surcharge Bill raised by PGCIL on 27.05.2021. Therefore, booked in FY 2021-22.
4. PGCIL – Rs. 1.59 crs – This relates to POC Bill raised by PGCIL on 10.09.2021. Therefore, booked in FY 2021-22.
5. NEEPCO – Rs. 18.55 crs – This relates to Truing up of AFC of RHEP for FY 2014-19 of Rs. 12 crs and Interest on Truing up of AFC of RHEP for FY 2014-19 of Rs. 6.55 crs received from the O/o SE (EM),

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| <p style="text-align: center;">Electricity Duty: NIL</p> <p>2: The Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations 2019 (effective from April 2019) provided for recovery of Electricity Duty imposed by the State and Central Government on Central Generating Units from the Beneficiaries in proportion to their scheduled despatch during the month. Since the Company was a beneficiary of the power generated by North Eastern Electric Power Corporation Limited (NEEPCO), a Central Generating Unit, it was liable to bear the proportionate Electricity Duty paid by NEEPCO during the year.</p> <p>During April 2021, NEEPCO raised demand for Electricity Duty of `0.79 crore on the Company for the year 2020-21. Since the liability was known to the Company prior to approval of accounts, it should have been provided for in the accounts. This has resulted in understatement of 'Current Liabilities' and 'Loss for the year' by `0.79 crore each.</p> | <p>MePDCL, Shillong on 02.09.2021. Therefore, booked in FY 2021-22.</p> <p>6. NEEPCO – Rs. 0.59 crs – This relates to Truing up Refund of NERLDC Fees & Charges for Ctrl period 2014-19 for Kopili, Kopili-II, Khandong, RHEP, DHEP, AGBPP, AGTPPP raised by NEEPCO on 15.07.2021. Therefore booked in FY 2021-22.</p> <p>7. NEEPCO – Rs. 2.28 crs – This relates to Foreign Exchange Rate Variation (FERV) raised by NEEPCO. However, this bill was revised to Rs. 2.45 crs as per Bill No. 01 dt. 31.3.2021 and was booked in FY 2020-21.</p> <p>NEEPCO – Rs. 0.74crs – This relates to Foreign Exchange Rate Variation (FERV) raised by NEEPCO on 30.04.2021. Therefore booked in FY 2021-22</p> <p>Noted for future reference. However, it may be stated that an amount of Rs. 0.79 crore has been booked in the FY 2021-22.</p> |
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STAFF WELFARE

Inter-alia other staff welfare functions, the MeECL (Holding Company) takes appropriate measures to updates its 'list of approved medical hospitals/institutes', for providing better medical benefits to its employees and pensioners.

RIGHT TO INFORMATION ACT, 2005 (RTI)

The Company has put in place RTI machinery for effective implementation of the provisions of the RTI Act, 2005. The designated Public Information Officer (PIO) and Appellate Authority are in place to deal with the appeals received under RTI Act, 2005.

SECRETARIAL AUDIT

In terms of Section 204 of the Companies Act, 2013 and rules made there under M/s Amit Pareek & Associates, Guwahati was appointed as the Secretarial Auditor of the Company for the financial year 2020-21. The Secretarial Audit report for the said financial year was received on 02nd May, 2022 and the same is enclosed herewith as Annexure -1.

The management's replies on the observations of the Secretarial Auditor are placed hereunder:

Replies of the Management- Observations contained in Secretarial Audit Report for the financial year 2020-21.

| Sl. N. | Observation of the Secretarial Auditor | Replies of the Management |
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| 1 | Pursuant to Rule 3 of Companies (Appointment and Qualification of Directors) Rules, 2014, The Company has failed to appoint Woman director on the Board of Directors of the Company. | <p>Noted.</p> <p>One post of Independent-cum-Woman Director is vacant since 3.02.2021.</p> <p>The necessary correspondences through different letters, from time to time, have been made to the Power Department, Government of Meghalaya on the statutory requirement for appointment 'Independent-cum-Woman Director' by the Governor of Meghalaya (competent authority).</p> <p>The notification on the appointment 'Independent cum woman Director' is yet to be issued from the Governor of Meghalaya.</p> |
| 2 | Pursuant to Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014, The Company has failed to appoint requisite numbers of independent directors on the Board of Directors of the Company. | <p>Noted.</p> <p>As per Section 149(4) read with the relevant rules thereon, there is a mandatory requirement for appointment of at least two Independent Directors for the Company, however, one post of 'Independent-cum-Woman Director' is vacant since 3.02.2021.</p> <p>The necessary correspondences through different letters, from time to time, have been made to the Power Department, Government of Meghalaya on the statutory requirement for appointment 'Independent-cum-Woman Director' by the Governor of Meghalaya (competent authority).</p> <p>The notification on the appointment 'Independent cum woman Director' is yet to be issued from the Governor of Meghalaya.</p> |
| 3 | Pursuant to the provisions of Section 177 of the Companies Act, 2013 the Company has | <p>Noted.</p> <p>One post of Independent-cum-Woman Director is</p> |

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| | failed to constitute its Audit Committee as per the Act. | vacant since 3.02.2021, Therefore, in absence of minimum two Independent directors, the Audit Committee is not functional |
| 4 | Pursuant to the provisions of Section 178 of the Companies Act, 2013 read with Rule 6 of Companies (Meetings of Board and its Powers) Rules, 2014 the Company has failed to constitute its Nomination and remuneration Committee (NRC) as per the Act. Further, the requisite details, registers, records, minutes of the Nomination and Remuneration Committee of the Company were not presented before us for verification. Furthermore, Pursuant to the Secretarial Standard issued by ICSI, the Company has defaulted in compliance of SS-1 Para 8.3 relating to registers of the Company which are required to be kept under the custody of the Company Secretary. | <p>Noted.</p> <p>There is common NRC for the MeECL and its three subsidiary companies.</p> <p>Pursuant to the section 178 of the Companies Act, 2013, the Composition of Nomination and Remuneration Committee is as follows:</p> <ol style="list-style-type: none"> 1) Three or more non-executive directors out of which not less than one half shall be independent directors. 2) The Chairperson of the Company may be appointed as a member of the committee, but shall not chair such committee. <p>Hence, to constitute the Nomination and remuneration Committee (NRC) there is requirement of minimum two Independent Directors. However, one post of Independent-cum-Woman Director is vacant since 3.02.2021.</p> <p>Further, The office of the Corporate Affairs is conducting the meetings of the Nomination and remuneration Committee (NRC) and all records including minutes of the NRC are maintained and kept with office of the Corporate Affairs. Therefore, the Corporation is non-compliance of the para 8.3 of the secretarial standard on meetings of the board of directors (SS – 1), which states as follows: <i>“8.3 Minutes Books shall be kept in the custody of the Company Secretary. Where there is no Company Secretary, Minutes shall be kept in the custody of any Director duly authorised for the purpose by the Board.”</i></p> <p>Exemption: As per notification no. G.S.R. 463(E) dated 5th June, 2015 issued by the Ministry of Corporate Affairs, Chapter XII, subsections (2), (3) and (4) of section 178 of the Companies Act, 2013 shall not apply to Government company except with regard to appointment of ‘senior management’ and other employees.</p> |
| 5 | During the financial year the Company has conducted its Annual general meeting within due time but the same was not concluded. Hence, the company has defaulted in | <p>Noted</p> <p>The eleventh (11th) Annual General Meeting (AGM) of the company for the financial year 2019-20 was conducted on 14.12.2020 (within the due time allowed by MCA). The said AGM was adjourned sine</p> |

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| | <p>compliance of the same.</p> | <p>die due to non-finalisation of Annual Accounts for FY 2019-20.</p> <p>The Annual Accounts for the financial year 2019-20 was finalized and approved by the Board on 18th February, 2021 and the same was audited and signed by the Statutory Auditors on 10th April, 2021 and the Comments of the Comptroller and Auditor General of India (CAG) was received on 25th January, 2022. However, the supplementary audit report from the Comptroller & Auditor General of India (C&AG) on the consolidated annual accounts of the MeECL (holding company) for the financial 2019-20 has received on 6th April, 2022.</p> <p>Now, the adjourned 11th AGM is fixed for adoption of the stand alone and consolidated audited annual accounts of the MeECL for the financial year 2019-20.</p> |
| 6 | <p>The existing provisions of The Articles of Association of the company have not been amended as per the provisions of The Companies Act, 2013.</p> | <p>The observation of the auditor is noted by the management for taking necessary action, in this regard.</p> <p>Further, as per the understanding of the below mentioned provisions of the Companies Act, 2013, it is not mandatory but suggested that whenever a company amends its articles, it should ensure that subsequent to the amendment, the articles are as per the format specified under the Companies Act, 2013.</p> <ul style="list-style-type: none"> ➤ Section 2(5) defines the Articles "articles" means the articles of association of a company as originally framed or as altered from time to time or applied in pursuance of any previous company law or of this Act. ➤ Section 5: (1) The articles of a company shall contain the regulations for management of the company. <p>.....</p> <p><u>(9) Nothing in this section shall apply to the articles of a company registered under any previous company law unless amended under this Act.</u></p> <ul style="list-style-type: none"> ➤ <i>Section 6 Act to override memorandum, articles, etc.</i> <i>Save as otherwise expressly provided in this Act—</i> <p><i>(a) the provisions of this Act shall have effect notwithstanding anything to the contrary contained in the memorandum or articles of a company whether the same be registered, executed or passed, as the case may be, before or after the commencement of this Act;... ..</i></p> |

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| 7 | <p>The Company, during the financial year has defaulted in Filing of requisite Annual return, forms with necessary reports and annexure with the Registrar of Companies, MCA within due time.</p> | <p>Noted</p> <p>The Annual Accounts for the financial year 2019-20 was finalized and approved by the Board on 18th February, 2021 and the same was audited and signed by the Statutory Auditors on 10th April, 2021 and the Comments of the Comptroller and Auditor General of India (CAG) was received on 25th January, 2022. However, the supplementary audit report from the Comptroller & Auditor General of India (C&AG) on the consolidated annual accounts of the MeECL (holding company) for the financial 2019-20 has received on 6th April, 2022.</p> <p>After holding the adjourned 11th annual general meeting of the company, the necessary steps will be taken-up for filing of prescribed e-forms for filing of annual report, audited annual accounts etc. with the Registrar of Companies along with penal charges for delay in e-filing.</p> |
| 8 | <p>Share Application Money pending allotment were kept for more than 60 days, hence, the Company has defaulted in compliance of the provisions of Section 42 of The Companies Act, 2013.</p> | <p>The Subsidiaries are receiving funds from the State Government through MeECL (i.e. Holding Company) in the form of Grant /Loans etc. and at that stage, there are no specific order/Communication from the Government to treat it as "application money" as mentioned under section 42(6) of the Companies Act.</p> <p>However, after approval of the promoter represented by the shareholder (100% holding by Government of Meghalaya) in General Meeting or by the Board of Directors, to treat it as equity Capital, the aforesaid fund become application money as on the date of approval. Accordingly, the equity shares are issued within the stipulated time period from the date of the approval in compliance to Section 42(6) of the Companies Act.</p> <p>It is of this view that if the allotment is made by the Companies within 60 days from the receipt of the fund from the State Government "Presuming" that same fund (which is being released as Grant/loans) to be converted into equity, the same may create further legal implications due to "Presumption" in absence of specific direction from the Promoters.</p> |
| 9 | <p>During the period under review, it was observed that the Company has filed few forms with The Registrar of Companies bearing huge additional fee. In our opinion</p> | <p>Noted</p> <p>Under the Companies Act, 2013, there is specific time period for filing of different e-forms with the ROC/CG and delay attracts additional fees. Online filing of all forms, as specified under the</p> |

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| | <p>the Company should avoid filing forms and returns with abnormal delay.</p> | <p>Companies Act, 2013, are done through in-house from the office of the Company Secretary.</p> <p>Reasons for delay:</p> <ol style="list-style-type: none"> 1) Due to delay in finalisation of accounts, there is delay in filing of some forms (Aoc-4, MGT-7) which are filed with the Registrar of Companies along with penalty/additional fee. 2) Further, some forms like DIR-12 for appointment of Directors are required to be filed with the ROC within 30 days of appointment, however due to time involved in obtaining DIN, digital signatures and necessary declarations & disclosures from the Director, being mandatory attachment of Form DIR-12, generally forms are filed with few days of delay. |
| 10 | <p>Pursuant to the provisions of the Section 179(3)(g) read with Section 117 of the Companies Act, 2013, the Company has failed to file e-form MGT-14 for approval of accounts with MCA within due time.</p> | <p>As per the requirement of section 117 of the Companies Act, a copy of every resolution or any agreement, in respect of matters specified in sub-section (3) of Sec 117 is required to be filed with the Registrar within thirty days of the passing or making thereof in such manner and with such fees as may be prescribed. Further, as per the Section 117(3)(g), it is also required to e-file form MGT-14 regarding resolutions passed in pursuance of sub-section (3) of section 179.</p> <p>Prior to the issuance of Ministry of Corporate Affairs notification no. G.S.R. 206(E) dated 18th March, 2015 on the Companies (Meeting of Board and its Powers) Amendment Rules, 2015, the following provisions were applicable with regard to filing of e-form MGT-14:</p> <ul style="list-style-type: none"> ➤ Section 179(3) (g) : to approve financial statements and the Board 's report. ➤ Section 179(3) (k) : Any other matter as may be prescribed. (prescribed under the Rule 8 of the Companies (Meeting of Board and its Powers) Rules, 2014) ➤ Rules 8 (9) Companies (Meeting of Board and its Powers) Rules, 2014) : to approve quarterly, half yearly and annual financial statements or financial results as the case may be. <p>However, pursuant to the notification no. G.S.R. 206(E) dated 18th March, 2015, issued by the Ministry of Corporate Affairs on the Companies (Meeting of Board and its Powers) Amendment Rules, 2015, the aforesaid Rule 8(9) was omitted.</p> <p>In compliance to the observation of the Auditor, the Corporation will file the form MGT-14 under section</p> |

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|----|---|--|
| | | 179(3) (g) after approval of the financial statements and the Board's report. |
| 11 | The Company, during the period under review has defaulted in compliance of the provisions of Section 148 of the Companies Act, 2013 relating to audit of cost records of the Company. | Noted. As per the Companies Act, 2013, the cost audit should be completed within 180 days from the closure of the relevant financial Year i.e. September, 2020 for the financial year 2019-20. However, due to delay in finalization of annual accounts for the financial year 2019-20, there was delay in conducting of cost audit. The cost audit report for FY 2019-20 was filed with the Ministry of Corporate Affairs on the 28th September, 2021. |
| 12 | During the course of our audit, it was observed that the Company is regular in non compliance of the provisions of Section 173(3) of the Companies Act, 2013 relating to calling of meeting of Board at a shorter notice i.e. less than seven days. Agenda items of the notices are also not sent seven days in advance. In our opinion, for the compliance of the Act and for meaningful participation and smooth functioning of the Board the notices together with agenda items should be sent seven days in advance. | <i>Section 173(3) of the Companies Act, 2013 states that "a meeting of the Board shall be called by giving not less than seven days' notice in writing to every: Provided that a meeting of the Board may be called at shorter notice to transact urgent business subject to the condition that at least one independent director, if any, shall be present at the meeting: Pravided further that in case of absence of independent directors from such a meeting of the Board, decisions taken at such a meeting shall be circulated to all the directors and shall be final only on ratification thereof by at least one independent director, if any."</i> It is to mention that the Board meetings which are held on a shorter notice period are duly conducted in the presence of minimum one Independent Director and therefore there is no incident of non-compliance of the Companies Act, 2013. However, the observation of the Auditor to give minimum seven days notice period along with agenda, is noted by the management for future. |

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors confirm that in the preparation of the annual accounts for the year ended March 31,2021:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis; and
- e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188(1):

The details under the above head are incorporated in the statement of Accounts of the Company for the financial year 2020-21.

ACKNOWLEDGEMENT

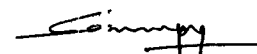
The Directors are thankful to the Power Department, Government of Meghalaya for their support in reforming the Power Sector in Meghalaya.

The Directors also expressed their appreciation for the assistance and co-operation received from the Ministry of Power, Government of India, Meghalaya State Electricity Regulatory Commission, Central Electricity Regulatory Commission, Power Finance Corporation Ltd., Rural Electrification Corporation Ltd.

The Board acknowledges with thanks the constructive suggestions received from the Comptroller and Auditor General and the Statutory Auditors.

The Directors wish to place on record the appreciation for the committed services of officers, and staff of the Company.

On behalf of the Board of Directors,



(S. Goyal, IAS)

Chairman-cum-Managing Director

Place: Shillong

Date: 15.12.2022

FORM MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

*Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]*

To,
The Members,
MEGHALAYA POWER DISTRIBUTION CORPORATION LIMITED
CIN: U40101ML2009SGC008394
Lum Jingshai Short Round Road
Shillong-793001 (Meghalaya)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **MEGHALAYA POWER DISTRIBUTION CORPORATION LIMITED** (hereinafter called "**the company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

We report that:

- a. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our Audit.
- b. We have followed the Audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- c. We have not verified the correctness and appropriateness of the financial statement of the Company.
- d. The compliance of the provisions of the Corporate and other applicable Laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verifications of procedures on test basis.
- e. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Based on our verification of **M/s MEGHALAYA POWER DISTRIBUTION CORPORATION LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **31ST day of March, 2021 ("audit period")**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s MEGHALAYA POWER DISTRIBUTION CORPORATION LIMITED ("The Company") for the financial year ended on 31st March, 2021 according to the provisions of:

- (i) The Companies Act, 2013 ("the Act") and the rules made there under;
- (ii) Other Laws as may be applicable to the Company as provided by the Company.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to our observations made in **Annexure-1**.

We further report that: -

The Board of Directors of the Company is duly constituted with proper balance of Whole Time Directors, Non-Executive Directors, Woman Director and Independent Directors subject to our observations made in **Annexure-1**. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices were given to all the directors to schedule the Board Meetings but agenda and detailed notes on agenda **were not sent** at least seven days in advance. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Board decisions are normally carried out with unanimous consent. However, resolution passed through circular vide no. MePDCL/CS/CR/2013/48(A) dated 17/012/2020 was passed with dissenting views by three out of six Directors. The same has been noted by the Board in their meeting held on 01/02/2021 and properly recorded in the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company had no specific events/ actions which is having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

We further report that during the audit period there were no instances of:

- (i) Public/Right/Bonus /debentures/sweat equity except allotment of 26,22,200 Equity shares of Rs.10 each in favour of MeECL.
- (ii) Redemption / buy-back of securities.
- (iii) Merger / amalgamation / reconstruction, etc.
- (iv) Foreign technical collaborations.

Date: 02/05/2022
Place: GUWAHATI
UDIN: F00S714D0002S7614

FOR, AMIT PAREEK & ASSOCIATES
COMPANY SECRETARIES

(AMIT PAREEK)
Proprietor
FCS: S714
COP: 4289

ANNEXURE -1

During the course of our audit of the Company, following non-compliance/observations were made: -

- 1) ***Pursuant to Rule 3 of Companies (Appointment and Qualification of Directors) Rules, 2014, The Company has failed to appoint Woman director on the Board of Directors of the Company.***
- 2) ***Pursuant to Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014, The Company has failed to appoint requisite numbers of independent directors on the Board of Directors of the Company.***
- 3) ***Pursuant to the provisions of Section 177 of the Companies Act, 2013 the Company has failed to constitute its Audit Committee as per the Act.***
- 4) ***Pursuant to the provisions of Section 178 of the Companies Act, 2013 read with Rule 6 of Companies (Meetings of Board and Its Powers) Rules, 2014 the Company has failed to constitute its Nomination and remuneration Committee (NRC) as per the Act. Further, the requisite details, registers, records, minutes of the Nomination and Remuneration Committee of the Company were not presented before us for verification. Furthermore, Pursuant to the Secretarial Standard issued by ICSI, the Company has defaulted in compliance of SS-1 Para 8.3 relating to registers of the Company which are required to be kept under the custody of the Company Secretary.***
- 5) ***During the financial year the Company has conducted its Annual general meeting within due time but the same was not concluded hence, the company has defaulted in compliance of the same.***
- 6) ***The existing provisions of The Articles of Association of the company have not been amended as per the provisions of the Companies Act, 2013.***
- 7) ***The Company, during the financial year has defaulted in Filing of requisite Annual return, forms with necessary reports and annexure with the Registrar of Companies, MCA within due time.***

- 8) *Share Application Money pending allotment were kept for more than 60 days, hence, the Company has defaulted in compliance of the provisions of Section 42 of the Companies Act, 2013.*
- 9) *During the period under review, it was observed that the Company has filed few forms with The Registrar of Companies bearing huge additional fees. In our opinion the Company should avoid filing forms and returns with abnormal delay.*
- 10) *Pursuant to the provisions of the Section 179(3)(g) read with Section 117 of the Companies Act, 2013, the Company has failed to file e-form MGT-14 for approval of accounts with MCA within due time.*
- 11) *The Company, during the period under review has defaulted in compliance of the provisions of Section 148 of the Companies Act, 2013 relating to audit of cost records of the Company.*
- 12) *During the course of our audit, it was observed that the Company is regular in non compliance of the provisions of Section 173(3) of the Companies Act, 2013 relating to calling of meeting of Board at a shorter notice i.e. less than seven days. Agenda items of the notices are also not sent seven days in advance. In our opinion, for the compliance of the Act and for meaningful participation and smooth functioning of the Board the notices together with agenda items should be sent seven days in advance. .*

Date: 02/05/2022

Place: GUWAHATI

UDIN: F00S714D0002S7614

FOR, AMIT PAREEK & ASSOCIATES

COMPANY SECRETARIES

(AMIT PAREEK)

Proprietor

FCS: S714

COP: 4289

[Annexure -II]

Format for the Annual Report on CSR Activities to be Included in the Board's Report For Financial Year 2020-21.

1. Brief outline on CSR Policy of the Company. The CSR policy is published in the website of the Corporation at www.meecl.nic.in.

2. Composition of CSR Committee: As per section 135 (9) of the Companies Act, 2013 inserted by the Companies (Amendment) Act, 2020 provides that where the amount to be spent by a company does not exceed fifty lakh rupees, the requirement under sub-section (1) of section 135 of the Companies Act, 2013 for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee shall be discharged by the Board of Directors of such company.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company. : The CSR policy is published in the website of the Corporation at www.meecl.nic.in. As per section 135 (9) of the Companies Act, 2013 inserted by the Companies (Amendment) Act, 2020 provides that where the amount to be spent by a company does not exceed fifty lakh rupees, the requirement under sub-section (1) of section 135 of the Companies Act, 2013 for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee shall be discharged by the Board of Directors of such company. Due to loss suffered by the Company in previous years, the requirement for CSR expenditure is not applicable.

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report). **Not Applicable.**

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: **Not Applicable.**

| Sl. No. | Financial Year | Amount available for set-off from preceding financial years (in Rs) | Amount required to be set-off for the financial year, if any (in Rs) |
|---------|----------------|---|--|
| 1 | | | |
| 2 | | | |
| 3 | | | |
| | Total | | |

6. Average net profit of the company as per section 135(5). There is loss in last three financial years of the company ,detailed as below:

| | | | |
|----------------|----------------------|---------------------|---------------------|
| Financial Year | 2019-20 | 2018-19 | 2017-18 |
| Profit/(Loss) | (13,57,78,65,136.47) | (2,03,19,75,413.40) | (2,86,54,65,843.19) |

7. (a) Two percent of average net profit of the company as per section 135(5) : Nil

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. **Not Applicable**

(c) Amount required to be set off for the financial year, if any: **Not Applicable**

(d) Total CSR obligation for the financial year (7a+7b-7c). **Not Applicable**

8. (a) CSR amount spent or unspent for the financial year: **Not Applicable**

| Total Amount Spent for the Financial Year. (in Rs.) | Amount Unspent (in Rs.) | | | | |
|---|--|-------------------|--|---------|-------------------|
| | Total Amount transferred to Unspent CSR Account as per section 135(6). | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5). | | |
| | Amount. | Date of transfer. | Name of the Fund | Amount. | Date of transfer. |

(b) Details of CSR amount spent against ongoing projects for the financial year: **Not Applicable**

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | (9) | (10) | (11) | |
|---------|----------------------|--|----------------------|--------------------------|-----------|-------------------|--|--|---|---|--|--------------------------|
| Sl. No. | Name of the Project. | Item from the list of activities in Schedule VII to the Act. | Local area (Yes/No). | Location of the project. | | Project duration. | Amount allocated for the project (in Rs.). | Amount spent in the current financial year (in Rs.). | Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.). | Mode of Implementation - Direct (Yes/No). | Mode of Implementation - Through Implementing Agency | |
| | | | | State. | District. | | | | | | Name | CSR Registration number. |
| 1. | | | | | | | | | | | | |
| 2. | | | | | | | | | | | | |
| 3. | | | | | | | | | | | | |

| | | | | | | | | | | |
|-------|--|--|--|--|--|--|--|--|--|--|
| Total | | | | | | | | | | |
|-------|--|--|--|--|--|--|--|--|--|--|

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:
Not Applicable

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | |
|---------|---------------------|--|----------------------|--------------------------|-----------|--|---|---|--------------------------|
| Sl. No. | Name of the Project | Item from the list of activities in schedule VII to the Act. | Local area (Yes/No). | Location of the project. | | Amount spent for the project (in Rs.). | Mode of implementation - Direct (Yes/No). | Mode of implementation - Through implementing agency. | |
| | | | | State. | District. | | | Name. | CSR registration number. |
| 1. | | | | | | | | | |
| 2. | | | | | | | | | |
| 3. | | | | | | | | | |
| | Total | | | | | | | | |

(d) Amount spent in Administrative Overheads: **Not Applicable**

(e) Amount spent on Impact Assessment, if applicable: **Not Applicable**

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): **Not Applicable**

(g) Excess amount for set off, if any: **Not Applicable**

| Sl. No. | Particular | Amount (in Rs.) |
|---------|---|-----------------|
| (i) | Two percent of average net profit of the company as per section 135(5) | |
| (ii) | Total amount spent for the Financial Year | |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | |

9. (a) Details of Unspent CSR amount for the preceding three financial years: **Not Applicable**

| Sl. No. | Preceding Financial Year. | Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.) | Amount spent in the reporting Financial Year (in Rs.). | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any. | | | Amount remaining to be spent in succeeding financial years. (in Rs.) |
|---------|---------------------------|--|--|--|-----------------|-------------------|--|
| | | | | Name of the Fund | Amount (in Rs). | Date of transfer. | |
| 1. | | | | | | | |
| 2. | | | | | | | |
| 3. | | | | | | | |
| | Total | | | | | | |

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): **Not Applicable**

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---------|-------------|----------------------|--|-------------------|--|---|--|---|
| Sl. No. | Project ID. | Name of the Project. | Financial Year in which the project was commenced. | Project duration. | Total amount allocated for the project (in Rs.). | Amount spent on the project in the reporting Financial Year (in Rs.). | Cumulative amount spent at the end of the reporting Financial Year. (in Rs.) | Status of the project - Completed /Ongoing. |
| 1 | | | | | | | | |
| 2 | | | | | | | | |
| 3 | | | | | | | | |
| | Total | | | | | | | |

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: **Not Applicable**

(asset-wise details).

(a) Date of creation or acquisition of the capital asset(s). **Not Applicable**

(b) Amount of CSR spent for creation or acquisition of capital asset. **Not Applicable**

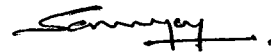
(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. **Not Applicable**

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). **Not Applicable**

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). **Not Applicable**

Place: Shillong
Date: 15.12.2022

On behalf of the Board of Directors,



(S. Goyal, IAS)
Chairman-cum-Managing Director

independent Auditor's Report For the financial year 2020-21

To,

The Members of Meghalaya Power Distribution Corporation Limited

Report on the Standalone Ind AS Financial Statements

1. Disclaimer of Opinion

We have audited the accompanying standalone Ind AS Financial Statements of Meghalaya Power Distribution Corporation Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including other Comprehensive Income), the statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of Significant Accounting Policies and other explanatory information. (hereinafter referred to as Standalone Ind AS Financial Statements)

We do not express an opinion on the accompanying standalone Ind AS Financial Statements of the Company because of the significance of the matters described in the Basis of Disclaimer of Opinion paragraph of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these standalone Ind AS Financial Statements.

2. Basis for Disclaimer of Opinion

Our observations have been attached in Annexure A & C of the report. As a result of the matters stated there in we were unable to determine whether any adjustments might have been found necessary in respect of recorded and unrecorded Property, Plant and Equipment, Capital Work-in-Progress, inventories, cash & bank balances, trade receivable, Non-Current Liabilities- borrowings and interest payable, Deferred Revenue, current liabilities & provision, trade payable, loans & advances and the elements making up the statement of Profit and loss and the Cash flow statement.

3. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation 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) specified under Section 133 of the Act, read with relevant rules issued there under and accounting system laid down under the provisions of the Electricity Act, 2003 and relevant Central Electricity Regulatory Commission (CERC) regulation in respect of Depreciation and other recognized accounting practices and policies.



This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company; 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

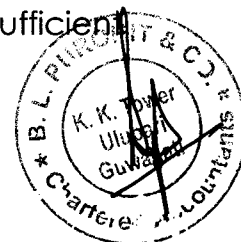
The Board of Directors are also responsible for overseeing the Company's financial reporting process.

4. Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. While conducting the audit we have taken into account the provisions of the Act, the Electricity Act, 2003, CERC Regulations and 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.

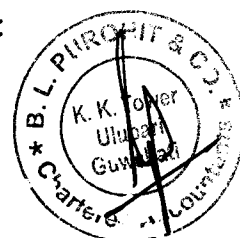
We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone 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 Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

However, because of the matters described in the **Basis for Disclaimer of Opinion** paragraph of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.



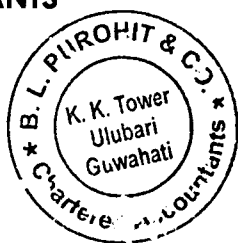
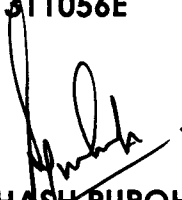
5. Report on Other Legal and Regulatory Requirements

- a. 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 paragraph 3 and 4 of the Order, to the extent applicable.
- b. As required by the Companies Act 2013 under section 143(5) we have attached **Annexure "B"** giving therein a statement on matters directed by C& AG.
- c. As required by Section 143 (3) of the Act, we report that:
 - i. we have sought and obtained all the information and explanations except on the matters detailed in Annexure A and Annexure C.
 - ii. subject to the possible effects of the matters described in the 'Basis of Disclaimer of Opinion' paragraph section of our report, 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;
 - iii. the Balance Sheet, the Statement of Profit and Loss (including other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in the Equity dealt with by this Report are in agreement with the Books of Account except for matters referred to in 'Basis for Disclaimer of opinion' paragraph,
 - iv. due to the possible effects of matters described in the 'Basis for Disclaimer of opinion' paragraph above, the aforesaid standalone Ind AS financial statements have not fully complied with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - v. the company being a Government Company. the requirement in pursuance to the Notification No. G.S.R 463 (E) dated 05-06-2015 issued by the Ministry of Corporate Affairs, Section 164 (2) of the Companies Act, 2013 pertaining to disqualification of Directors for appointment as Director of Company, is not applicable.
 - vi. 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 D**. and
 - vii. 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 disclosed the impact of pending litigation on its financial position in its standalone Ind AS financial statements.
- ii) the Company has not made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts.
- iii) There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

**FOR & ON BEHALF OF
B.L. PUROHIT & CO.
CHARTERED ACCOUNTANTS
FRN 311056E**

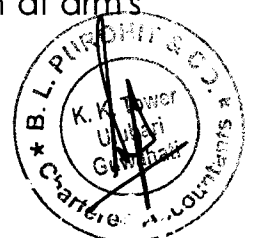


**SUBHASH PUROHIT, FCA
PARTNER
MEMBERSHIP NO. 059631
DATED: 04/03/2022
GUWAHATI
UDIN: 22059631AEC DRL5846**

Meghalaya Power Distribution Corporation Limited

Annexure A to the Independent Auditor's Report for the Financial Year 2020-21 Referred to in paragraph 5(a) of Independent Auditor's Report to the members of the Company on the Standalone Ind AS Financial Statements.

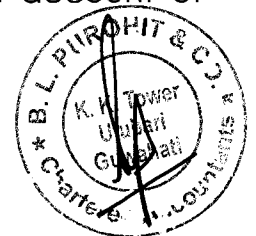
- i) a) The company has maintained Fixed Assets Register at its head office on the basis of records procured from the concerned accounting heads at various divisional and sub divisional offices. However, such fixed assets register does not contain quantitative details and exact situation of its fixed assets. Further, the fixed assets register is not in the standard format. The value of assets as per the register and as per the financial records does not match.
- b) With regard to Physical Verification of Fixed assets, we were informed that Physical Verification was not done at regular intervals.
- c) The title deeds of immovable properties were not produced to us for our verification; hence we are unable to comment that the company has recorded title deeds in its own name in respect of all the immovable properties in the possession of the company. The management has informed us that the company is in the process of getting its name incorporated in the various assets and liabilities transferred to it from its holding company, as per provisions of "The Meghalaya Power Sector Reforms Transfer Scheme 2010" and till date major part of the assets transferred to the Company are still in the name of its Holding Company i.e. Meghalaya Energy Corporation Limited.
- ii) As explained and informed, the Company has conducted physical verification of its inventories at various divisional and sub divisional offices as on 31st March, 2021. However, the data furnished by the divisions is not complete and adequate to determine the material discrepancies if any.
The procedure of physical verification of inventory followed by the management is not reasonable and adequate and is not commensurate with the size of the company and nature of the business of the company.
- iii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. However, the company has given/ taken advances from the company to / and from companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, which were during the normal course of business transactions carried on at arm's length.



Meghalaya Power Distribution Corporation Limited

**Annexure A to the Independent Auditor's Report for the Financial Year 2020-21
Referred to in paragraph 5(a) of Independent Auditor's Report to the members of the Company on
the Standalone Ind AS Financial Statements.**

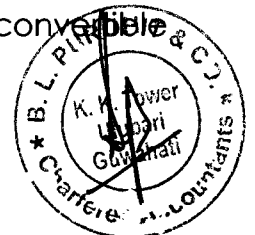
- iv) As explained and informed, the Company has complied with the provisions of section 185 and 186 of the Companies Act 2013 in respect of loans, investments, guarantees and security provided by it.
- v) The company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and Provisions of Section 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regards to deposits accepted from the public are not applicable.
- vi) We have broadly reviewed the cost records maintained by the company pursuant to the rules made by the Central Government for maintenance of cost records under Section 148(1) of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. Cost Audit is complete up to Financial Year 2019-20.
- vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees State Insurance, Income-tax, Goods and Service-tax, Duty of customs, Value added tax, and any other material statutory dues have been deposited during the year by the Company with the appropriate authorities. However, electricity duty payable remains outstanding as on 31st March, 2021 under Account Head 46.301 (E.D. and other Levies Payable to the Government) amounting to Rs. 4478.96 Lakhs. Further, the management has stated that the undisputed arrears of statutory dues as at 31st March, 2021, for a period of more than six months from the date they became payable is not reported from the field units therefore details could not be provided.
- b) According to the information and explanations given to us by the management there are no dues outstanding in respect of income Tax, goods and service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of dispute.



Meghalaya Power Distribution Corporation Limited

Annexure A to the Independent Auditor's Report for the Financial Year 2020-21 Referred to in paragraph 5(a) of Independent Auditor's Report to the members of the Company on the Standalone Ind A5 Financial Statements.

- viii) Based on our audit, and as per the information & explanation given by the management, the company has defaulted in the repayment of dues of principal or interest on loan to the financial institutions, banks and Government. Lender wise default details have been disclosed in Note 16.3 of Financial Statement.
- ix) Based on our audit and according to the information and explanations given to us no moneys were raised by way of initial public offer or further public offer (including debt instruments) by the Company during the year. Term loan was received from Government of Meghalaya however, the utilization of the loan for the purpose it was granted could not be verified as requisite information was not made available.
- x) We have not been provided with the information regarding fraud by the Company or on the Company hence we cannot report on this matter.
- xi) Based on our audit and according to the information and explanations given to us the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- xii) The company is not a Nidhi company. Therefore, the provision of clause 4 (xii) of the Order are not applicable on the Company.
- xiii) Based on our audit and according to the information and explanations given to us the transactions entered by the company with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013, where ever applicable and the details have been disclosed in the Financial Statements, as required by the applicable accounting standards.
- xiv) Based on our audit and according to the information and explanations given to us the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

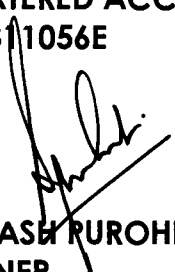


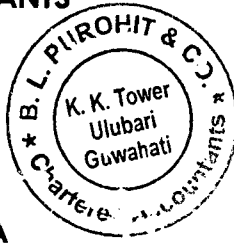
Meghalaya Power Distribution Corporation Limited

**Annexure A to the Independent Auditor's Report for the Financial Year 2020-21
Referred to in paragraph 5(a) of Independent Auditor's Report to the members of the Company on
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- xv) According to the information and explanations given to us by the management, the company has not entered into any non-cash transactions with directors or persons connected with them.
- xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**FOR & ON BEHALF OF
B.L. PUROHIT & CO.,
CHARTERED ACCOUNTANTS
FRN 311056E**


**SUBHASH PUROHIT, FCA
PARTNER
M. NO. 059631
DATED: 04/03/2022
Guwahati**

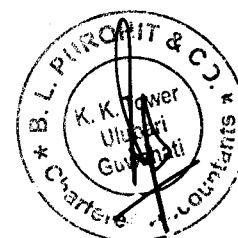


MEGHALAYA POWER DISTRIBUTION CORPORATION LIMITED:: MEGHALAYA

**Annexure B to the Independent Auditor's Report for the Financial Year 2020-21
Referred to in paragraph 5(b) of Independent Auditor's Report to the members of the Company on the
Standalone Ind AS Financial Statements.**

**DIRECTIONS UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013 FOR THE
FINANCIAL YEAR ENDED 31ST MARCH, 2021**

| Sl. No. | Directions | Action Taken |
|----------------|--|---|
| 1. | Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated. | No the Company does not have system in place to process all accounting transactions through IT system. |
| 2. | Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated | Based on the details provided by the Management and our audit we observed that during the period under audit there is no restructuring of an existing loan or waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan. However, based on regulatory measures announced by Reserve Bank of India to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic the Company entered into moratorium agreement with PFC Ltd & REC Ltd whereby, the dues of principal, interest, penal interest and overdue interest have been added back to the principal amount of the loan and the repayment of which has been deferred to the end tenure of the loan. |
| 3. | Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation. | Based on the details provided by the Management and our audit we observed that funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions. However, most of the assets created from the grants are still lying under the CWIP and are not being capitalized and recorded in the assets register of the Company. |



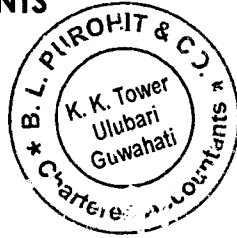
MEGHALAYA POWER DISTRIBUTION CORPORATION LIMITED:: MEGHALAYA

**Annexure B to the Independent Auditor's Report for the Financial Year 2020-21
Referred to in paragraph 5(b) of Independent Auditor's Report to the members of the Company on the
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**DIRECTIONS UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013 FOR THE
FINANCIAL YEAR ENDED 31ST MARCH, 2021**

**FOR & ON BEHALF OF
B.L. PUROHIT & CO.
CHARTERED ACCOUNTANTS
FRN 311056E**

**SUBHASH PUROHIT, FCA
PARTNER
MEMBERSHIP NO. 059631
DATED: 04/03/2022
GUWAHATI**



Meghalaya Power Distribution Corporation Limited

Annexure C to the Independent Auditor's Report for the Financial Year 2020-21
Referred to in paragraph 2 of Independent Auditor's Report to the members of the Company on
the Standalone Ind AS Financial Statements.

1. NOTE 1: COMPANY INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES:

Clause 5 Depreciation/amortization: states that the rates of depreciation or amortization and estimated lives thereon as prescribed by CERC for the purpose of tariff are being followed by the Company. CERC has prescribed depreciation rate in case of "IT Equipment includes software" as 15%, however, we observed that the Company is charging depreciation @ 6.33% on such assets which were acquired upto 31.03.2020, it applied 15% depreciation rate on assets acquired during FY 2020-21 which is incorrect. The financial impact of the less charging of depreciation could not be readily calculated for lack of complete details however, there is overstatement of PPE and understatement of loss due to less charging of depreciation.

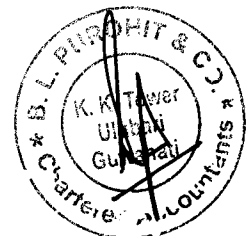
Clause 8 Borrowing Costs: states that borrowing costs that are directly attributable to the acquisition, construction/exploration/development or erection of qualifying assets are capitalized as part of cost of such asset until such assets are substantially ready for their intended use. Further, IND AS 23 on Borrowing Costs requires that an entity shall capitalize the borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset. An entity shall recognize other borrowing costs as an expense in the period in which it incurs them. As observed during the course of audit, RAPDRP assets are lying in CWIP whereas the interest paid/ payable on RAPDRP loan amounting to Rs. 962.79 lakhs has been charged to Profit and Loss A/c. Thus, the accounting treatment regarding the same is inconsistent with the principles of IND AS 23.

Clause 16 Employee benefits: It is clear from the note that the provision for long term employee benefits has not been made in accordance with Ind AS 19 Employee Benefits. The impact of the above on the financial assets could not be ascertained.

NON CURRENT ASSETS:

2. **NOTE 2: PROPERTY PLANT & EQUIPMENT Rs. 69449.66 lakhs**

- a. Land Rs. 199.40 lakhs: Title deeds of freehold land and lease agreements were not made available to us for our verification,



Meghalaya Power Distribution Corporation Limited

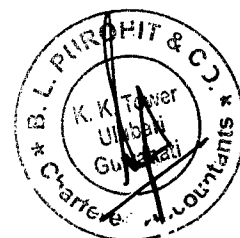
Annexure C to the Independent Auditor's Report for the Financial Year 2020-21 Referred to in paragraph 2 of Independent Auditor's Report to the members of the Company on the Standalone Ind AS Financial Statements.

Further it was stated that all the immovable properties utilized by the company are not in the name of Company but are in the name of the holding company Meghalaya Energy Corporation Limited. It is also stated in Note 49 that the value wise details of Assets on Lease cannot be provided.

- b. We refer to paragraph 1(ii), of Annexure A to our Report (Annexure to Independent Auditor's Report) regarding inadequate physical verification of fixed assets, as a result of which adjustment(s) that might have been necessary (which may be material) could not be carried out by the Company at this stage.
- c. As per Ind AS 16 'Property, Plant and Equipment' residual value and useful life of each asset shall be reviewed at each financial year. However, from the records verified it seems that residual value and useful life of assets classified under PPE had not been assessed by the Company in FY 2020-21.
- d. As per Ind AS-16 on 'Property, Plant and Equipment' Items of fixed assets that have been retired from active use and are held for disposal should be stated at the lower of their net book value and net realizable value and should be shown separately in the financial statements. Any expected loss is required to be recognized immediately in the profit and loss statement. However, Company has not complied with the above requirements.
- e. The Company has not identified any asset that might have to be impaired at the balance sheet date, and as such, no adjustments have been made as required by Ind AS-36 on 'Impairment of Assets' specified under Section 133 of the Act.

3. NOTE NO. 3 CAPITAL WORK IN PROGRESS: Rs 96026.14 lakhs

- a. Regarding the Capital work in progress (CWIP) Rs. 96026.14 lakhs, detailed particulars have not been made available for verification such as status of the work, reasons for delay in capitalization etc. hence we are not in a position to comment on the correctness of CWIP figure.

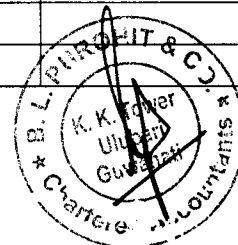


Meghalaya Power Distribution Corporation Limited

Annexure C to the Independent Auditor's Report for the Financial Year 2020-21
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the Standalone ind A5 Financial Statements.

b. There were no transactions in the below mentioned CWIP accounting codes during the financial year 2020-21 and earlier. There was no capitalization of under mentioned opening CWIP in spite of no further addition in CWIP during the reporting period:

| Accounting code and heading | Amount as on 31st March 2021(in Rs. Lakhs) |
|---|--|
| 14.146 (Ganol Small Hydro Project- I & II Lines and Cables Network) | 37.83 |
| 14.216 (PMGY I Lines and Cables HV) | 253.49 |
| 14.226 (PMGY II Lines and Cables HV) | 172.21 |
| 14.226(A) (PMGY II Lines and Cables M & LV) | 0.04 |
| 14.232 (PMGY III Buildings HV) | 1.18 |
| 14.236 (PMGY III Lines and Cables HV) | 1071.67 |
| 14.236(A) (PMGY III Lines and Cables M & LV) | 5.48 |
| 14.246 (PMGY IV Lines and Cables HV) | 187.82 |
| 14.246(A) (PMGY IV Lines and Cables M & LV) | 3.38 |
| 14.256 (PMGY V Lines and Cables HV) | 407.85 |
| 14.256(A) (PMGY V Lines and Cables M & LV) | 1.06 |
| 14.266 (PMGY VI Lines and Cables HV) | 183.12 |
| 14.276 (PMGY VII Lines and Cables HV) | 185.37 |
| 14.516 (REMNP I Lines and Cables HV) | 943.6 |
| 14.526 (REMNP II Lines and Cables HV) | 1083.03 |
| 14.740 (CWIP- 14.740) | 6.04 |
| 14.81T (CWIP-14.81T) | 0.73 |
| 14.866 (PM Package Lines and Cables HV) | 351.29 |
| 14.872 (APDRP Buildings HV) | 14.04 |
| 14.874 (APDRP Civil Works HV) | 99.85 |
| 14.875 (APDRP Plant and Mach HV) | 192.47 |
| 14.876 (APDRP Lines and Cables HV) | 2174.84 |
| 14.876 PGCIL/SCADA (CWIP- PGCIL/SCADA) | 482.31 |
| 14.876 RAPDRP (Pt B) (RAPDRP(Pt-B) Cherra Scheme) | 122.4 |
| 14.876 RAPDRP Pt-A (RAPDRP(Pt-A) Cherra Scheme) | 0.34 |
| 14.876(A) (APDRP Lines and Cables M & LV) | 1910.08 |
| 14.87X SCADA (CWIP - SCADA) | 41.88 |
| 14.886(B) (RGGVY EKH O/O EE RE (C)) | 134.88 |
| 14.886(M) (RGGVY RiBhoi O/o E.E/R.E) | 102.31 |
| 14.887(A) (RGGVY Vehicles M & LV) | 1.62 |
| 14.889 (RGGVY Office Equip HV) | 0.05 |
| 14.88X APDRP (CWIP - APDRP) | 1661.18 |
| 14.896 (DDUGJY (Lines & Cable)) | 3194.99 |
| 14.896 (DDUGJY(Lines and Cable Network)) | 1908.7 |
| 14.926 (CWIP- 14.926) | 346.77 |
| 14.934 (CWIP - 14.934) | 5.01 |



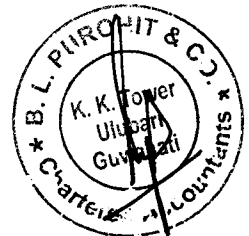
Meghalaya Power Distribution Corporation Limited

Annexure C to the Independent Auditor's Report for the Financial Year 2020-21
Referred to in paragraph 2 of Independent Auditor's Report to the members of the Company on
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| | |
|--|----------|
| 14.935 (CWIP - 14.935) | 17.55 |
| 14.936 (A) (CWIP - 14.936 (A)) | 10.04 |
| 14.936 (Capital Work in Progress-Lines and Cable Network) | 205.2 |
| 14.936 (CWIP - 14.936) | 221.76 |
| 14.936 SPMNP (CWIP- SPMNP) | 169.95 |
| 14.936 TiS NLCPR (CWIP- TiS NLCPR) | 11.42 |
| 14.944 (CWIP- 14.944) | 10.67 |
| 14.945 (CWIP - 14.945) | 0.5 |
| 14.945(A) (CWIP- 14.945 (A)) | 10.28 |
| 14.946 (CWIP - 14.946) | 487.66 |
| 14.946 CRE (CWIP- CRE) | 428.99 |
| 14.946 TiS (CWIP - TiS) | 13.17 |
| 14.952 (CWIP - 14.952) | 21.19 |
| 14.956 (CWIP- 14.956) | 0.6 |
| 14.964 (CWIP - 14.964) | 1.59 |
| 14.972 (CWIP - 14.972) | 0.85 |
| 14.974 (CWIP - 14.974) | 0.33 |
| 14.975 (CWIP - 14.975) | 0.04 |
| 14.976 (CWIP - 14.976) | 41.01 |
| 14.979 (CWIP - 14.979) | 0.03 |
| 14.Lines & S/Station - Wahiajer -NEC (CAP (NEC) Constn.of Line & S/Station - Wahiajer) | 10.69 |
| 14.NERPSIP (NORTHEAST REGION POWER SUPPLY IMPROVEMENT PROGRAMME) | 10.75 |
| 14.Overall Scheme (Overall Sheme) | 2.65 |
| 14.RAPDRP (CWIP - RAPDRP) | 180.09 |
| 14.RGGVY (CWIP - RGGVY) | 23160.77 |
| 14.SCA (Special Central Assistance) | 39.14 |
| 14.XXX NLCPR (CWIP - NLCPR) | 839.12 |

The above pending CWIP is under the following schemes/programmes

1. Pradhan Mantri Gramodaya Yojna(PMGY)
2. REMNP
3. Accelerated Power Development and Reforms(APDRP)
4. Supervisory Control and data acquisition(SCADA)
5. SPMNP
6. NLCPR
7. Ganol small hydro project 1 & 2
8. NEC
9. PM Package
10. CRE
11. NDS



Meghalaya Power Distribution Corporation Limited

Annexure C to the Independent Auditor's Report for the Financial Year 2020-21
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- 12. SCA
- 13. RAPDRP
- 14. APDRP

We were not provided the reasons for

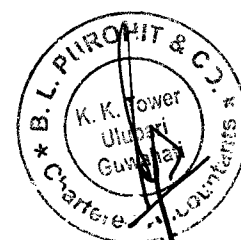
- long pending projects,
- no progress
- non capitalization

of above referred opening CWIP which remain unchanged during the reporting period. Further, CWIP figure may include certain WIP which have in fact been completed but still are shown under CWIP head due to non-receipt of completion certificates.

Further, capital work- in- progress may include projects which are lying under capital work- in- progress for many years. Short/ excess provision to respective fixed assets, if any, could not be quantified in the absence of adequate information / records relating to capital work in progress. No provision for loss/deterioration in assets has been made during the year for these projects.

- c. During the year there was addition of 200.00 lakhs in the RGGVY scheme under CWIP by debiting this CWIP account for payment made to contractor. This is wrong accounting as the payment should have been debited to the contractor account and CWIP account debited with the amount of bill submitted by the Contractor.
- d. Under mentioned capital stock items are showing Closing Credit Balance in the Consolidated Ledgers, which apparently shows the wrong valuation and / or wrong accounting entries of the stated inventories:

| Particulars | Closing Credit Balance (Rs.) in lakhs |
|--|---------------------------------------|
| 22.602 (Cement-Materials Stock Account (Capital)) | 0.0069 |
| 22.611 (GI Sheets-Materials Stock Account (Capital)) | 0.60 |
| 22.612 (GI Pipes-Materials Stock Account (Capital)) | 56.60 |
| Total Credit Balance | 57.20 |



Meghalaya Power Distribution Corporation Limited

Annexure C to the independent Auditor's Report for the Financial Year 2020-21
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e. The balances of the following accounting heads of capital inventory had no changes during the reporting financial year.

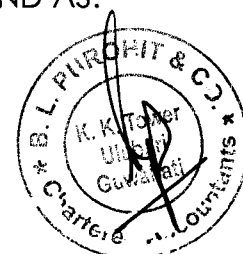
| ACCOUNT CODE AND PARTICULARS | OPENING BAL. (Dr) | OPENING BAL.(Cr.) | CLOSING BAL. (Dr.) | CLOSING BAL. (Cr.) |
|---|-------------------|-------------------|--------------------|--------------------|
| 22.213 (Others Capital) | 7.07 | - | 7.07 | - |
| 22.304 (Metering Equipments Capital 304) | 0.34 | - | 0.34 | - |
| 22.504 (Metering Equipments-Materials Stock Adjustment Account (Capital)) | 16.55 | - | 16.55 | - |
| 22.601 (Steel-Materials Stock Account (Capital)) | 0.41 | - | 0.41 | - |
| 22.602 (Cement-Materials Stock Account (Capital)) | - | 0.0069 | - | 0.0069 |
| 22.610 (Towers-Materials Stock Account (Capital)) | 0.82 | - | 0.82 | - |
| 22.611 (GI Sheets-Materials Stock Account (Capital)) | - | 0.60 | - | 0.60 |
| 22.607 (Electric light fittings-Material Stock Account (Capital)) | 11.14 | - | 11.14 | - |

4. NOTE 5 OTHER NON CURRENT ASSETS Rs.1211.50 lakhs: Detailed list of parties to whom the advance has been paid was not provided therefore we cannot comment on the correctness or otherwise of the amount.

CURRENT ASSETS:

5. NOTE 6: INVENTORIES Rs.1613.71 lakhs

- a. As per the Division II - Ind AS Schedule III to the Companies Act 2013 the mode of valuation of inventories is required to be stated in the notes however, no such disclosure has been made in the financial statements under Note 6 on Inventories.
- b. IND AS 2 on Inventories prescribes that the inventories shall be measured at the lower of cost and net realisable value, and the valuation method shall be disclosed. However, Management has not stated the inventories at the lower of cost and net realisable value but has stated them solely at cost, which constitutes a departure from the Accounting Standards referred to in sub-section (3C) of section 211 of the Act. Thus, the above non-disclosure of accounting policies proves to be inconsistent with the requirements of the mentioned IND AS.



Meghalaya Power Distribution Corporation Limited

Annexure C to the Independent Auditor's Report for the Financial Year 2020-21 Referred to in paragraph 2 of Independent Auditor's Report to the members of the Company on the Standalone Ind AS Financial Statements.

- c. We are unable to express our opinion on the authenticity and valuation of stated inventory amounting to Rs. 1613.71 lakhs in absence of details with respect to:
- age wise bifurcation of closing inventory,
 - proper reconciliation of physical inventory with General Ledger,
 - item wise identification of possibility of usability of the stocked inventory,
 - the number of obsolete inventories due to technical changes or due to rusting or damages.
- d. The opening value of inventory as on 01.04.2020 was Rs. 1482.08 lakhs and there were fresh purchases/debits amounting to Rs. 413.82 lakhs though consumption/credits were only Rs. 282.19 lakhs. Thus, there is blockade of funds in inventories though there is not so much consumption.
- e. It is stated by Management that "the physical verification of inventories has been conducted in various Divisional & sub-divisional units as on 31st March,2021. However, the data furnished by the Divisions is not complete and adequate to determine the material discrepancies if any." Thus, the identification of non-moving, slow moving, obsolete and damaged items of inventory are pending in most of the Divisional & sub-divisional units of the Company. Also, where the identification has been done the same has not been segregated from good inventory. Further, no provision has been made in books towards non-moving, slow moving, obsolete and damaged items of inventory.
- f. The balances of the following accounting heads of operation and maintenance inventory had no changes during the reporting financial year.

| ACCOUNT CODE AND PARTICULARS | OPENING BAL. (Dr) in lakhs | OPENING BAL.(Cr.) In lakhs | CLOSING BAL. (Dr.) In lakhs | CLOSING BAL. (Cr.) in lakhs |
|---|----------------------------|----------------------------|-----------------------------|-----------------------------|
| 22.621 (Steel-Materials Stock Accounts (O & M)) | 3.19 | - | 3.19 | - |
| 22.631 (GI Sheets-Materials Stock Accounts (O & M)) | - | 0.44 | - | 0.44 |
| 22.632 (GI Pipes-Materials Stock Accounts (O & M)) | 0.13 | - | 0.13 | - |
| 22.233 (Others O&M) | 34.36 | - | 34.36 | - |
| 22.324 (Metering Equipments O&M 324) | 0.82 | - | 0.82 | - |
| 22.333 (Others O&M 333) | 12.97 | - | 12.97 | - |



Meghalaya Power Distribution Corporation Limited

Annexure C to the Independent Auditor's Report for the Financial Year 2020-21
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FINANCIAL ASSETS:

6. NOTE 7 : TRADE RECEIVABLES: Rs.59626.30 lakhs

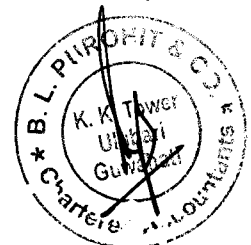
- a. Closing balance of trade receivables as on 31.03.2021 against Unsecured considered good is Rs. 59626.30 lakhs out of gross trade receivable of Rs. 61840.85 lakhs. The provision for doubtful debts is Rs. 2214.55 lakhs which is calculated @ 3% of outstanding debts of consumers within state as on 30th September 2020, other debtors listed below such as Interstate customers, UI etc are not considered for provision. Below is the list of debtors which are outstanding for more than three years against which Provision for doubtful debts have not been provided. (Rs in lakhs)

| Accounting code and heading | Amount as on 31st March 2021(in Rs. Lakhs) |
|---|--|
| 23.602 (Mizoram) | 13.68 |
| 23.606 (Sundry Debtors for Sale of Power UI (Inter)) | 3935.06 |
| 23.610 (WVVV (NTPC)) | 10.08 |
| 23.614 (LANCO) | 100.00 |
| 23.615 (PTCIL) | 5.85 |
| 23.704 (B) (Sundry Debtors - Delayed Payment Charges- ASEB) | 4.70 |
| 23.SAI (Input Based Distribution Franchisee) | 1438.31 |
| 23.FPPPA (Sundry Debtors for Sale of Power-FPPPA) | 51.52 |
| 23.FPPPA (Sundry Debtors for Sales of Power for ED-FPPPA) | 0.89 |

- b. As per the statement provided by the Management for consumers having outstanding of more than Rs. 50 lakhs as on 31.03.2021, it is observed that there is outstanding of Rs.19603.88 lakhs from 51 consumers and of which Rs. 10274.18 lakhs is outstanding against 33 Non-Government consumers whose connection was disconnected.

Thus, the provision made in books for bad and doubtful debts is not appropriate compared to the recovery chances of the disconnected consumers. Further, as per the Ind AS 109 the above trade receivables were not separately reported as "Trade Receivables which have significant increase in credit risk"

This observation was also a subject matter of qualification in our previous audit report on the financial statements for the year



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ended 31st March, 2020 and since accounting effect has not yet been given the observation remains in this year also.

- c. The Trade receivables contains Rs.11571.67 lakhs against Delayed payment surcharge which is doubtful of recovery as evident from Note 7.2 whereby it was proposed to write off @ 20% every year but no such provision has been made for the financial year and therefore it can be construed that the gross trade receivable of Rs. 61840.85 lakhs are entirely not good.
- d. The below mentioned account heads showing credit balances are wrongly classified under Trade receivables but should have been classified under liabilities or income head:

| Accounting code and heading | Amount as on 31 st March 2021 (in Rs. Lakhs) |
|--|---|
| 23.191 (Temporary Power Supply (Urban)) | 268.93 |
| 23.192 (Temporary Power Supply (Rural)) | 89.96 |
| 23.193 (Temporary Power Supply Leshka) | 51.64 |
| 23.701 (Sundry Debtors - Service Connections and Other Capital Receipts) | 476.11 |
| 23.702 (Sundry Debtors - Deposits) | 114.97 |

- e. In absence of detail with respect to age wise bifurcation of debtors and reconciliation of Debtors Ledgers with Concerned Divisions and Circle Debtors Ledgers and in absence of confirmation of Debtors balance at least with institutional buyers, we are unable to express our opinion on the authenticity of Gross Debtors amounting to Rs. 61840.85 lakhs.
- f. The trade receivables also include receivables from employees of the company amounting to Rs. 257.60 lakhs whereby recovery is not regular as evident from the remarks made in the internal audit reports.
- g. The Company had brought the MePDCL OTS-2020 in November 2020 whereby the consumers were given option to avail 100% waiver of the delayed payment surcharge (DPC) or 30% waiver of the total outstanding dues. As per the details provided by the "Nodal Officer of the OTS" 4552 consumers availed the OTS and waiver allowed to consumers in OTS 2020 is Rs.17.43 crores, and amount realized was Rs.32.22 crores. However, an amount of Rs. 27.79 crores has been debited to Statement of profit and loss as



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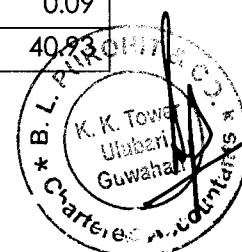
one time settlement (Note 31) thus there is an overstatement of loss by Rs.10.36 crores and understatement of Receivables by the same amount.

- h. The MePDCL OTS 2020 was applicable for recovery of long outstanding bills as on 31.03.2020. The effect of the OTS was given in the bills of March 2020 which in our opinion was not correct. Further, for few consumers who availed OTS and who were long disconnected and no bills were raised on them, special bill was raised on them for DPC till 31.03.2020. We raised a query as to whether this amount of DPC was account for in the books or not as the revision in bill for 31.03.2020 were done in January 2021 and these parties were allowed 100% waiver of DPC. No response was received and thus we cannot comment whether the effect of amount involved in OTS was correctly given in accounts.
- i. Further, the OTS was availed by 4552 consumers however, consumer wise details was made available only for the 21 nos. of major consumers involving waiver of an amount of Rs.14.31 crores and amount stated to be realized at Rs.25.82 crores. For 4531 consumers list was not made available.

7. NOTE 8: FINANCIAL ASSETS (CASH & CASH EQUIVALENTS: Rs. 6416.06 lakhs)

- a. Cash on hand Rs.525.96 lakhs: This balance is not pure cash but consists of cheques in hand, Postage Stamps, Postal Orders, Drafts also, and thus not a correct depiction of cash on hand. The exact amount of cheques included in the cash balance is not made available. Further, the Cash on Hand Balance seems to be factually incorrect as the said Cash in Hand Balance is arrived after setting off of under mentioned negative/credit balance of Cash in Hand amounting to Rs 619.06 Lakhs, as per details:

| Accounting code and heading | Amount as on 31 st March 2021 (in Rs. Lakhs) |
|--|---|
| 24.110(C) (Cash for Chest) | 0.04 |
| 24.161 (S) (Revenue Cash & Cheque Coll-Williamnagar Rev S/D) | 0.03 |
| 24.161 (Sutnga) (Collection A/c : Sutnga) | 0.09 |
| 24.161 (A) (Revenue Cah&ChequeCoil- Rev Div I&II) | 40.93 |



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| | |
|---|--------|
| 24.161(C) (Revenue Cash &ChequeColl-Nongpoh Rev S/D) | 302.93 |
| 24.161 (Dadenggre) (Revenue Cash &ChequeColl-Dadenggre Dist. S/D) | 0.01 |
| 24.161(I) (Revenue Cash &ChequeColl-Mairang Rev S/D) | 1.82 |
| 24.161(N) (Revenue Cas&ChequeColl-Bajengdoba S/D) | 0.00 |
| 24.161(P) (Revenue Cash &ChequeColl-Tura Rev S/D) | 1.15 |
| 24.161(Shangpung) (AEE ShangpungDist Sub Div) | 25.81 |
| 24162(A) (Revenue Cash &ChequeColl-Khliehriat Rev S/D) | 214.77 |
| 24.163(A) (Revenue Cash &ChequeColl-Cherrapunjee Rev S/D) | 6.49 |
| 24.164(B) (Revenue Cash &ChequeColl-Sohiong Rev S/D) | 25.00 |

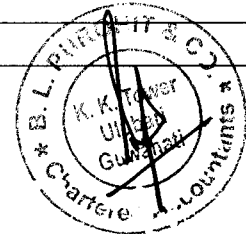
It is observed that the closing balances of cash & bank as per Distribution revenue division books do not match with the respective figures maintained in the Head office compilation section. Pending reconciliation, the effect of these differences on the balances appearing in the books cannot be ascertained. This observation was also a subject matter of qualification in our previous audit report on the financial statements for the year ended 31st March 2018 and since the accounting effect has not yet been given the observation remains in this year also.

b. Balance with banks Rs.5759.10 lakhs

Most of the bank accounts appearing in the books are in the name of the holding company Meghalaya Energy Corporation Limited. It was explained that the request for changing the name of the account holder in the banks is under process. Since the company has a separate legal entity and therefore the assets and liabilities recorded in its books must be in its own name.

Under mentioned Collection bank accounts are showing Credit Balances which is technically not correct and therefore should be reconciled and the corrective accounting should be done: -

| Head of Accounts | Closing Balance as per Consolidated Trial Balance (Rs. In lakhs) |
|---|--|
| 24.301 (O) (Collecting Bank-Mahandraganj Rev S/D) | 6.08 |
| 24.301 (T) (Collecting Bank-Ampati Rev S/D) | 9.19 |
| 24.301 (U) (Collecting Bank-Chokpot Rev S/D) | 0.31 |
| 24.301 (B) (Collecting Bank-Umiam Rev S/D) | 103.13 |
| 24.301 (D) (Collecting Bank-Byrnihat Rev S/D) | 104.47 |



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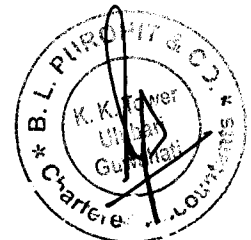
| | |
|---|-------|
| 24.301(E) (Collecting Bank Jowai Rev S/D) | 448.9 |
| 24.301(F) (Collecting Bank-Mawsynram Rev S/D) | 3.91 |
| 24.301(G) (Collecting Bank-Pynursla Rev S/D) | 1.06 |
| 24.301(H) (Collecting Bank-Nongstoin Rev S/D) | 9.78 |
| 24.301(I) (Collecting Bank-Mairang Rev S/D) | 1.76 |
| 24.301(J) (Collecting Bank-Mawkyrwat Rev S/D) | 6.19 |
| 24.301(L) (Collecting Bank-Baghmara Rev S/D) | 8.37 |
| 24.301(M) (Collecting Bank-Nangalbibra Rev S/D) | 0.24 |
| 24.301(P) (Collection Bank - Tura - SBI) | 4.24 |
| 24.301(Q) (Collecting Bank-Phulwari Rev S/D) | 6.82 |
| 24.304(A) (Collecting Bank-Garobadha Rev S/D) | 5.52 |
| 24.305(A) (Collecting Bank-Rev Div I&II(A)) | 0.64 |
| 24.306(B) (Collecting Bank-Mawryngkneng Rev S/D(B)) | 66.83 |

Further, the bank balances include un-reconciled items and there are unidentified credits in the bank and cheque deposited but not credited which are under reconciliation. The impact of above on the revenue account, assets and liabilities could not be determined.

Cash imprest with staff Rs. 131.00 lakhs: As can be seen from table below against "Temporary Imprest with Staff" the opening balance was 116.97 lakhs and during the year there was debit of Rs. 59.65 lakhs and credit of Rs. 48.64 lakhs and the closing balance as on 31.03.21 was 127.99 lakhs. The detailed broadsheets showing the name of employees and advance against their names along with aging analysis was not provided to us to ascertain the correctness of the amount reflected in financial statements.

Thus, the management could not justify the correctness of this amount and the reason for treating such old balance as cash.

| Particulars | Opening balances as on 01.04.2020 | Debit | Credit | Closing balance as on 31.03.2021 |
|---------------------------------------|-----------------------------------|-------|--------|----------------------------------|
| 24.210 (Permanent Imprest With Staff) | 1.49 | 54.37 | 52.90 | 2.96 |
| 24.220 (Temporary Imprest With Staff) | 116.97 | 59.65 | 48.64 | 127.99 |
| 24.230 (HRD Imprest) | 0.05 | 0.00 | 0.00 | 0.05 |



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8. NOTE 9: FINANCIAL ASSETS (BALANCES OTHER THAN CASH & CASH EQUIVALENTS): Rs.9037.04 Lakhs

- a. **Other Bank Balances (Term deposits): Rs.9037.04 lakhs** we observed that the term deposits are in the name of the holding company Meghalaya Energy Corporation Limited but are shown in the books of the company, and this is totally incorrect accounting as legally the deposits are not in the name of the company.
This observation was also a subject matter of qualification in our previous audit report on the financial statements for the year ended 31st March 2018 and since the accounting effect has not yet been given the observation remains in this year also.
- b. Fixed/term deposits with bank which are made out of grants and loan funds received from the donor/lender are not disclosed separately. Since the interest earned on such FD's is to be treated as part of respective grants etc. proper disclosure of the details should have been made in the notes on accounts.
- c. Disclosure not made of Fixed/term deposits with banks which are pledged for obtaining overdraft facility from Central Bank of India and State Bank of India. Overdraft availed Rs.2664.37 lakhs.

9. NOTE 10: FINANCIAL ASSETS (LOANS): Loan to Employees Rs.50.42 Lakhs

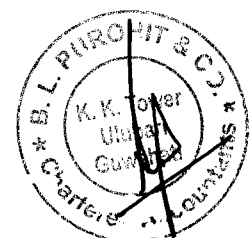
The detailed broadsheets showing the name of employees and advance against their names was not provided to us to ascertain the correctness of the amount reflected in financial statements.

10. NOTE 11: FINANCIAL ASSETS (OTHERS): Rs.14,394.64 Lakhs

- a) Related party receivables totaling Rs. 14213.65 lakhs are subject to confirmation and reconciliation, the effect of reconciliation, if any on the financial statements is not determinable.
- b) Other income accrued and due Rs 34.38 lakhs: The amount is outstanding since before 2017 and if the realization is doubtful then appropriate provision should have been made in books.

11. NOTE 12: CURRENT TAX ASSETS: Income tax refundable Rs.83.69 lakhs

It is observed that the Tax Collected at source by OTC amounting to Rs 7.14 lakhs has not been accounted for and as a result the current tax amount and liabilities are understated by this amount.



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12. NOTE 13: OTHER CURRENT ASSETS: Rs. 2992.21 lakhs

- a. **Advances other than capital advances: Rs. 384.35 lakhs** Detailed broadsheet of parties to whom the advance has been paid was not provided therefore we cannot comment on the correctness or otherwise of the amount.
- b. **Balance with Govt. Authorities: Rs. 2460.47 lakhs** This is the amount shown as "GST Input Tax Credit Claimable" The complete details with supporting were not available for verification therefore could not verify the correctness or otherwise of the amount.
- c. **Staff Related Advance Rs. 147.38 lakhs**

Staff related advances amounting to Rs. 147.38 lakhs include credit balances against House Building advance which shows that there is some mistake in these heads.

Chart showing discrepancies in staff related advances: -

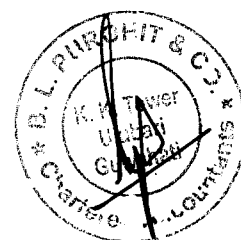
| Particulars | Opening Balance (Rs.) in lakhs | Debit During the Year (Rs.) | Credit During the Year (Rs.) | Closing Balance (Rs.) in lakhs | Remarks |
|-----------------------------------|--------------------------------|-----------------------------|------------------------------|--------------------------------|--|
| 27.101 (Houses Building Advances) | 11.83 Cr | | | 11.83 Cr | How Credit Balance can be possible under this head. |
| 27.201 (TA) | 59.26 Dr | 1.60 | 1.46 | 59.4 Dr. | Why adjustment could not be made in spite of having its nature of temporary advance. |
| 27.205 (Medical) | 92.59 Dr | 13.11 | 7.42 | 98.28 Dr | Why only 7.42 lakhs could be adjusted during the Year. |

EQUITY

13. NOTE 15: OTHER EQUITY: Rs. (282680.82 lakhs)

Equity share capital pending allotment Rs.1153.00 lakhs:

The statutory time limit prescribed by the Companies Act, 2013 for allotment and refund of share application money has not been complied with.



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NON-CURRENT LIABILITIES:

14. NOTE 16: FINANCIAL LIABILITIES (BORROWINGS): Rs.116693.52 lakhs

- a. Under mentioned book balances of Financial Liabilities are subject to confirmation and reconciliation with concerned lenders:

| Name of Lender | Closing Book Balances (Rs. In lakhs) |
|-----------------------------------|--------------------------------------|
| 9% Loan from PFC (R-APDRP-Part A) | 3389.40 |
| 9% Loan from PFC (R-APDRP-Part B) | 8026.64 |

- b. Current maturities of long-term debts Rs.6366.34 lakhs: It is observed that current maturity not considered in case of Loans from PFC (R-APDRP-Part A) and Loan from PFC (R-APDRP-Part B)

15. NOTE 17: DEFERRED REVENUES: Rs. 97892.68 Lakhs

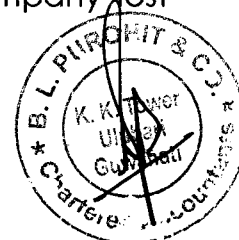
Note 17.1 Details of movement in Grants and subsidies: Rs. 2804.82 lakhs amortized and transferred to revenue for the year however further the same amount was reduced from the Government grants and shown as deferred revenue under current liabilities which in our opinion is wrong accounting.

Note 17.3 Details of grants and subsidies received during the year: Rs. 6217.94 lakhs received against the DDUGJY scheme is shown as received towards Saubhagya scheme.

CURRENT LIABILITIES:

16. NOTE 18: CURRENT FINANCIAL LIABILITIES: BORROWINGS Rs. 2664.37 lakhs

- a) As per the sanction letter and bank statement the overdraft and FDR are in name of the holding company but shown in the company books.
- b) Overdraft A/c with Central Bank of India having A/c No. 3581742697 Rs 7.06 crores. Interest Rate is 8.75% & closing balance as on 31/03/2021 is Rs 7.11 crores: - The overdraft taken is against the pledge of the FDR/TDR and normally banks charges 1% more interest from the borrower then what it is paying to the borrower on FDR/TDR however in this case the bank has charged approximately 3% more than what it paid to the company. Thus, company lost



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approximately Rs. 15 lakhs towards excess interest paid to Central Bank of India during the year.

17. NOTE 19 FINANCIAL LIABILITIES TRADE PAYABLES Rs.133025.63 lakhs

a. Trade Payable against

Purchase of Power from Outside Parties Rs. 94008.22 lakhs

Payables against Wheeling Charges Rs. 8557.85 lakhs

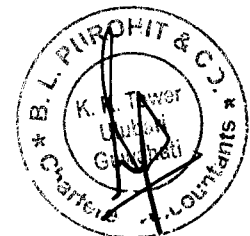
Payable against operational and maintenance related supplies
Rs. 261.12 lakhs

Balance confirmation with the following creditors was provided to us and there are differences as mentioned below

| Serial no. | Name of Party | Amount as per books(in lakhs) | Amount as per party books(in lakhs) | Difference (in lakhs) |
|------------|---|-------------------------------|-------------------------------------|-----------------------|
| 1 | ONGC Tripura Power Company (OTPC) | 10642.11 | 9481.88 | 1160.23 |
| 2 | Power System Operation Corporation (POSOCO) Limited | 6.73 | -0.10 | 6.63 |
| 3 | Power Grid Corporation of India Limited (PGCIL) | 7097.39 | 6173.00 | 924.39 |

Further balance confirmation was not furnished from other trade creditors. Further, party wise outstanding against the amounts payable against operational and maintenance related supplies were also not furnished for audit.

- b. Further as evident from the note no 19(a).and 19(b) there is difference of Rs. 116.84 lakhs in balances of 'Payables against Purchase of Power from Outside Parties' as per financial statements and as per Statement of Superintendent Engineer (EM), MePDCL. Similarly, there is a difference of Rs.97.68 lakhs in the balances of 'Payables against Wheeling Charges' as per financial statements and as per Statement of Superintendent Engineer (EM).



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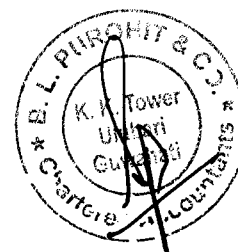
- c. Hence in view of non-availability of party wise confirmation from all power suppliers and the internal differences of Financial Figures related to Power Purchases & Opening Balance and Closing Balances of concerned suppliers, we are unable to express our opinion on the authenticity of balances appearing under this head.
- d. The Bills/Credit Notes related to power purchase and wheeling charges from the parties given in table below have not been account for in the FY 2020-21.

| Party Name | Amount (in lakhs) |
|---------------------|-------------------|
| PGCIL (Bills) | 223.67 |
| NEEPCO (Bills) | 79.14 |
| NTPC (Credit Notes) | (808.53) |
| OTPC (Credit Notes) | (338.78) |
| Net Effect | (844.50) |

The Financial impact of the above table results in overstatement of Net Loss and Trade payables.

18. NOTE 20: FINANCIAL LIABILITIES (OTHER): Rs.101242.37 lakhs

- a. **Interest accrued others: Rs.7414.60 lakhs:** This includes an amount of Rs.8.56 crores booked under "Interest accrued and due on PFC (PP 325 crores)" related to the period January 2020 to March 2020(already provided in the accounts of 2019-20) it has resulted in overstatement of liabilities and the loss by Rs. 8.56 crores each.
- b. **Interest payable to the Govt. of Meghalaya Rs. 1130.03 lakhs:**
- i) This includes an amount of Rs. 821.26 lakhs payable to State Government under accounting code 46.510. The same amount is carried forward from FY 2016-2017 and neither it is being paid nor there any confirmation from the state government for this amount.
- ii) It also includes Rs. 308.78 lakhs towards Interest Accrued & Due on State Govt. Loans under accounting code 51.206. However, we observed that Interest is not provided during the year on loan amounting to Rs.3385.72 lakhs from State Government. Due to lack of complete information on the amounts outstanding we cannot comment on the correctness of these amounts and their effect on financial statements.

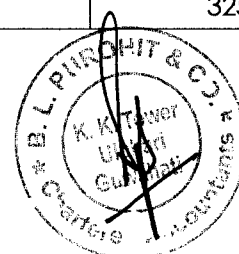


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- c. **Liabilities for capital supplies Rs.28094.35 lakhs :**
 Party-wise details of amount payable were not furnished to us and as such we cannot comment on the accuracy of the same.
- d. **Staff related liabilities of Rs. 1773.08 lakhs** are the net liability after netting off debit and credit balances. Many of the accounts have corresponding debit and credit balances which have not been reconciled and have not been set off and the reason thereof also could not be explained by the management. Further, there is no provision of liability during the current financial year for some certain accrued liabilities like Gratuity, Pension, Bonus. Many of liabilities balances under this head have been carried forward from the preceding years but the balances thereof remained unchanged during the current financial years. The employee wise details not produced and explained by the management and nor the management could explain the reason of classification of the said liabilities under the head Current Liabilities instead of under the Head Non-Current Liabilities.
- e. **Security Deposits and Retention Moneys Payable Rs. 19711.70 lakhs:** Customer wise/division wise details were not made available to us. in absence of complete details, we are unable to express opinion on correctness of the above amount.
- f. **Liabilities for expenses Rs. 3332.67 lakhs:**
 This contains under mentioned balances. Against the heading Provision for liability for expenses only Rs. 36.77 lakhs were paid and closing balance increased to Rs. 3226.51 lakhs. As item wise details were not provided therefore, we cannot comment on the correctness of the same.

| PARTICULARS | Opening balance Amount in Rs. Lakhs | Debit Amount in Rs. Lakhs | Credit Amount in Rs. Lakhs | Closing balance Amount in Rs. Lakhs |
|--|-------------------------------------|---------------------------|----------------------------|-------------------------------------|
| 46.430 (Provision For Liability For Expenses) | 2211.20 | 36.77 | 1052.08 | 3226.51 |
| 46.932 (Excess Payment Recoverable From Contractors/suppliers) | 27.45 | 0.00 | 0.00 | 27.45 |
| Total | | | | 3253.96 |



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19. NOTE 21 PROVISIONS Rs. 2327.30 lakhs

Provision for employee benefits Rs.2327.30 lakhs is the amount of provision created for Revision of Pay in earlier years but not yet fully paid off. Further, no provision for the employee superannuation benefits had been made in the financial statements of the Company. This is in contrast to the Ind AS 19 Employee Benefits

20. NOTE 22: OTHER CURRENT LIABILITIES Rs. 4738.31 lakhs

Statutory dues payable Rs. 4738.31 lakhs: As explained by the management under this heading there are balances which are subject to reconciliation and therefore, we cannot comment on the correctness of the same.

21. NOTE 23: DEFERRED REVENUE: Rs 2804.82 lakhs

Rs. 2804.82 lakhs amortized and transferred to revenue for the year however further the same amount was reduced from the Government grants and shown as deferred revenue under current liabilities which in our opinion is wrong accounting.

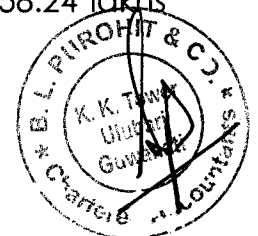
22. NOTE 24: REVENUE FROM OPERATION:

- a. The statement of Profit and Loss for the year ended 31st March, 2021 shows Sales at Rs. 89407.81 lakhs whereas Power Purchase costs are shown as Rs. 102899.61 lakhs. Thus, there is a gross loss of Rs. 13491.80 lakhs. The quantitative details of power purchased during the FY 2020-21 and power sold during FY 2020-21 are as under.: -

| | |
|------------------------|--|
| Total Power purchased= | 2511.52 (MU) (Note 26.4) |
| Total Power sold | = <u>1921.38 (MU)</u> (Note 24.1 & 24.3) |
| Difference | = <u>590.14(MU)</u> |

We sought an explanation from the management regarding the above difference in power purchased and power sold however no reply was provided.

- b. It is observed that the amounts received against temporary service connections are revenue in nature however few sub divisions are booking the amounts under the below mentioned heads as liability which has resulted in understatement of revenue by Rs 58.24 lakhs during the year and overall Rs.409.85 lakhs.



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Referred to in paragraph 2 of Independent Auditor's Report to the members of the Company on
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| Accounting code and heading | Amount as on 31 st March 2021 (in Rs. Lakhs) |
|---|---|
| 23.191 (Temporary Power Supply (Urban)) | 268.94 |
| 23.192 (Temporary Power Supply (Rural)) | 89.26 |
| 23.193 (Temporary Power Supply Leshka) | 51.65 |

- c. It is observed that under the heading other operating revenue Rebates on Purchase of Energy Rs. 1403.52 lakhs is shown, in our opinion this amount should have been reduced from the cost of power purchase.

23. NOTE 26 POWER PURCHASE COST: Rs. 102899.61 lakhs:

- a. Following are the observation relating to Bills/Credit Notes that have not been taken into account for the period

| Party Name | Amount (in lakhs) |
|---------------------|-------------------|
| PGCIL (Bills) | 223.67 |
| NEEPCO (Bills) | 79.14 |
| NTPC (Credit Notes) | (808.53) |
| OTPC (Credit Notes) | (338.78) |
| Net Effect | (844.50) |

Thus the net effect of the non-accounting of above bills/credit notes is power purchases cost being shown excess by Rs.844.50 lakhs resulting in overstatement of Net Loss and Liabilities.

24. Note 28- FINANCE COSTS Rs. 8815.93 lakhs

- a) Interest on Loan of Rs.325 crores from Power Finance Corporation Ltd: Rs. 50.46 crores debited in profit and loss account includes an amount of Rs.856 lakhs related to the period January 2020 to March 2020(already provided in the accounts of 2019-20) it has resulted in overstatement of the loss and liabilities by Rs. 856 lakhs each.

25. Note 30- OTHER EXPENSES Rs. 3031.95 lakhs

- a. Short provision of expenses : Rs. 102.85 lakhs Short provision made for professional charges payable to TCS Ltd for Facility Management services Rs.935472/- and For AMC/ATS services



Meghalaya Power Distribution Corporation Limited

Annexure C to the Independent Auditor's Report for the Financial Year 2020-21 Referred to in paragraph 2 of Independent Auditor's Report to the members of the Company on the Standalone Ind AS Financial Statements.

provision short made for Rs.9350217/- (expenses booked under the heading "Telegram, Postage, Telegraph and Telex charges")

- b. Prior period expenses booked as current year expenses: Rs. 187.04 lakhs:
- i) Maintenance charges paid to TCS Ltd. For facility management services for the period 01/06/2019 to 28.02.2020 Rs. 8419248/- booked under expenditure head "Telegram, Postage, Telegraph and Telex charges"
 - ii) Maintenance charges paid to TCS Ltd. For facility management services for March 2020 Rs. 935472/- booked under expenditure head "Legal and professional charges"
 - iii) AMC/ATS services for FY 2019-20 Rs. 9350217/-booked under "Teiegram, Postage, Telegraph and Telex charges".

Thus total expenses amounting to Rs. 187.04 lakhs is booked as current year expenses which should have been booked as prior period expenses.

26. Note 31 - EXCEPTIONAL ITEMS Rs. 2785.22 lakhs

This includes Rs. 2779.29 lakhs against the MePDCL OTS-2020 however as per the details provided by the Nodal Officer of the OTS actual amount allowed to consumers in OTS 2020 is Rs.1742.75 lakhs, thus there is an overstatement of loss by Rs.1036.54 lakhs and understatement of Receivables by the same amount.

27. GENERAL OBSERVATION:

- i. We invite attention to Note 48 Additional information: The note states the various issues with the financial statements and matters pending reconciliation.
- ii. The audited accounts of the financial year 2018-19 and financial year 2019-20 are not yet laid before the AGM for consideration and are not adopted by the shareholders.
- iii. We have observed unreconciled debits and credits in the bank reconciliation statement for which proper explanation was not offered.
- iv. Certain accounts under the liabilities head are showing debit balances whereas under assets head they are showing credit



Meghalaya Power Distribution Corporation Limited

Annexure C to the Independent Auditor's Report for the Financial Year 2020-21 Referred to in paragraph 2 of Independent Auditor's Report to the members of the Company on the Standalone Ind AS Financial Statements.

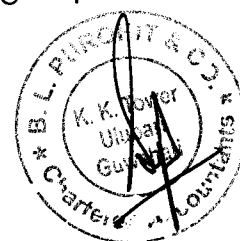
balances. As this is apparently not correct, it needs verification and correction.

- v. Gross Trade receivables of Rs. 61840.85 lakhs as at 31.3.2021 is 66.38% of the total Revenue from operations for the financial year 2020-21, which shows poor collection from consumers.
- vi. The Internal audit unit of the company has pointed out many irregularities regarding improper maintenance of cash book and records, bounced cheques not given effect in consumer accounts, huge receivables from live and disconnected consumers, loss of revenue due to billing inefficiencies, stock records not being maintained properly etc. which are of serious nature and should have been promptly acted upon, but we were not provided the compliance of these reports.
- vii. Under Micro, Small and Medium Enterprises Development Act, 2006 read with MCA notification GSR 719(E) dated 16/11/2007 following disclosures are required to be made relating to Micro, Small and Medium Enterprises

Section 22. Requirement to specify unpaid amount with interest in the annual statement of accounts. -

Where any buyer is required to get his annual accounts audited under any law for the time being in force, such buyer shall furnish the following additional information in his annual statement of accounts, namely: —

- a. the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year;
- b. the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;
- c. the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;
- d. the amount of interest accrued and remaining unpaid at the end of each accounting year; and



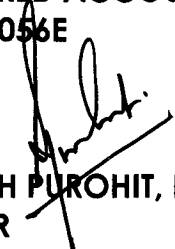
Meghalaya Power Distribution Corporation Limited

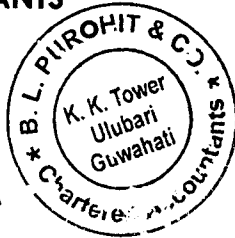
Annexure C to the Independent Auditor's Report for the Financial Year 2020-21
Referred to in paragraph 2 of Independent Auditor's Report to the members of the Company on
the Standalone Ind AS Financial Statements.

- e. the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of dis allowance as a deductible expenditure under section 23.

No figures provided in the disclosures made by the Company.

FOR & ON BEHALF OF
B.L. PUROHIT & CO.,
CHARTERED ACCOUNTANTS
FRN 311056E


SUBHASH PUROHIT, FCA
PARTNER
M. NO. 059631
DATED: 04/03/2022
Guwahati



Meghalaya Power Distribution Corporation Limited

Auuxure –D to the Auditors' Report

Referred to iu paragraph 5(b)(vi) of Iudepeudent Auditor's Report to the members of the Company on the Standalone Ind AS Finaeial Statements for the Financial Year 2020-21

Report on the Internal Fioncial Confrois under Clause (i) of sub- section 3 of Section 143 of the Companies Act,2013 ('the Act')

We have audited the internal financial controls over financial reporting of Meghalaya Power Distribution Corporation Limited (the Company') as of 31st March, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

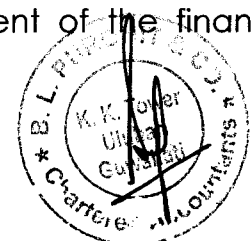
Managemen't's Responsibility for Infernal Financial Confrois

The Company 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). The 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 the 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.

Audifors' 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 to Internal Financial Controls over Financial Reporting ('the Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were 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 bases on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error.



Meghalaya Power Distribution Corporation Limited

Annexure –D to the Auditors' Report

Referred to in paragraph 5(b)(vi) of Independent Auditor's Report to the members of the Company on the Standalone Ind AS Financial Statements for the Financial Year 2020-21

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 authorization of the Management of the Company, and (3) provided 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.

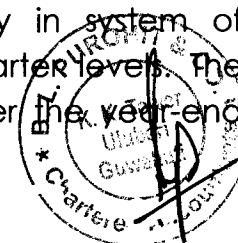
Inherent Limitations of Internal Financial Controls over Financial Reporting

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.

Qualified Opinion

As explained and informed by the Management of the Company and based on the audit evidence obtained by doing sample audit and as evident from the various notes and disclosures made in relation to the financial statements of the year ended 31st March, 2021 the following material weakness, control lapses have been identified as at 31st March 2021 in its internal financial control over financial reporting of its operations:

1. The Company did not have appropriate/adequate internal control procedure commensurate with the size, nature, complexity of its business operations with regard to:
 - Maintenance of books of accounts: Lack of uniformity in system of maintenance of accounts at the division and head quarter levels. The Company did not have appropriate internal controls over the year-end



Meghalaya Power Distribution Corporation Limited

Annexure –D to the Auditors' Report

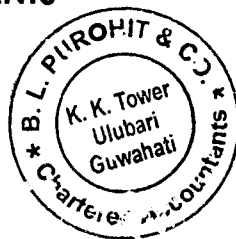
Referred to in paragraph 5(h)(vi) of Independent Auditor's Report to the members of the Company on the Standalone Ind AS Financial Statements for the Financial Year 2020-21

financial reporting process including control over collection, preservation and assimilation of financial information from various offices so as to permit preparation of financial statements which are free from material misstatements.

- Lack of periodical reconciliation between daily cash collection as per cash book and Monthly statements submitted by divisions/sub divisions. Lack of authenticity of physical verification certificates with regards to Capital work-in-progress, fixed Assets, Cash and Bank balance and inventories. Lack of reconciliation of significant accounts like trade receivables, trade payables, security deposits, loans and advances and other accounts in a timely or accurate manner.
 - Lack of updating of registers, reconciliation of books at regular intervals and the cascading effect of long pending unresolved balances and negative balances reflected in the books of accounts.
 - Substantial unreconciled figures with regards to inter-division transaction
 - Delay in transfer from capital work in progress to fixed assets on the basis of completion certificates.
 - Deficiency in maintenance of party wise details with respect to third party transaction.
 - Lack of segregation of financials between the parent company and its subsidiaries, in the actual sense of the statement.
 - Entitlement of assets and liabilities especially Term Deposits, Loan, Bank Accounts) remaining centralized at the level of the holding company, instead of titles being handed over in reality.
2. Further, formal reviewing procedures are yet to be established with regards to Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

**FOR & ON BEHALF OF
B.L. PUROHIT & CO.
CHARTERED ACCOUNTANTS
FRN 311056E**

**SUBHASH PUROHIT, FCA
PARTNER
M. NO. 059631
DATED: 04/03/2022
Guwahati**





Speed Post/Hand
कार्यालय महालेखाकार (लेखापरीक्षा)
मेघालय, शिलांग - 793 001.
OFFICE OF THE
ACCOUNTANT GENERAL (AUDIT),
MEGHALAYA, SHILLONG - 793 001.
Email: agauMeghalaya@cag.gov.in

Ltr.No. AMG-II/3-23/Annual Accounts/MePDCL/2021-22/1005

Date: 12 December 2022

To,

The Chairman cum Managing Director,
Meghalaya Power Distribution Corporation Limited,
Lumjingsbai, Short Round Road,
Sbillong -793001.

Sub: Comments of the Comptroller and Auditor General of India under Section 143(6) of the Companies Act, 2013 on the accounts of Meghalaya Power Distribution Corporation Limited for the year ended 31 March 2021.

Sir,

I am to forward herewith the Comments of the Comptroller and Auditor General of India under Section 143(6) of the Companies Act, 2013 on the accounts of **Meghalaya Power Distribution Corporation Limited for the year ended 31 March 2021** for necessary action at your end.

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

Yours faithfully,

Encl: As stated above


Dy. Accountant General
Audit Management Group-II

**COMMENTS OF THE COMPTROLLER AND AUDITOR
GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE
COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF
MEGHALAYA POWER DISTRIBUTION CORPORATION
LIMITED FOR THE YEAR ENDED 31 MARCH 2021**

The preparation of financial statements of **Meghalaya Power Distribution Corporation Limited** for the year ended **31 March 2021** in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are responsible for expressing an opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the auditing standards prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated **04 March 2022**.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of **Meghalaya Power Distribution Corporation Limited** for the year ended **31 March 2021**. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which, in my view, are necessary for enabling a better understanding of the financial statements and the related audit report:

A. Balance Sheet

Assets

Current Assets

Trade Receivables (Note 7)

Unsecured, considered good: ₹ 596.26 crore

1: Refer CAG's comments (No. A3) on the accounts of the company for the year 2019-20 pointing out short provisioning (₹ 43.37 crore) against doubtful dues (₹ 44.70 crore) recoverable from consumers whose supply has been disconnected for more than two years as 31 March 2020 and hence, these dues became time-barred in terms of Section 56(2) of the Electricity Act, 2003

During 2020-21, further dues of ₹ 52.39 crore became time-barred while the Company has written off ₹ 11.57 crore against previous unrecoverable dues making total time-barred dues As on 31 March 2021 to ₹ 85.52 crore (₹ 44.70 crore upto 2019-20 minus ₹ 11.57 crore

written off during the year *plus* ₹ 52.39 crore added during 2020-21). Against this, the Company has kept provisions of ₹ 2.57 crore (3 *per cent* of total outstanding debts) as per its declared Accounting Policy (*refer para 22.1 of Significant Accounting Policies*). Thus, there was short-provisioning to the extent of ₹ 82.95 crore *minus* ₹ 2.57 crore) against time-barred dues relating to consumers whose supply was disconnected for more than two years as on 31 March 2021.

This has resulted in overstatement of 'Trade Receivables – Unsecured, considered good' by ₹ 82.95 crore with corresponding understatement of 'Loss for the year' to the same extent

B. Statement of Profit and Loss

Expenses

Power Purchase Costs (Note 26): ₹825.23 crore

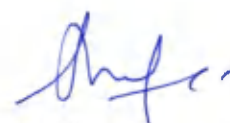
1: This is understated by ₹28.92 crore due to non-accounting of power purchase bills for the current year raised by Power Grid Corporation of India Limited (₹6.75 crore) and North Eastern Electric Power Corporation Limited (₹22.17 crore). This has correspondingly resulted in understatement of 'Current Liabilities' and 'Loss for the year' by ₹28.92 crore each.

Electricity Duty: NIL

2: The Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations 2019 (effective from April 2019) provided for recovery of Electricity Duty imposed by the State and Central Government on Central Generating Units from the Beneficiaries in proportion to their scheduled despatch during the month. Since the Company was a beneficiary of the power generated by North Eastern Electric Power Corporation Limited (NEEPCO), a Central Generating Unit, it was liable to bear the proportionate Electricity Duty paid by NEEPCO during the year.

During April 2021, NEEPCO raised demand for Electricity Duty of ₹0.79 crore on the Company for the year 2020-21. Since the liability was known to the Company prior to approval of accounts, it should have been provided for in the accounts. This has resulted in understatement of 'Current Liabilities' and 'Loss for the year' by ₹0.79 crore each.

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

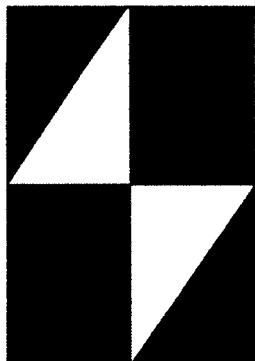


**(Shefali Srivastava Audaleeb)
Accountant General (Audit)**

**Place: Shillong
Date: 12 December 2022**

**MEGHALAYA POWER DISTRIBUTION
CORPORATION LIMITED**

SHILLONG



LIGHTING UP YOUR LIFE

Me PDCL

STATEMENT OF ACCOUNTS

2020-21

MEGHALAYA POWER DISTRIBUTION CORPORATION LIMITED

BALANCE SHEET AS AT 31st MARCH 2021

(Amount in Lakhs)

| Particulars | Note No. | As at 31st March 2021 | As at 31st March 2020 |
|--|----------|--------------------------|--------------------------|
| (I) ASSETS | | | |
| (1) Non-Current Assets | | | |
| (a) Property, Plant and Equipment | 2 | 69,449.66 | 19,722.33 |
| (b) Capital Work-in-Progress | 3 | 98,108.47 | 1,22,020.03 |
| (c) Financial Assets:- | | | |
| (i) Others | 4 | 410.28 | 787.72 |
| (d) Other Non Current Assets | 5 | 1,211.50 | 1,239.08 |
| Total Non-Current Assets | | 1,69,179.92 | 1,43,769.16 |
| (2) Current Assets | | | |
| (a) Inventories | 6 | 1,613.71 | 1,482.08 |
| (b) Financial Assets:- | | | |
| (i) Trade receivables | 7 | 59,626.30 | 59,998.81 |
| (ii) Cash and cash equivalents | 8 | 6,416.06 | 4,532.86 |
| (iii) Balances other than cash and cash equivalents | 9 | 9,037.04 | 13,322.99 |
| (iv) Loans | 10 | 50.42 | 67.66 |
| (v) Others | 11 | 14,394.64 | 46,007.59 |
| (c) Current Tax Assets | 12 | 83.69 | 25.13 |
| (d) Other current assets | 13 | 2,992.21 | 2,070.85 |
| Total Current Assets | | 94,214.07 | 1,27,507.99 |
| TOTAL ASSETS | | 2,63,393.98 | 2,71,277.14 |
| (II) EQUITY AND LIABILITIES | | | |
| (1) EQUITY | | | |
| (a) Equity Share Capital | 14 | 84,685.80 | 84,423.58 |
| (b) Other Equity | 15 | (2,82,680.82) | (2,40,020.13) |
| Total Equity | | (1,97,995.03) | (1,55,596.55) |
| (2) LIABILITIES | | | |
| <u>Non-Current Liabilities</u> | | | |
| (a) Financial Liabilities:- | | | |
| (i) Borrowings | 16 | 1,16,693.52 | 47,843.95 |
| (b) Deferred Revenue | 17 | 97,892.68 | 90,575.88 |
| Total Non-Current Liabilities | | 2,14,586.20 | 1,38,419.83 |
| <u>Current Liabilities</u> | | | |
| (a) Financial Liabilities:- | | | |
| (i) Borrowings | 18 | 2,664.37 | 2,670.19 |
| (ii) Trade payables: - | 19 | | |
| (A) total outstanding dues of micro enterprises and small enterprises | | | |
| (B) total outstanding dues of creditors other than micro enterprises and small enterprises | | 1,33,025.63 | 1,81,577.37 |
| (iii) Other financial liabilities | 20 | 1,01,242.37 | 95,993.48 |
| (b) Provisions | 21 | 2,327.30 | 2,327.59 |
| (c) Other current liabilities | 22 | 4,738.31 | 4,285.03 |
| (d) Deferred Revenue | 23 | 2,804.82 | 1,600.21 |
| Total Current Liabilities | | 2,46,802.81 | 2,88,453.86 |
| Total Liabilities | | 4,61,389.01 | 4,26,873.70 |
| TOTAL EQUITY AND LIABILITIES | | 2,63,393.98 | 2,71,277.14 |

The accompanying notes 1 to 57 forms integral part of financial statements

As per our report of even date attached

For and on behalf of the Board

For B L Purohit & Co.
Chartered Accountants
(Firm Regn. No. 311056E)
K. K. Tower
Ulubari
Guwahati
CA. Subhash Purohit
(Partner)
M. No.059631

D.P. Wahlang, IAS
Chairman-cum-Managing Director
DIN: 02600478

P. Bakshi, IAS
Director Finance
DIN: 08778473

Place: Shillong
Date: 04/03/2022

B.L.
Bishwanath Prasad Singh
Chief Financial Officer & Chief Accounts Officer

G.S. Mukherjee
Company Secretary
M.No. 20613
Date: 14/12/2021

MEGHALAYA POWER DISTRIBUTION CORPORATION LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2021

(Amount in Lakhs)

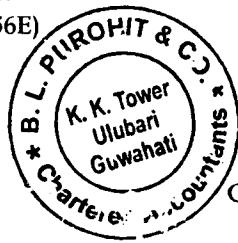
| Particulars | Note No. | For the year ended 31st March 2021 | For the year ended 31st March 2020 |
|---|----------|---------------------------------------|---------------------------------------|
| Incomes | | | |
| I. Revenue From Operations | 24 | 93,162.77 | 86,523.86 |
| II. Other Income | 25 | 5,712.43 | 5,082.06 |
| III. Total Income | | 98,875.20 | 91,605.92 |
| Expenses | | | |
| (i) Power Purchase Costs | 26 | 1,02,899.61 | 1,10,195.31 |
| (ii) Employee benefits expense | 27 | 20,993.59 | 15,982.42 |
| (iii) Finance costs | 28 | 8,815.93 | 6,037.93 |
| (iv) Depreciation and amortization expense | 29 | 2,897.36 | 1,944.65 |
| (v) Other expenses | 30 | 3,031.95 | 1,709.66 |
| V. Profit/(loss) before exceptional items and tax | | (39,763.25) | (44,264.05) |
| VI. Exceptional Items | 31 | 2,785.22 | 9.04 |
| VII. Profit/(loss) before tax | | (42,548.47) | (44,273.09) |
| VIII. Tax Expense | | | |
| (i) Current tax | | - | - |
| (ii) Deferred tax | | - | - |
| IX. Profit (loss) for the year | | (42,548.47) | (44,273.09) |
| X. Other Comprehensive Income | | | |
| A. (i) Items that will not be reclassified to profit or loss | | - | - |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | | - | - |
| B. (i) Items that will be reclassified to profit or loss | | - | - |
| (ii) Income tax relating to items that will be reclassified to profit or loss | | - | - |
| XI. Total comprehensive income for the period | | (42,548.47) | (44,273.09) |
| XII. Earnings per equity share | 43 | | |
| (i) Basic | | (5.04) | (5.43) |
| (ii) Diluted | | (5.04) | (5.43) |

The accompanying notes 1 to 57 forms integral part of financial statements

As per our report of even date attached
For B L Purohit & Co.
Chartered Accountants
(Firm Regn. No. 311056E)

For and on behalf of the Board

CA. Suphash Purohit
(Partner)
M. No. 059631



D.P. Wahlang, IAS
Chairman-cum-Managing Director
DIN: 02600478

P. Bakshi, IAS
Director Finance
DIN: 08778473

Place: Shillong
Date: 04/03/2022

BL
Bishwanath Prasad Singh
Chief Financial Officer & Chief Accounts Officer

BL
G.S. Mukherjee
Company Secretary
M.No. 20613

Date: 14/12/2021

MEGHALAYA POWER DISTRIBUTION CORPORATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2021

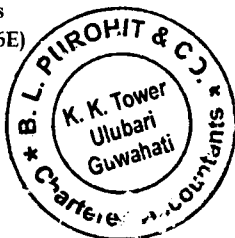
(Amount in Lakhs)


| Particulars | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
|---|--|--|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit/(loss) before Tax as per Statement of Profit and Loss | (42,548.47) | (44,273.09) |
| Adjustments for : | | |
| Depreciation & Amortization of Assets | 2,897.36 | 1,944.65 |
| Amortization of Grants | (38,319.67) | (1,747.81) |
| Provisions created | (0.29) | (352.88) |
| Interest Income | (390.42) | (376.90) |
| Finance Costs | 8,815.93 | 6,037.93 |
| Operating Profit before Working Capital Changes | (69,545.56) | (38,768.10) |
| Adjustments for increase/decrease in: | | |
| Inventories | (131.63) | (177.27) |
| Trade receivables | 372.52 | (659.85) |
| Balances other than cash and cash equivalents | 4,285.95 | (5,570.18) |
| Loans and Advances | 17.24 | (13.91) |
| Other Financial Assets | 31,612.95 | 1,54,271.26 |
| Current Tax Assets | (58.56) | (4.13) |
| Other Current Assets | (921.36) | 1,651.26 |
| Trade Payables | (48,551.74) | 34,596.16 |
| Other Financial Liability | 2,018.29 | (1,50,451.97) |
| Other Current Liability | 453.29 | 406.83 |
| Cash generated from Operations | (80,448.61) | (4,719.90) |
| Taxes Paid | - | - |
| Net Cash from Operating Activities | (80,448.61) | (4,719.90) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Addition in Property, Plant and EquipmentAcquisition of PPE | (52,624.69) | (3,506.68) |
| Investment CWIP | 23,911.56 | (34,806.61) |
| Other Financial Assest | 377.43 | (590.24) |
| Other Non Current Assets | 27.58 | 3,856.57 |
| Interest Income | 390.42 | 376.90 |
| Net Cash from Investing Activities | (27,917.70) | (34,670.05) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Equity Share Capital/ Pending allotment | 150.00 | 895.18 |
| Non Current Borrowings | 70,894.10 | (638.27) |
| Deferred Revenue | 46,841.08 | 38,500.44 |
| Finance Cost | (7,629.87) | (4,321.41) |
| Net Cash from Financing Activities | 1,10,255.32 | 34,435.93 |
| Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C) | 1,889.02 | (4,954.02) |
| Opening balance of Cash and Cash Equivalents | 1,862.67 | 6,816.69 |
| Closing balance of Cash and Cash Equivalents: | 3,751.69 | 1,862.67 |
| Consisting of: | | |
| Balances with Banks | 5,759.10 | 3,914.28 |
| Cash on hand | 525.96 | 500.07 |
| Cash Imprest with Staff | 131.00 | 118.51 |
| Sub total (Note 8) | 6,416.06 | 4,532.86 |
| Overdraft (Note 18) | (2,664.37) | (2,670.19) |
| | 3,751.69 | 1,862.67 |

The accompanying notes 1 to 57 forms intergral part of financial statements

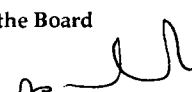
As per our report of even date attached
For B.L Purohit & Co.
Chartered Accountants
(Firm Regn. No. 311056E)


CA. Subhash Purohit
(Partner)
M. No. 059631





D.P. Wahlang, IAS
Chairman-cum-Managing Director
DIN: 02600478

For and on behalf of the Board


P. Bakshi, IAS
Director Finance
DIN: 08778473


Bishwanath Prasad Singh
Chief Financial Officer & Chief Accounts Officer


G.S. Mukhejee
Company Secretary
M.No. 20613

Place: Shillong

Date: 04/03/2022

Date: 14/12/2021

MEGHALAYA POWER DISTRIBUTION CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH, 2021

(Amount in Lakhs)

| A. Equity share capital | Amounts |
|---|------------------|
| Balance as at 1st April, 2020 | 84,423.58 |
| Changes in Equity Share Capital during the Financial Year 2020-21 | 262.22 |
| Balance as at 31st March, 2021 | 84,685.80 |
| Balance as at 1st April, 2019 | 81,162.15 |
| Changes in Equity Share Capital during the Financial Year 2019-20 | 3,261.42 |
| Balance as at 31st March, 2020 | 84,423.58 |

B. Other Equity

(Amount in Lakhs)

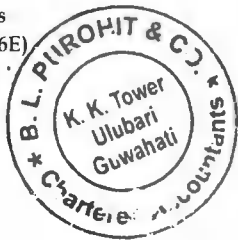
| Particulars | Reserves and Surplus | Equity Share Capital | Total other Equity |
|---|----------------------|----------------------|----------------------|
| | Retained Earnings | Pending Allotment | |
| Balance as at 1st April, 2020 | (2,41,285.35) | 1,265.22 | (2,40,020.13) |
| Prior period errors | - | - | - |
| Restated balance at the beginning of reporting period | (2,41,285.35) | 1,265.22 | (2,40,020.13) |
| Profit/(Loss) for the year | (42,548.47) | - | (42,548.47) |
| Other Comprehensive Income for the Year | - | - | - |
| Total Comprehensive Income for the Year | (42,548.47) | - | (42,548.47) |
| Investment made by MeECL- Holding Company | - | 150.00 | 150.00 |
| Transfer to Equity Share Capital | - | (262.22) | (262.22) |
| Balance as at 31st March, 2021 | (2,83,833.83) | 1,153.00 | (2,82,680.82) |

| Particulars | Reserves and Surplus | Equity Share Capital | Total other Equity |
|---|----------------------|----------------------|----------------------|
| | Retained Earnings | Pending Allotment | |
| Balance as at 1st April, 2019 | (1,96,904.43) | 3,523.64 | (1,93,380.79) |
| Prior period errors | (107.82) | - | (107.82) |
| Restated balance at the beginning of reporting period | (1,97,012.26) | 3,523.64 | (1,93,488.61) |
| Profit/(Loss) for the year | (44,273.09) | - | (44,273.09) |
| Other Comprehensive Income for the Year | - | - | - |
| Total Comprehensive Income for the Year | (44,273.09) | - | (44,273.09) |
| Investment made by MeECL- Holding Company | - | 1,003.00 | 1,003.00 |
| Transfer to Equity Share Capital | - | (3,261.42) | (3,261.42) |
| Balance as at 31st March, 2020 | (2,41,285.35) | 1,265.22 | (2,40,020.13) |

The accompanying notes 1 to 57 forms intergral part of financial statements

As per our report of even date attached
For B. L. Purohit & Co.
Chartered Accountants
(Firm Regn. No. 311056E)

CA. Subhash Purohit
(Partner)
M. No.099631



For and on behalf of the Board

D.P. Wahlang, IAS
Chairman-cum-Managing Director
DIN: 02600478

Bishwanath Prasad Singh
Chief Financial Officer & Chief Accounts Officer

P. Bakshi, IAS
Director Finance
DIN: 08778473

G.S. Mukherjee
Company Secretary
M.No. 20613

Place: Shillong

Date: 04/03/2022

Date: 14/12/2021

Note: - 1 Company Information and Significant Accounting Policies

A. Corporate Information of reporting entity

The Meghalaya Power Distribution Corporation Limited (MePDCL) was incorporated under the erstwhile Companies Act, 1956 on 18.12.2009. The company was entitled to commence business according to the Certificate for Commencement of Business issued by the Registrar of Companies, Meghalaya w.e.f. 17.03.2010. The authorized share capital of the company is Rs. 1,00,000.00 (Rupees One Thousand Crores) divided into Rs. 10,000.00 (One Hundred Crores) Equity Shares of INR 10 (Rupees Ten) each. The Company is a Government Company within the meaning of sub-section 45 of Section 2 of The Companies Act, 2013 and the entire Paid-up Equity Share Capital is held by the Holding Company i.e., the Meghalaya Energy Corporation Limited (a company wholly owned by the Government of Meghalaya), except the equity shares allotted to the Signatories of the Memorandum of Association of the company.

B. Basis of preparation and presentation

i. Statement of Compliance

a) These financial statements comply with all the material aspects of the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, the Companies Act, 1956 (to the extent notified and applicable), applicable provisions of the Companies Act, 2013, and the provisions of the Electricity Act, 2003 to the extent applicable.

ii. Basis of Measurement

These financial statements are prepared on the accounting principles of going concern on accrual basis of accounting, under historical cost convention except for certain financial instruments which are measured at fair value.

iii. Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded off to the nearest lakh (upto two decimal) except as stated otherwise.

iv. Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

a) An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.



b) A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

v. Use of estimates and judgment

The presentation of Financial Statements requires certain estimates and assumptions. These estimates and assumptions affect the reported amount of assets and liabilities on the last date of the financial year and the reported amount of revenues and expenses during the reporting period. Estimates and judgments are evaluated on regular intervals. They are based on historical factors and include expectations of future events that may have a financial impact on the company and are believed to be reasonable under the present circumstances. Any differences between actual results and estimates are recognized in the period in which the actual results are known, ascertained or materialized.

C. Significant accounting policies

A summary of the significant accounting policies applied in the preparation of the financial statements are as given below. These accounting policies have been applied consistently to all periods presented in the financial statements.

1. Property, plant and equipment

1.1 Initial recognition and measurement

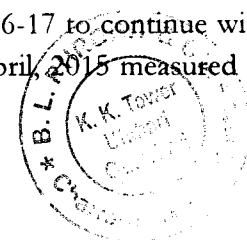
The company has adopted the cost model of recognition under Ind AS 16 to measure the Property, Plant and Equipment. Consequently, all the items of property, plant and equipment are carried at cost less the accumulated depreciation and accumulated impairment losses if any. Cost includes expenditure that is directly attributable to bringing the asset to the location and the condition necessary for it to be capable of operating in the manner intended by the management.

Property, Plant and Equipment acquired for replacement of the existing assets/ component are capitalized and the corresponding replaced assets/ component removed/ retired from active use are derecognized.

Property, Plant and Equipment of the transferred undertaking of the erstwhile Meghalaya State Electricity Board (MeSEB) are stated as specified in notification No.POWER-79/2009/290 dated 31st March 2010 issued by the Government of Meghalaya notifying "The Meghalaya Power Sector Reforms Transfer Scheme 2010," as amended.

In case of Property, Plant and Equipment for new projects, extensions, renovation or modernization, the related expenses and interest costs up to the date of commissioning, attributable to the same, are capitalised.

On transition to Ind AS, the company had elected during the Financial Year 2016-17 to continue with the carrying value of its property, plant and equipment recognized as at 1st of April, 2015 measured as



per the previous GAAP and used that carrying value as the deemed cost of the property, plant and equipment for furtherance of recognition and presentation thereon.

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

1.2 Subsequent costs

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

1.3 De-recognition

Property, plant and equipment are derecognized when no future economic benefits are expected from their use or upon their disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and are recognized in the statement of profit and loss.

1.4 Spare parts

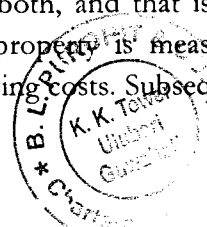
Spare parts procured along with the Plant & Machinery or which subsequently meets the recognition criteria of Property, Plant and Equipment are capitalised and added in the carrying amount of such item. The carrying amount of spare parts that are replaced is derecognized when no future economic benefits are expected from their use or upon disposal. Other machinery spares are treated as "stores & spares" forming part of the inventory.

Inventories earmarked for Capital Work-in-Progress acquired by the Central Store are initially recognized at cost, computed as Ex-works price plus freight, insurances and applicable taxes.

Issuance of inventories earmarked for Capital Work-in-Progress to underlying units or projects, is made at an Issue Rate which is the approved tender or quotation rate applicable as on the date of such issue. In addition to the Issue Rate, the Central Store charges the concerned underlying unit @ 7.5% towards storage and handling of inventory.

2. Investment properties:

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent



Meghalaya Power (Distribution) Corporation Limited

expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably.

An investment property is de-recognised upon disposal or when the investment property is permanently withdrawn from its current use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is de-recognised. Investment properties, other than free hold land, are depreciated using straight line method over their estimated useful lives.

3. Intangible assets and intangible assets under development

An intangible asset is recognised if and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

Intangible assets that are acquired by the Company, which have finite useful lives, are recognised at cost. Subsequent measurement is done at cost less the accumulated amortisation and accumulated impairment losses. Cost includes any directly attributable incidental expenses necessary to make the assets ready for its intended use. Expenditure incurred which is eligible for capitalization under intangible assets are carried as intangible assets under development till they are ready for their intended use.

4. Capital work-in-progress

Cost of materials consumed, erection charges and the incidental expenses incurred for a project or capital asset pending capitalization is shown as Capital Work-in-Progress (CWIP) till the capitalization of the concerned project or asset.

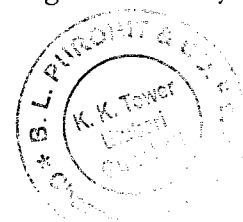
In case of Capital Work-in-Progress (CWIP) for works against deposits or works contracts where the final settlement of bills with contractors are yet to be effected, capitalization is done on provisional basis subject to necessary adjustments in the year of final settlement.

Claims for price variation or exchange rate variation in case of capital contracts are accounted for on acceptance thereof by the Company.

The costs incurred and revenues generated during the Trial Run Stages of Projects of Power Stations are capitalized. The cost of self-constructed assets includes the cost of materials & direct labour, any other costs directly attributable to bringing the assets to the location and the conditions necessary for it to be capable of operating in the manner intended by the management, and borrowing costs.

5. Depreciation/amortization

The rates of depreciation or amortization and estimated useful life thereon as prescribed by the Central Electricity Regulatory Commission (CERC) for the purpose of tariff, are being followed by the company.



Meghalaya Power (Distribution) Corporation Limited

With effect from 1 April 2014, Schedule II of the Companies Act, 2013 has been notified and in accordance with part B of schedule II, the rate and useful life given in the CERC regulation are applied for computing depreciation on assets. However, in case of assets where no useful life is prescribed in the CERC regulations, the useful life and residual value as given in part C of Schedule II of the Companies Act, 2013 is adopted.

In line with the above point, computer software and other intangible assets, if any, are categorised under Property, Plant and Equipment and depreciated thereby as per CERC norms.

Major overhaul and inspection costs which have been capitalised are depreciated over the period until the next scheduled outage or actual major inspection/overhaul, whichever is earlier.

Depreciation on the assets of the distribution business is charged on straight line method following the rates and methodology notified by the CERC up to 90% of the original cost of assets after taking 10% as residual value as referred to below:

| Asset Group | Rate |
|--------------------------|--------|
| Buildings | 3.34% |
| Hydraulic Works | 5.28% |
| Others Civil Works | 3.34% |
| Plant and Machinery | 5.28% |
| Lines and Cable Network | 5.28% |
| Vehicles | 9.50% |
| Furniture and Fixtures | 6.33% |
| Office Equipment | 6.33% |
| Computer and Accessories | 15.00% |

6. Non-current Asset held for Sale

The Company has classified a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The Company has measured a non-current asset (or disposal group) classified as held for sale at the lower of its carrying amount and fair value less the cost to sell.

7. Inventories

The Company is engaged in the business of distribution of electricity and the Inventories shown in the books of accounts are consumables.

Inventories of Operational and Maintenance Stock acquired by the Central Store are initially recognized at cost, computed as Ex-works price plus freight, insurances and applicable taxes.

Issuance of Operational and Maintenance Stock to underlying units is made at an Issue Rate which is the approved tender or quotation rate applicable as on the date of such issue. In addition to the Issue Rate, the Central Store charges the concerned underlying unit @ 7.5% towards storage and handling of inventory.



8. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction/exploration/development or erection of qualifying assets are capitalized as part of cost of such asset until such time the assets are substantially ready for their intended use.

Qualifying assets are assets which take a substantial period of time to get ready for their intended use or sale.

When the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the borrowing costs incurred are capitalized. When the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the capitalization of the borrowing costs is computed based on the weighted average costs of general borrowing that are outstanding during the period and used for the acquisition, construction/exploration or erection of the qualifying asset.

Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Income earned on temporary investment of the borrowings pending their expenditure on the qualifying assets is deducted from the borrowing costs eligible for capitalization.

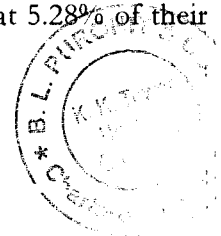
Other borrowing costs are recognized as an expense in the year in which they are incurred.

9. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash-on-hand, cash-at-bank and liquid term deposits (with an original maturity of three months or less from the date of acquisition), which are subject to an insignificant risk of change in value.

10. Government grants

- a) Government grants received are recognized when there is reasonable assurance that the Company will comply with the conditions associated with the grant. Government Grants are classified as capital assets and revenue based on the nature of the grant.
- b) Grants and Subsidies received for specific assets (property, plant and equipment) are disclosed as 'Grants and Subsidies' (Deferred Incomes) on the Liabilities side of the Balance Sheet as a separate line item. They are amortized in proportion to depreciation on related assets (thereby, amortized based on the expected lives of the related assets), and presented within 'Other Income.'
- c) The related assets herein primarily include Plant and Equipment, Lines and Cable Networks. There, Since the rates of depreciation as prescribed by the Central Electricity Regularity Commission (CERC) for the purpose of tariff are being followed by the Company, the same are being used for amortization of such related assets as well.
- d) The rate so arrived at is 5.28% as per the CERC guidelines for the related assets mentioned. As seen from the operations during previous years, the creation of assets against capital grants received during the period generally take more than a year for completion. The same are thereby booked under capital work-in-progress. Hence, grants and subsidies have been amortized at 5.28% of their opening balance for the reporting period.



- e) Grants and Subsidies on Revenue Accounts are disclosed separately as Income in the Statement of Profit & Loss.

11. Provisions, contingent liabilities and contingent asset

A provision is recognized when the company has a present obligation (Legal or Constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

Contingent liabilities are not recognized but disclosed in Notes when the company has possible obligation due to past events and existence of the obligation depends upon occurrence or non-occurrence of future events not wholly within the control of the company.

Contingent liabilities are assessed continuously to determine whether outflow of economic resources have become probable. If the outflow becomes probable then relative provision is recognized in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognised but disclosed only when an inflow of economic benefits is probable.

12. Foreign currency transactions

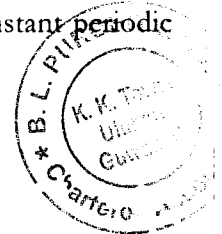
- a) Items used in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates, i.e., the functional currency. The functional and presentation currency for the company is Indian Rupee (INR).
- b) Foreign currency transactions, if any, are translated into the functional currency using the exchange rates on the date of such transactions.
- c) The exchange difference arising out of transactions through foreign currencies is recognised in the Statement of Profit & Loss.
- d) Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange on the reporting date.

13. Leases

- A Lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

As a lessee

- Finance leases are capitalised on the lease's inception date at the lower of fair value of the leased property or at the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.



- Operating lease payments are charged to the profit or loss on a straight-line basis over the lease term.

As a lessor

- Lease income from operating leases is recognized as income on a straight-line basis over the lease term of the relevant lease.

14. Revenue from Operations

The Company's revenues arise from the distribution of power and other income. Revenue from distribution of power is regulated and governed by the applicable MSERC Tariff Regulations under the Electricity Act, 2003. Revenue from other income comprises interest from banks, employees, contractors etc., surcharge received from customers for delayed payments, sale of scrap, other miscellaneous income, etc.

Revenue is measured based on the consideration that is specified in a contract with a customer or is expected to be received in exchange for the products or services and excludes amounts collected on behalf of third parties. The Company recognises revenue when (or as) the performance obligation is satisfied, which typically occurs when (or as) control over the products or services is transferred to a customer.

The incentives/disincentives are accounted for based on the norms notified/approved by the MSERC as per the principles enunciated in Ind AS 115. Rebates allowed to beneficiaries as early payment incentives are deducted from the amount of revenue.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

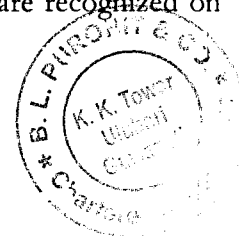
a) Revenue from Sale of Power:

The company is engaged in the business of distribution of power as defined in "The Meghalaya Power Sector Reforms Transfer Scheme 2010".

Timing of Recognition and Measurement of Revenue: The revenue for the above had been determined in accordance with tariff orders awarded by the Meghalaya State Electricity Regulatory Commission (MSERC), as applicable to the consumers.

b) Other Income:

- i. Other operating revenues from consumers: Meter rents, Delayed Payment Charges, Rebates, etc are recognized on accrual basis, except other charges from consumers which are recognized on actual realisation basis.



- ii. Income from sale of scrap, fees, penalties and miscellaneous receipts are accounted for on the basis of actual realisation.
- iii. Interest income on term deposit is recognised when no significant uncertainty as to measurability or collectability exist, on a time proportion basis taking into account the amount outstanding and the applicable interest rate, using the effective interest rate method (EIR).
- iv. Interest incomes other than that on term deposits are accounted for on actual realisation basis.
- v. Other incomes (unless mentioned above) are recognised on accrual basis except when ultimate realisation of such incomes are uncertain or details are not readily available.

15. Expenditure

The Company has classified expenses recognised in profit or loss based on the nature of expense method. Expenses shown under employee benefit costs (including allocation from the Holding Company- Meghalaya Energy Corporation Limited), depreciation, finance costs and other expenses are recognised on accrual. The aforesaid expenses are disclosed as separate line items in the financial statements as well.

Item of income or expenditure are disclosed separately if it exceeds one percent of the revenue from operations or Rs. 10, 00,000, whichever is higher,

16. Employee benefits

Employee benefits include inter – alia, wages and salaries, General Provident Fund (GPF), gratuity, pension, Contributory Pension Scheme (CPS), leave encashment and post-employment medical benefits.

Moreover, in accordance with "The Meghalaya Government Power Sector Reforms Transfer Scheme 2010," the company has all its employees on deputation from the Holding Company, i.e., the Meghalaya Energy Corporation Limited (MeECL).

• Defined contribution plans

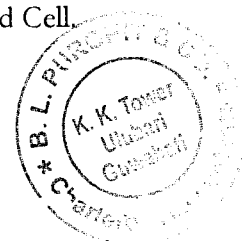
Provident fund – The contribution to Provident Fund is transferred to the Holding Company i.e., Meghalaya Energy Corporation Limited (MeECL). Thereafter, the said transferred contributions are deposited with the General Provident Fund (GPF) Trust Account of Meghalaya Energy Corporation Limited (MeECL).

Contributory Pension Scheme (CPS) - The contribution to the Contributory Pension Scheme is transferred to the Holding Company i.e., Meghalaya Energy Corporation Limited (MeECL). Thereafter, the said transferred contributions are deposited with the Contributory Pension Scheme (CPS) Cell of the Company.

• Defined benefits plans

Pension – The liability of pension is accounted on the basis of demand raised by the Meghalaya Energy Corporation Limited Pension Cell. Thereafter, the demand so raised is settled by the said Cell.

Gratuity – The liability of gratuity is accounted on the basis of demand raised by the Meghalaya Energy Corporation Limited Gratuity Cell. Thereafter, the demand so raised is settled by the said Cell.



- **Other long-term employee benefits**

The encashment of leave is given to the employees of the company on retirement. The company accounts for leave encashment liability on the basis of demand raised by the Holding Company, i.e., Meghalaya Energy Corporation Limited. Thereafter, the demand so raised is settled by the Company.

The expenses relating to terminal benefits of employees comprising of provident fund, pension, Contributory Pension Scheme (CPS), gratuity, leave encashment etc. during the reporting period have been taken into consideration on the basis of allocation given by the holding company and the same has been paid or adjusted accordingly.

- **Short term obligations**

Short term employee benefits obligations are measured on an undiscounted basis and are expenses as the related services are provided. A liability is recognized for the amount expected to be paid under short-term employee benefits if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

17. Income tax

Income tax expense for the year represents the sum of the current tax and deferred tax. Current tax expenses is recognised in profit & loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in OCI or equity.

Current tax is the expected tax payable / receivable on the taxable income / loss for the year calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding amounts used for taxation purpose.

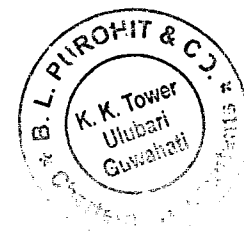
Deferred tax liability is generally recognized for all taxable temporary differences.

Deferred tax asset is generally recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized. The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

18. Operating segments

In accordance with Ind AS 108, the operating segments used to present segment information are identified on the basis of internal reports used by the Company's Management to allocate resources to the segments and assess their performance. The Board of Directors is collectively the Company's 'Chief Operating Decision Maker' or 'CODM' within the meaning of Ind AS 108. The indicators used for



internal reporting purposes may evolve in connection with performance assessment measures put in place.

The operating segments are the segments for which separate financial information is available and for which operating profit or loss amounts are evaluated regularly by the executive management in deciding how to allocate resources and in assessing performance.

19. Prior period errors

Material prior period(s) errors are corrected retrospectively by restating the comparative amounts for the prior periods to the extent practicable along with change in basic and diluted earnings per share. However, if the error relates to a period prior to the comparative period, opening balances of the assets, liabilities and equity of the comparative period presented are restated.

20. Earnings per share

Basic earnings per equity share are computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all diluted potential equity shares.

21. Cash flow statement

In the Cash Flow Statement, cash flows are reported using the indirect method, whereby profit or loss before extraordinary items and tax is adjusted for the effects of necessary adjustments. The net inflows and/or outflows from operating, investing and financing activities of the Company are segregated based on available information.

22. Financial instruments

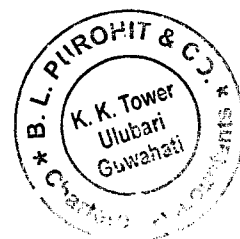
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity

22.1 Financial assets

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument and are initially recognised at fair value and directly attributable transaction costs towards acquisition or issue of the financial asset are added to or deducted from the fair value on initial recognition except for financial assets which are recognised at fair value through profit and loss.

Financial assets are classified as those measured at:

- Amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and/or interest
- Fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and/or interest but also from the sale of such assets. Such assets are subsequently measured at FVOCI.



- Fair value through profit or loss (FVTPL), where the financial assets are not classified either at amortised cost or FVTOCI.

Financial assets include trade receivables, advances, security deposits, cash and cash equivalents etc and are classified for measurement at amortised cost. Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired.

Impairment of Financial Assets:

Allowances for Doubtful Debts have been calculated at 3% of outstanding receivables as on the 30th of September of each year

De-recognition of Financial Assets:-

Financial assets are derecognized when the contractual right to receive cash flows from the financial assets expires, or corporation transfers the contractual rights of such financial assets to receive the cash flows from the asset.

22.2 Financial Liabilities

Initial recognition and measurement

Financial liabilities include long and short-term loans and borrowings, bank overdrafts, other payables, eligible current and non-current liabilities.

All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortised cost

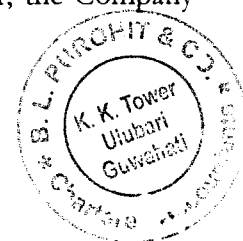
After initial measurement, such financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the profit or loss. This category generally applies to borrowings, trade payables and other contractual liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognised in OCI. These gains/losses are not subsequently transferred to profit and loss. However, the Company



Meghalaya Power (Distribution) Corporation Limited

may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

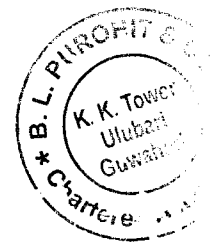
The Company has not designated any financial liability as at fair value through profit and loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting financial instruments:

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.



Note 2: PROPERTY, PLANT AND EQUIPMENT

(Amount in Lakhs)

| (a) S. No. | Particulars | GROSS CARRYING AMOUNT | | | | ACCUMULATED DEPRECIATION | | | | NET CARRYING AMOUNT | |
|------------|-------------------------|-----------------------|------------------|-----------------------------|-----------------------|--------------------------|-----------------|-----------------------------|-----------------------|-----------------------|-----------------------|
| | | As at 1st April 2020 | Additions | Disposals and/or deductions | As at 31st March 2021 | As at 1st April 2020 | Additions | Disposals and/or deductions | As at 31st March 2021 | As at 31st March 2021 | As at 31st March 2020 |
| 1 | Land | 169.26 | 30.14 | - | 199.40 | - | - | - | - | 199.40 | 169.26 |
| 2 | Buildings | 1,159.83 | - | - | 1,159.83 | 396.48 | 43.20 | - | 439.68 | 720.15 | 763.35 |
| 3 | Plant and Equipment | 3,796.56 | 5,153.41 | - | 8,949.97 | 1,284.48 | 338.86 | - | 1,623.33 | 7,326.63 | 7,512.08 |
| 4 | Furniture and Fixtures | 37.68 | 0.01 | - | 37.70 | 17.46 | 2.09 | - | 19.55 | 18.15 | 20.22 |
| 5 | Vehicles | 38.38 | - | - | 38.38 | 15.74 | 3.32 | - | 19.06 | 19.32 | 22.64 |
| 6 | Office equipment | 109.14 | 16.59 | - | 125.74 | 44.31 | 8.92 | - | 53.23 | 72.51 | 64.83 |
| 7 | Others | - | - | - | - | - | - | - | - | - | - |
| 7 (a) | Hydraulic Works | 8.16 | - | - | 8.16 | 1.66 | 0.43 | - | 2.09 | 6.07 | 6.49 |
| 7 (b) | Other Civil Works | 235.50 | - | - | 235.50 | 50.02 | 10.02 | - | 60.04 | 175.46 | 185.48 |
| 7 (c) | Lines and Cable Network | 24,079.74 | 47,424.54 | - | 71,504.28 | 8,101.78 | 2,490.52 | - | 10,592.30 | 60,911.99 | 15,977.97 |
| | Total | 29,634.26 | 52,624.69 | - | 82,258.95 | 9,911.93 | 2,897.36 | - | 12,809.29 | 69,449.66 | 19,722.33 |

| (a) S. No. | Particulars | GROSS CARRYING AMOUNT | | | | ACCUMULATED DEPRECIATION | | | | NET CARRYING AMOUNT | |
|------------|-------------------------|-----------------------|-----------------|-----------------------------|-----------------------|--------------------------|-----------------|-----------------------------|-----------------------|-----------------------|-----------------------|
| | | As at 1st April 2019 | Additions | Disposals and/or deductions | As at 31st March 2020 | As at 1st April 2019 | Additions | Disposals and/or deductions | As at 31st March 2020 | As at 31st March 2020 | As at 31st March 2019 |
| 1 | Land | 158.90 | 10.37 | - | 169.26 | - | - | - | - | 169.26 | 158.90 |
| 2 | Buildings | 1,159.83 | - | - | 1,159.83 | 121.54 | 274.94 | - | 396.48 | 763.35 | 1,038.29 |
| 3 | Plant and Equipment | 3,518.27 | 278.29 | - | 3,796.56 | 861.87 | 422.60 | - | 1,284.48 | 2,512.08 | 2,656.40 |
| 4 | Furniture and Fixtures | 37.35 | 0.34 | - | 37.68 | 14.54 | 2.92 | - | 17.46 | 20.22 | 22.80 |
| 5 | Vehicles | 38.38 | - | - | 38.38 | 12.42 | 3.32 | - | 15.74 | 22.64 | 25.96 |
| 6 | Office equipment | 105.02 | 4.12 | - | 109.14 | 35.08 | 9.23 | - | 44.31 | 64.83 | 69.94 |
| 7 | Others | - | - | - | - | - | - | - | - | - | - |
| 7 (a) | Hydraulic Works | 8.16 | - | - | 8.16 | 1.24 | 0.43 | - | 1.66 | 6.49 | 6.92 |
| 7 (b) | Other Civil Works | 235.50 | - | - | 235.50 | 39.99 | 10.03 | - | 50.02 | 185.48 | 193.51 |
| 7 (c) | Lines and Cable Network | 20,758.36 | 3,321.39 | - | 24,079.74 | 6,880.60 | 1,221.18 | - | 8,101.78 | 15,977.97 | 13,877.76 |
| | Total | 26,019.76 | 3,614.50 | - | 29,634.26 | 7,967.28 | 1,944.65 | - | 9,911.93 | 19,722.33 | 18,052.48 |

Note 2.1- Land includes "Land and Land Rights", if any.

Note 2.2- The Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as of 1st April 2015 (transition date), measured as per the previous GAAP and use that carrying value as its deemed cost as on the transition date as per the option available under Ind AS 101- 'First time adoption of Indian Accounting Standards' and not applying the provisions of Ind AS 16- 'Property, plant and equipment' retrospectively.

Note 2.2- For details of 'Assets under lease', kindly refer Note 50.



MEGHALAYA POWER DISTRIBUTION CORPORATION LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2021

Note 2: PROPERTY, PLANT AND EQUIPMENT (WITHOUT IND AS ADJUSTMENT)

(Amount in Lakhs)

| (a) S. No. | Particulars | GROSS CARRYING AMOUNT | | | | ACCUMULATED DEPRECIATION | | | | NET CARRYING AMOUNT | |
|------------|-------------------------|-----------------------|------------------|-----------------------------|-----------------------|--------------------------|-----------------|-----------------------------|-----------------------|-----------------------|-----------------------|
| | | As at 1st April 2020 | Additions | Disposals and/or deductions | As at 31st March 2021 | As at 1st April 2020 | Additions | Disposals and/or deductions | As at 31st March 2021 | As at 31st March 2021 | As at 31st March 2020 |
| 1 | Land | 169.26 | 30.14 | - | 199.40 | - | - | - | - | 199.40 | 169.26 |
| 2 | Buildings | 1,359.89 | - | - | 1,359.89 | 596.54 | 43.20 | - | 639.75 | 720.15 | 763.35 |
| 3 | Plant and Equipment | 5,464.20 | 5,153.41 | - | 10,617.61 | 2,952.12 | 338.86 | - | 3,290.98 | 7,326.63 | 2,512.08 |
| 4 | Furniture and Fixtures | 99.16 | 0.01 | - | 99.17 | 78.93 | 2.09 | - | 81.02 | 18.15 | 20.22 |
| 5 | Vehicles | 68.87 | - | - | 68.87 | 46.23 | 3.32 | - | 49.55 | 19.32 | 22.64 |
| 6 | Office equipment | 186.06 | 16.59 | - | 202.65 | 121.22 | 8.92 | - | 130.14 | 72.51 | 64.83 |
| 7 | Others | - | - | - | - | - | - | - | - | - | - |
| 7 (a) | Hydraulic Works | 8.70 | - | - | 8.70 | 2.21 | 0.43 | - | 2.63 | 6.07 | 6.49 |
| 7 (b) | Other Civil Works | 304.66 | - | - | 304.66 | 119.18 | 10.02 | - | 129.20 | 175.46 | 185.48 |
| 7 (c) | Lines and Cable Network | 40,236.34 | 47,424.54 | - | 87,660.88 | 24,258.37 | 2,490.52 | - | 26,748.89 | 60,911.99 | 15,977.97 |
| | Total | 47,897.14 | 52,624.69 | - | 1,00,521.83 | 28,174.81 | 2,897.36 | - | 31,072.17 | 69,449.66 | 19,722.33 |

| (a) S. No. | Particulars | GROSS CARRYING AMOUNT | | | | ACCUMULATED DEPRECIATION | | | | NET CARRYING AMOUNT | |
|------------|-------------------------|-----------------------|-----------------|-----------------------------|-----------------------|--------------------------|-----------------|-----------------------------|-----------------------|-----------------------|-----------------------|
| | | As at 1st April 2019 | Additions | Disposals and/or deductions | As at 31st March 2020 | As at 1st April 2019 | Additions | Disposals and/or deductions | As at 31st March 2020 | As at 31st March 2020 | As at 31st March 2019 |
| 1 | Land | 158.90 | 10.37 | - | 169.26 | - | - | - | - | 169.26 | 158.90 |
| 2 | Buildings | 1,359.89 | - | - | 1,359.89 | 321.60 | 274.94 | - | 596.54 | 763.35 | 1,038.29 |
| 3 | Plant and Equipment | 5,185.91 | 278.29 | - | 5,464.20 | 2,529.52 | 422.60 | - | 2,952.12 | 2,512.08 | 2,636.40 |
| 4 | Furniture and Fixtures | 98.82 | 0.34 | - | 99.16 | 76.02 | 2.92 | - | 78.93 | 20.22 | 22.80 |
| 5 | Vehicles | 68.87 | - | - | 68.87 | 42.90 | 3.32 | - | 46.23 | 22.64 | 25.96 |
| 6 | Office equipment | 181.94 | 4.12 | - | 186.06 | 111.99 | 9.23 | - | 121.22 | 64.83 | 69.94 |
| 7 | Others | - | - | - | - | - | - | - | - | - | - |
| 7 (a) | Hydraulic Works | 8.70 | - | - | 8.70 | 1.78 | 0.43 | - | 2.21 | 6.49 | 6.92 |
| 7 (b) | Other Civil Works | 304.66 | - | - | 304.66 | 109.16 | 10.03 | - | 119.18 | 185.48 | 195.51 |
| 7 (c) | Lines and Cable Network | 36,914.95 | 3,321.39 | - | 40,236.34 | 23,037.19 | 1,221.18 | - | 24,258.37 | 15,977.97 | 13,877.76 |
| | Total | 44,282.64 | 3,614.50 | - | 47,897.14 | 26,230.16 | 1,944.65 | - | 28,174.81 | 19,722.33 | 18,052.48 |

Note 2.1- Land includes "Land and Land Rights", if any.

Note 2.2- The Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as of 1st April 2015 (transition date), measured as per the previous GAAP and use that carrying value as its deemed cost as on the transition date as per the option available under Ind AS 101- 'First time adoption of Indian Accounting Standards' and not applying the provisions of Ind AS 16- 'Property, plant and equipment' retrospectively.

Note 2.2- For details of 'Assets under lease', kindly refer Note 50.



Note 3: CAPITAL WORK-IN-PROGRESS

(Amount in Lakhs)

| (a) S.No. | Particulars | As at 1st April 2020 | Additions during the year | Deductions/ Adjustments during the year | As at 31st March 2021 |
|-----------|--------------------------|----------------------|---------------------------|---|-----------------------|
| 1 | Capital Work-in-Progress | 1,19,872.68 | 32,234.85 | 56,081.39 | 96,026.14 |
| 2 | Capital Stock | 2,147.35 | 676.10 | 741.13 | 2,082.33 |
| | Total | 1,22,020.03 | 32,910.95 | 56,822.51 | 98,108.47 |

| (a) S.No. | Particulars | As at 1st April 2019 | Additions during the year | Deductions/ Adjustments during the year | As at 31st March 2020 |
|-----------|--------------------------|----------------------|---------------------------|---|-----------------------|
| 1 | Capital Work-in-Progress | 84,628.14 | 56,504.47 | 21,259.94 | 1,19,872.68 |
| 2 | Capital Stock | 2,585.28 | 734.55 | 1,172.47 | 2,147.35 |
| | Total | 87,213.42 | 57,239.02 | 22,432.41 | 1,22,020.03 |

Note 3.1- 'Capital Work-in-Progress' mainly comprises of costs incurred towards execution of schemes and projects relating to distribution of power within the State.

Note 3.2- The details of major schemes under 'Capital Work-in-Progress (CWIP)' are stated as under:-

(a) Year ending 31st March 2021

| S.No. | Schemes | As at 1st April 2020 | Additions during the year | Deductions/ Adjustments during the year | As at 31st March 2021 |
|-------|---|----------------------|---------------------------|---|-----------------------|
| 1 | Accelerated Power Development and Reforms (APDRP) | 6,052.46 | - | - | 6,052.46 |
| 2 | Restructured Accelerated Power Development and Reforms Programme (RAPDRP) | 8,496.84 | 5,146.30 | 445.68 | 13,197.46 |
| 3 | Rajiv Gandhi Grameen Viduytikaran Yojana (RGGVY) | 32,739.24 | 200.00 | - | 32,939.24 |
| 4 | Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) | 23,049.92 | 1,505.18 | 1,384.40 | 23,170.71 |
| 5 | Normal Development Scheme | 1,538.31 | - | - | 1,538.31 |
| 6 | IPDS (Integrated Power Development Scheme) | 1,765.06 | 2,419.97 | 1,344.93 | 2,840.09 |
| 7 | SCA (Special Central Assistance) | 39.14 | - | - | 39.14 |
| 8 | SPA (State Plan Assistance) | 919.62 | 55.13 | 333.80 | 640.95 |
| 9 | Saubhagya | 37,933.02 | 22,790.29 | 52,535.00 | 8,188.30 |
| 10 | Others | 7,339.07 | 117.99 | 37.58 | 7,419.48 |
| | Total | 1,19,872.68 | 32,234.85 | 56,081.39 | 96,026.14 |

(b) Year ending 31st March 2020

(Amount in Lakhs)

| S.No. | Schemes | As at 1st April 2019 | Additions during the year | Deductions/ Adjustments during the year | As at 31st March 2020 |
|-------|---|----------------------|---------------------------|---|-----------------------|
| 1 | Accelerated Power Development and Reforms (APDRP) | 6,052.46 | - | - | 6,052.46 |
| 2 | Restructured Accelerated Power Development and Reforms Programme (RAPDRP) | 11,382.10 | 1,735.39 | 4,620.65 | 8,496.84 |
| 3 | Rajiv Gandhi Grameen Viduytikaran Yojana (RGGVY) | 32,683.57 | 298.48 | 242.82 | 32,739.24 |
| 4 | Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) | 17,953.47 | 14,413.29 | 9,316.84 | 23,049.92 |
| 5 | Normal Development Scheme | 1,530.89 | 7.41 | - | 1,538.31 |
| 6 | IPDS (Integrated Power Development Scheme) | 792.00 | 975.60 | 2.54 | 1,765.06 |
| 7 | SCA (Special Central Assistance) | 34.18 | 4.96 | - | 39.14 |
| 8 | SPA (State Plan Assistance) | 445.82 | 473.80 | - | 919.62 |
| 9 | Saubhagya | 6,569.25 | 38,440.85 | 7,077.09 | 37,933.02 |
| 10 | Others | 7,184.39 | 154.67 | - | 7,339.07 |
| | Total | 84,628.14 | 56,504.47 | 21,259.94 | 1,19,872.68 |

Note 3.3 - Following are the details of deductions/adjustments during the year in capital work in progress:-

| S.No. | Particulars | Year ending 31.03.2021 | Year ending 31.03.2020 |
|-------|-----------------------------|------------------------|------------------------|
| 1 | Capitalised during the year | 52,345.80 | 3,230.11 |
| 2 | Rectification entries | 3,734.46 | 1,306.64 |
| 3 | Swapping/ Transfer Entry | 1.13 | 16,723.18 |
| | Total | 56,081.39 | 21,259.94 |



Note 4 - NON-CURRENT FINANCIAL ASSETS: OTHERS

| Particulars | (Amount in Lakhs) | |
|--|--------------------------|--------------------------|
| | As at 31st March 2021 | As at 31st March 2020 |
| Unsecured, Considered Good: Recoverable from State Government | 410.28 | 787.72 |
| Total | 410.28 | 787.72 |

Note 4.1- The above include balance as per Transfer Scheme Notification No. Power-79/2009/Pt-1/422 dated 29.04.2015 towards re-vesting of assets and liabilities by the holding company, i.e., Meghalaya Energy Corporation Limited (MeECL). The above amount is recoverable from the Govt. of Meghalaya for DDUGJY, SAUBHAGYA, RGGVY (Rajiv Gandhi Grameen Viduyutikaran Yojana) Loan along with Interest of Govt. of Meghalaya, borne by the Company.

Note 5- OTHER NON CURRENT ASSETS

| Particulars | (Amount in Lakhs) | |
|---|--------------------------|--------------------------|
| | As at 31st March 2021 | As at 31st March 2020 |
| Unsecured, Considered Good: Capital Advances | 1,211.50 | 1,239.08 |
| Total | 1,211.50 | 1,239.08 |

Note 6- CURRENT ASSETS: INVENTORIES

| Particulars | (Amount in Lakhs) | |
|-----------------------------------|--------------------------|--------------------------|
| | As at 31st March 2021 | As at 31st March 2020 |
| Operational and Maintenance Stock | 1,613.71 | 1,482.08 |
| Total | 1,613.71 | 1,482.08 |

Note 7- CURRENT FINANCIAL ASSETS: TRADE RECEIVABLES

| Particulars | (Amount in Lakhs) | |
|--|--------------------------|--------------------------|
| | As at 31st March 2021 | As at 31st March 2020 |
| Trade receivables: Unsecured, considered good | 59,626.30 | 59,998.81 |
| Credit impaired | 2,214.55 | 1,405.46 |
| Sub-Total | 61,840.85 | 61,404.27 |
| Less: Allowances for Doubtful Debts | 2,214.55 | 1,405.46 |
| Total | 59,626.30 | 59,998.81 |

Note 7.1- For details of 'Allowances for Doubtful Debts', kindly refer Note 48 (VIII).

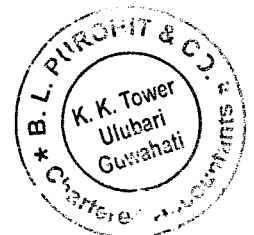
Note 7.2- Receivables towards 'Delayed Payment Surcharges (DPS)'

In accordance with Point No. 1 of the Minutes (dated 7th of February, 2017) of the Meeting held on the 17th of November, chaired by the Chief Engineer (Distribution) pertaining to Receivables towards 'Delayed Payment Surcharges (DPS)', Letter No. /COMP/MePDCL/FA/2017-18/368/18, dated 26-10-2018 had been addressed to the Company Secretary. The said Letter has proposed for the approval of the Board, regarding the following: -

1. The outstanding DPS be written off in a phase manner @ 20% per year [As per Point No. 1 (ii) of the aforesaid minutes].
2. The calculation of remaining outstanding DPS for the Financial Year 2017-18 has been proposed as under :-

| Particulars | (Amount in Lakhs) | |
|---|-------------------|--|
| | Amount | |
| Balance of DPS outstanding as on 31-03-2018 (a) | 14,840.83 | |
| Less: Balance of March 2018 (b) | 387.06 | |
| Remaining Outstanding DPS [c= (a-b)] | 14,453.77 | |
| DPS to be written off for the month of March 2017 (d) | 498.69 | |
| e=(c-d) | 13,955.08 | |
| DPS to be written off (f=20% of e) | 2,791.02 | |
| Balance of Receivables towards DPS in the Books, if the proposal is approved (e-f) | 11,164.06 | |

Consequent to the above matter being raised, the Board has decided to constitute a committee with Director (Distribution), Company Secretary and Officers from Commercial and Accounts wing to examine the proposal and furnish a report thereof to the Board, for a final decision. Report on the same is yet to be furnished.



Note 7.3- Gross Trade Receivables comprise of the following: -

| Particulars | (Amount in Lakhs) | |
|--|--------------------------|--------------------------|
| | As at 31st March 2021 | As at 31st March 2020 |
| Receivables from Sale of Power, including FPPA (within the State) | 39,246.35 | 39,685.97 |
| Receivables from Sale of Power- Inter State (Assam) | 0.72 | 0.72 |
| Receivables from Sale of Power- Inter State (Mizoram) | 13.69 | 13.69 |
| Receivables from Sale of Power- Outside the State (Unscheduled Interchange and others) | 4,859.52 | 4,284.33 |
| Receivables from Sale of Power- Miscellaneous, including RRAS | 14,482.77 | 16,271.56 |
| Electricity Duties Receivable | 3,237.80 | 1,148.01 |
| Total | 61,840.85 | 61,404.27 |

Note 7.4 - The One Time Settlement Scheme -2020, passed by the Board through circulation vide No. MePDCL/CS/CR/2013/41 dated 3rd Nov, 2020 and noted by the Board vide Resolution No. 3(B) Dated 07/12/2020 Trade Receivables have been affected to the tune of the amount written off i.e. Sundry Debtors for Sale of Power by Rs. 1286.29 lakhs and Delayed Payment Charges by Rs. 1493.00 lakhs.

Note 8- CURRENT FINANCIAL ASSETS: CASH AND CASH EQUIVALENTS

| Particulars | (Amount in Lakhs) | |
|-------------------------|--------------------------|--------------------------|
| | As at 31st March 2021 | As at 31st March 2020 |
| Balances with Banks | 5,759.10 | 3,914.28 |
| Cash on hand | 525.96 | 500.07 |
| Cash Imprest with Staff | 131.00 | 118.51 |
| Total | 6,416.06 | 4,532.86 |

Note 9- CURRENT FINANCIAL ASSETS: BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

| Particulars | (Amount in Lakhs) | |
|--|--------------------------|--------------------------|
| | As at 31st March 2021 | As at 31st March 2020 |
| Other Bank Balances (Term Deposits - original maturity more than 3 month but less than 12 month) | 9,037.04 | 13,322.99 |
| Total | 9,037.04 | 13,322.99 |

Note 10- CURRENT FINANCIAL ASSETS: LOANS

| Particulars | (Amount in Lakhs) | |
|--|--------------------------|--------------------------|
| | As at 31st March 2021 | As at 31st March 2020 |
| Unsecured, Considered Good: Loan to Employees | 50.42 | 67.66 |
| Total | 50.42 | 67.66 |

Note 11- CURRENT FINANCIAL ASSETS: OTHERS

| Particulars | (Amount in Lakhs) | |
|--|--------------------------|--------------------------|
| | As at 31st March 2021 | As at 31st March 2020 |
| Unsecured, Considered Good: Related Party Receivables: | | |
| i.) Meghalaya Energy Corporation Limited (MeECL)- | | |
| Receivables against Remittances of Cash and Cash Equivalents | 14,012.19 | 12,959.01 |
| Receivables against Remittances of Fuel, Materials, Personnel and Others | - | 1,684.13 |
| Receivables against Operations, Capital and Others | 201.46 | 31,330.06 |
| ii.) Meghalaya Power Generation Corporation Limited (MePGCL)- | | |
| Receivables against Operations, Capital and Others | - | - |
| Other Receivables | 146.59 | - |
| Other Income- Accrued And Due | 34.38 | 34.38 |
| Total | 14,394.64 | 46,007.59 |

Note 11.1- Related Party Receivables as stated in Note 11 and Related Party Payables as stated in Note 20 (Intra-group and intra-unit transactions) primarily comprise of the following transactions: -

Remittances of Cash and Cash Equivalents:

- 'Transfers in Transit' inclusive of allotment of fund from Head Quarters and/or Holding Company to underlying Divisions.
- 'Remittances in Transit' inclusive of transfers of revenue and other collections from underlying Divisions to relevant Head Quarters and/or Holding Company.



Remittances of Fuel, Materials, Personnel and Others.

- i.) Transfer of fuel related expense of one underlying division on behalf of another such division, which may cut across underlying divisions of different companies within the group as well.
- ii.) Transfer of materials between underlying divisions of all the companies within the group and the Central Stores administered by the Holding Company
- iii.) Transfer of Capital Asset related expenditures or capital incomes of one underlying division on behalf of another such division, which may cut across underlying divisions of different companies within the group as well
- iv.) Transfer of stock of stationery between underlying divisions of all the companies within the group and the Central Stores administered by the Holding Company.
- v.) Record of any other inter-division transactions, including personnel related balances

Operations, Capital and Others.

- i) Intra-group receipts and expenses related to segregation of Principal Accounts of cash and banking transactions.
- ii) Recognition of Equity of Holding Company in the company.
- iii) Transfer of Intra-group Loans.
- iv) Transfer of Investments in term deposits and interest thereof from Holding Company to relevant subsidiary companies.
- v) Apportionment of Holding Company's expenses to the related subsidiaries.

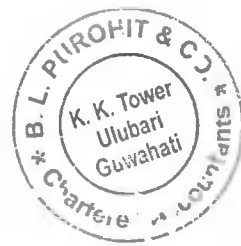
Any differences between Receivables and Payables against 'Remittances of Cash and Cash Equivalents' amidst the Company and its related parties mainly constitute of figures which are still under reconciliation. Thereby, the same have been grouped under 'Other Current Financial Assets' or 'Other Current Financial Liabilities' as the case may be, and not under 'Cash and Cash Equivalents'.

Note 12- CURRENT TAX ASSETS

| Particulars | (Amount in Lakhs) | |
|-----------------------|--------------------------|--------------------------|
| | As at 31st March 2021 | As at 31st March 2020 |
| Income Tax Refundable | 83.69 | 25.13 |
| Total | 83.69 | 25.13 |

Note 13- OTHER CURRENT ASSETS

| Particulars | (Amount in Lakhs) | |
|---------------------------------------|--------------------------|--------------------------|
| | As at 31st March 2021 | As at 31st March 2020 |
| Unsecured Considered Good : | | |
| Advances other than capital advances: | | |
| Operational and Maintenance Advances | 384.35 | 384.00 |
| Balance with Govt Authorities | 2,460.47 | 1,544.27 |
| Staff Related Advances | 147.38 | 142.58 |
| Total | 2,992.21 | 2,070.85 |



MEGHALAYA POWER DISTRIBUTION CORPORATION LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2021

Note 14- EQUITY SHARE CAPITAL

(Amount in Lakhs)

| Particulars | As at | |
|---|------------------|------------------|
| | 31st March, 2021 | 31st March, 2020 |
| (a) Authorised 10,000.00 lakh (Previous year 10,000.00 lakh) Equity Shares of Rs. 10 each | 1,00,000.00 | 1,00,000.00 |
| (b) Issued, subscribed and fully paid up: 8,468.58 lakh (Previous year 8,442.36 lakh) Equity Shares of Rs. 10 each | 84,685.80 | 84,423.58 |
| Total | 84,685.80 | 84,423.58 |

Note 14.1- The Company has only one class of equity shares (without differential rights), having par value of Rs. 10 per share. Each shareholder is eligible to one vote per share held.

14.2- Reconciliation of the number of Equity Shares outstanding -

(Amount in Lakhs)

| Particulars | As at 31st March 2021 | | As at 31st March 2020 | |
|--|-----------------------|------------------|-----------------------|------------------|
| | No. of shares | Amount | No. of shares | Amount |
| Equity Shares at the beginning of the year | 8,442.36 | 84,423.58 | 8,116.22 | 81,162.15 |
| Add:- Shares issued during the year | 26.22 | 262.22 | 326.14 | 3,261.42 |
| Equity Shares at the end of the year | 8,468.58 | 84,685.80 | 8,442.36 | 84,423.58 |

14.3- Details of shares held by the Holding Company:-

100% Shares are held by the Holding Company, Meghalaya Energy Corporation Limited (MeECL) and its nominees.

14.4- Details of the Equity Shares held by each shareholder holding more than 5% Equity Shares

(Amount in Lakhs)

| Particulars | As at 31st March 2021 | | As at 31st March 2020 | |
|---|-----------------------|--------|-----------------------|--------|
| | No. of shares | % held | No. of shares | % held |
| Meghalaya Energy Corporation Limited (MeECL) and its nominees | 8,468.58 | 100.00 | 8,442.36 | 100.00 |



Note 15- OTHER EQUITY

(Amount in Lakhs)

| (a) | S.No. | Particulars | As at 1st April, 2020 | Prior Period Adjustments | Additions during the year | Deductions during the year | As at 31st March, 2021 |
|-----|-------|---|--------------------------|-----------------------------|------------------------------|-------------------------------|---------------------------|
| | 1 | Retained Earnings | (2,41,285.35) | - | - | 42,548.47 | (2,83,833.83) |
| | 2 | Equity Share Capital Pending Allotment | 1,265.22 | - | 150.00 | 262.22 | 1,153.00 |
| | | Total | (2,40,020.13) | - | 150.00 | 42,810.69 | (2,82,680.82) |
| (b) | S.No. | Particulars | As at 1st April, 2019 | Prior Period Adjustments | Additions during the year | Deductions during the year | As at 31st March, 2020 |
| | 1 | Retained Earnings | (1,96,904.43) | (107.82) | - | 44,273.09 | (2,41,285.35) |
| | 2 | Equity Share Capital Pending Allotment | 3,523.64 | - | 1,003.00 | 3,261.42 | 1,265.22 |
| | | Total | (1,93,380.79) | (107.82) | 1,003.00 | 47,534.52 | (2,40,020.13) |

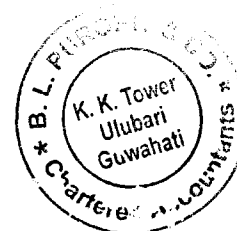
Note 15.1 Details of 'Grants and Subsidies' received during the current and previous year are as under :-

| S. No. | Purpose of grant | Scheme Name | For the year ended 31st March 2021 | For the year ended 31st March 2020 |
|--------|--|---------------|---------------------------------------|---------------------------------------|
| 1 | Construction of New 33KV S/C Line from Rongkhon to Dadenggre | NEC | 150.00 | |
| 2 | System Improvement works under R-APDRP- Part B for nine towns | Direct Equity | | 1,003.00 |
| | | | 150.00 | 1,003.00 |



Note 16 - NON-CURRENT FINANCIAL LIABILITIES: BORROWINGS

| Particulars | (Amount in Lakhs) | |
|--|---------------------------|---------------------------|
| | As at 31st March, 2021 | As at 31st March, 2020 |
| Secured: | | |
| (i) Term Loans: | | |
| (a) From Banks: | | |
| 9.75% Vehicle Loan from Central Bank of India (The loan has been availed for procurement of Distribution Vans. It has been taken on the personal guarantee of erstwhile Director-Corporate Affairs, Shri V.Kr. Mantri, IAS. The loan is repayable through Equated Monthly Installments amounting to Rs. 40358 per month for 84 months. The Loan carries a Floating Interest Rate) | 10.06 | 13.49 |
| (b) From Others: | | |
| (i) 8% Loan from Rural Electrification Corporation (REC) Limited (Restructured) (The terms of the loan include monthly repayments in 20 Years from the year 2002 with State Government Guarantees) | 1,692.87 | 2,034.19 |
| (ii) 9% Loan from Power Finance Corporation (PFC) Limited (Restructured Accelerated Power Development and Reforms Programme, R-APDRP-Part A) | 3,389.40 | 3,997.40 |
| (iii) 9% Loan from Power Finance Corporation (PFC) Limited (Restructured Accelerated Power Development and Reforms Programme, R-APDRP-Part B) | 8,026.64 | 6,583.64 |
| (iv) 12.15% Loan from Power Finance Corporation (PFC) Limited (This loan has been availed for power Purchase. It is guaranteed by the State Government, with 3 years moratorium period and quarterly repayments in 7 years) | 31,136.78 | 32,500.00 |
| (v) 10.90% Loan from PFC Ltd against IPD Scheme (The loan is to be repaid in 108 equal monthly installment on the 15th day of each month and is secured against hypothecation of project assets) | 556.64 | 552.12 |
| (vi) 9.50% Atmanirbhar Bharat Abhiyaan Scheme The Loan is backed by State Government Guarantee, with a tenure of 10 years including a moratorium period of 3 years and repayment period of 7 years. The loan is to be availed equally from both PFC and REC Ltd. | | |
| (i.) REC Ltd | 33,643.00 | - |
| (ii) PFC Ltd | 33,643.00 | - |
| Unsecured: | | |
| (i) Term Loans: | | |
| (a) From Others: | | |
| Loan from State Government (Loans have been availed with terms of semi-annual repayments in 10 Years with 2 years of moratorium from the dates of disbursement. For details of the same, reference should be drawn to Note 12.4) | 7,418.58 | 1,892.18 |
| (ii) Related Party: | | |
| 11.75% (11.00%-11.75%) Loan from Meghalaya Energy Corporation Limited, MeECL- Holding Company (The loan has been availed for a period of 5 years repayable in 60 equal monthly installments, without any moratorium period.) | 3,542.89 | 4,592.73 |
| Sub-Total | 1,23,059.86 | 52,165.76 |
| Less: Current Maturities of Long Term Debts | 6,366.34 | 4,321.80 |
| Total | 1,16,693.52 | 47,843.95 |



Note 16.1-The details of Current Maturities of Long Term Debts are stated as under:-

(Amount in Lakhs)

| Particulars | As At 31st March, 2021 | As At 31st March, 2020 |
|---|------------------------|------------------------|
| Secured: | | |
| (i) Term Loans: | | |
| (a) From Banks: | | |
| 9.75% Vehicle Loan from Central Bank of India | 4.23 | 2.43 |
| (b) From Others: | | |
| 8% Loan from Rural Electrification Corporation (REC) Limited (Restructured) | 361.83 | 392.11 |
| 12.15% Loan from Power Finance Corporation (PFC) Limited | 4,642.86 | 2,321.43 |
| 10.90% Loan from PFC Ltd against IPD Scheme | 18.60 | 21.70 |
| Unsecured: | | |
| (i) Term Loans: | | |
| (a) From Others: | | |
| Loan from State Government | 26.61 | 53.22 |
| (ii) Related Party: | | |
| 11.75% Loan from Meghalaya Energy Corporation Limited, MeECL- Holding Company | 1,312.21 | 1,530.91 |
| Total | 6,366.34 | 4,321.80 |

Note 16.2-Consequent to the Notification of RBI Dated 27th Mar, 2020, w.e.f 1st Mar, 2020 upto 31st Aug, 2020, and as per the moratorium agreement signed with the PFC Ltd. & REC Ltd., the dues of principal, interest, penal interest and overdue interest have been added back to the principal amount of the loan and the repayment of which has been deferred to the end tenure of the loan. Further, it may also be mentioned that the loan balance as per the Statement of Accounts also matches with Loan Confirmation sent by the Financial Institutions.

Note 16.3-Amount and Period of Default in Repayment:-

| Particulars | As at 31st March 2021 | | | As at 31st March 2020 | | |
|--------------------------------------|-----------------------|-----------|----------|-----------------------|-----------|----------|
| | Period of defaults | Principal | Interest | Period of defaults | Principal | Interest |
| 12.15% Term Loan from PFC | | - | - | Jan'20 | 1,160.71 | 995.30 |
| 9% Term Loan from PFC(RAPDRP Part-A) | | - | - | Apr '19 to Mar'20 | - | 295.87 |
| 9% Term Loan from PFC(RAPDRP Part-B) | | - | - | Apr '19 to Mar'20 | - | 592.53 |
| Loan from State Government | Apr '20 to Mar'21 | 53.22 | 71.91 | Apr '19 to Mar'20 | 39.48 | 47.44 |
| Loan from MeECL | Jan'21 to Mar'21 | 656.10 | 109.89 | Jan'20 to Mar'20 | 656.10 | 146.43 |

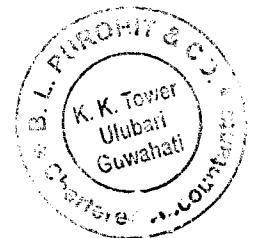


MEGHALAYA POWER DISTRIBUTION CORPORATION LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2021

Note 16.4- The details of 'Loans from State Government' for current year are stated as under:-

(Amount in Lakhs)

| Serial No. | Particulars/ Purpose | As At 31st March, 2020 | Rate of Interest | Additions during the Financial Year 2020-21 | Amount of Default in Repayment during the Financial Year 2020-21 | As At 31st March, 2021 | Interest Accrued during the Financial Year 2020-21 |
|------------|--|------------------------|------------------|---|--|------------------------|--|
| 1 | Construction, Modification of Sub-Station at Mawngap | 4.50 | 9.31% | | 0.45 | 4.50 | |
| 2 | Construction of New 33KV Line at Bapengdoba Sub-Station No. 2 | 22.00 | 9.31% | | 2.20 | 22.00 | 2.00 |
| 3 | Shifting of 33KV line in Ri-Bhea | 6.30 | 9.31% | | 0.63 | 6.30 | 1.00 |
| 4 | Construction of 33KV Double Circuit Line on Wolf Conductor KV, Mawphlang | 32.00 | 9.31% | | 3.20 | 32.00 | 3.00 |
| 5 | Construction of 33 KV Line on Wolf Conductor from Dakopgre to Praharinagar | 12.00 | 9.31% | | 1.20 | 12.00 | 1.00 |
| 6 | Renovation of 33KV Nangalbhira Baghmira Line | 4.50 | 9.31% | | 0.45 | 4.50 | |
| 7 | Smart Metering | 68.80 | 9.31% | | 6.88 | 68.80 | 6.00 |
| 8 | Construction of 33KV at Mokpara (Ampai) | 14.70 | 9.31% | | 1.47 | 14.70 | 1.00 |
| 9 | Construction of 33KV D/C Line, Mawphlang, Air Force | 38.00 | 9.31% | | 3.80 | 38.00 | 4.00 |
| 10 | Construction of 33KV line from Killing to Khanapara | 27.69 | 9.31% | | 2.77 | 27.69 | 3.00 |
| 11 | Construction of 33/11 KV line with control room, Nangalbhira | 32.10 | 9.31% | | 3.21 | 32.10 | 3.00 |
| 12 | Rubber Matting for Sub-Station of the Company | 30.00 | 9.31% | | 3.00 | 30.00 | 3.00 |
| 13 | Construction of 33KV Line from Byrnihat to Nongpoh, with provision of Double Circuit Line | 17.78 | 9.31% | | 1.78 | 17.78 | 2.00 |
| 14 | Construction of 33KV line on ST Pole with Raccoon conductor from Khlehtyrshu to Wahajer (33/11 KV) | 13.33 | 9.31% | | 1.33 | 13.33 | 1.00 |
| 15 | Construction of 33KV Line on ST Pole with Raccoon Conductor from Khlehtyrshu to Wahajer | 14.44 | 9.31% | | 1.44 | 14.44 | 1.00 |
| 16 | Construction of new 33 KV Line along with 33/11 KV, 2.5 MVA , at Bapengdoba Sub-Station | 7.35 | 8.59% | | 0.74 | 7.35 | 1.00 |
| 17 | Construction of new 33 KV Wolf Conductor from Dakopgre to Praharinagar & Construction of 33/11 KV, 2.5 MVA Sub-Station at Praharinagar with Control Room | 6.54 | 8.59% | | 0.65 | 6.54 | 1.00 |
| 18 | Construction of new 33 KV Wolf Conductor from Dakopgre to Praharinagar & Construction of 33/11 KV, 2.5 MVA S/S at Praharinagar with Control Room | 5.46 | 8.59% | | 0.55 | 5.46 | |
| 19 | Construction of new 33 KV Line along with 33/11 KV, 2.5 MVA , at Bapengdoba Sub-Station | 6.15 | 8.59% | | 0.62 | 6.15 | 1.00 |
| 20 | Construction of new 33 KV Line from Byrnihat to Nongpoh with a provision for Double Circuit Line | 17.78 | 9.31% | | 1.78 | 17.78 | 2.00 |
| 21 | Construction of New 33 KV Line on Wolf Conductor from Dakopgre to Praharinagar & Construction of 33/11 KV, 2.5 MVA Sub-Station at Praharinagar with Control Room | 5.00 | 8.09% | | 0.50 | 5.00 | |
| 22 | Construction of new 33 KV Single Circuit Line from Rongkhon to Dadenggre and strengthening of the 11 KV and LT network | 8.38 | 7.18% | | 0.84 | 8.38 | 1.00 |
| 23 | Construction of New 33KV Line Raccoon Conductor from Khlehtyrshu to Wahajer with Control Room | 6.26 | | | 0.63 | 6.26 | |
| 24 | Construction of 33KV line Byrnihat - Nongpoh | 8.90 | 7.43% | | 0.89 | 8.90 | 1.00 |
| 25 | Sanction for improvement of power Supply in dadenggre area by Const. of New 33KV S/C Line from Rongkhon to Dadenggre and Strengthening of the 11KV and LT network under West Garo Hills (D) Div | 22.22 | 7.69% | | 2.22 | 22.22 | 2.00 |
| 26 | Sanction for Upgradation of Sub-Station & associated infrastructure in peri-urban location not covered under RGGVY | 100.00 | 8.74% | | 10.00 | 100.00 | 9.00 |
| 27 | Sanction for "Opening of unconditional, irrevocable, revolving and monthly Letter of Credit (LC) with NTPC Ltd (during 2019-20) (Loan) | 1,360.00 | | | 136.00 | 1,360.00 | |
| | Sanction for "Improvement of power supply in Dadenggre area by construction of new 33 kv S/C line from Rongkhon to Dadenggre and strengthening of 11 kv and LT network under West Garo Hills (D) Division during 2020-21 (3rd installment) | | 7.20% | 16.70 | | 16.70 | 0.63 |
| | Sanction for "Improvement of power supply in Dadenggre area by construction of new 33 kv S/C line from Rongkhon to Dadenggre and strengthening of 11 kv and LT network under West Garo Hills (D) Division during 2020-21 (Loan) | | 7.20% | 9.70 | | 9.70 | 0.36 |
| | Sanction of Payment of PGCIL dues(Loan) during 2020-21 | | 7.20% | 3,500.00 | | 3,500.00 | 23.47 |
| | Sanction for Payment of PGCIL dues (Loan) during 2021 | | | 2,000.00 | | 2,000.00 | |
| | Total | 1,892.18 | | 5,526.40 | 189.22 | 7,418.58 | 73.46 |



Note 17- Deferred Revenue

(Amount in Lakhs)

| S. No. | Particulars | As at 31st March 2021 | As at 31st March 2020 |
|--------|--|--------------------------|--------------------------|
| 1 | Government Grants | 93,909.19 | 86,619.79 |
| 2 | Consumers Contribution Towards Cost of Capital Asset | 3,983.49 | 3,956.10 |
| | Total | 97,892.68 | 90,575.88 |

Note 17.1 Details of movement in 'Grants and Subsidies' (read with note 17 and 23)

(Amount in Lakhs)

| S. No. | Particulars | As at 1st April, 2020 | Additions during the year | Deductions during the year | As at 31st March, 2021 |
|--------|--|--------------------------|------------------------------|-------------------------------|---------------------------|
| 1 | Government Grants | 87,954.25 | 10,985.94 | 2,515.50 | 96,424.69 |
| 2 | Consumers Contribution Towards Cost of Capital Asset | 4,221.85 | 340.29 | 289.33 | 4,272.81 |
| | Total | 92,176.09 | 11,326.23 | 2,804.82 | 1,00,697.50 |

Note 17.1 Details of movement in 'Grants and Subsidies' (read with note 17 and 23)

(Amount in Lakhs)

| S. No. | Particulars | As at 1st April, 2019 | Additions during the year | Deductions during the year | As at 31st March, 2020 |
|--------|--|--------------------------|------------------------------|-------------------------------|---------------------------|
| 1 | Government Grants | 51,382.38 | 38,319.67 | 1,747.81 | 87,954.25 |
| 2 | Consumers Contribution Towards Cost of Capital Asset | 4,041.08 | 446.52 | 265.75 | 4,221.85 |
| | Total | 55,423.46 | 38,766.19 | 2,013.56 | 92,176.09 |

Note 17.2- Consumers Contribution Towards Cost of Capital Asset has been created against receipts from consumers towards service connections.

Note 17.3- Details of 'Grants and Subsidies' received during the current year are as under:

(Amount in Lakhs)

| S.No. | Purpose of Grant | Scheme | For the year ended 31st March 2021 | For the year ended 31st March 2020 |
|-------|--|-----------|---------------------------------------|---------------------------------------|
| 1 | Grants towards saubhagya scheme | Saubhagya | 9,519.94 | 30,681.26 |
| 2 | Grant from REC towards State Share for DDUGJY-II project | DDUGJY | - | 2,817.10 |
| 3 | Grant from REC towards State Share for DDUGJY-I project | DDUGJY | - | - |
| 4 | Grant towards IPDS Scheme | IPDS | 1,466.00 | 411.90 |
| 5 | Grants towards DDUGJY Scheme | DDUGJY | - | 4,409.42 |
| 6 | Upgradation Of S/S and Infra In Peri Urban Locations not covered Under RGGVY | Others | - | - |
| 7 | Grants towards RGGVY Scheme | RGGVY | - | - |
| | Total | | 10,985.94 | 38,319.67 |

Note 17.4- With regards to Grants received under 'Deen Dayal Upadhaya Gram Jyoti Yojana(DDUGJY) and Saubhagya', amortisation of grant as mentioned in the Significant Accounting Policies of the Company have not been undertaken as the Scheme has not been closed and the capitalisation of Capital Works-in-Progress to Concerned Property, Plant and Equipments from the said Grant-fund has not yet been undertaken.



Note 18 - CURRENT FINANCIAL LIABILITIES: BORROWINGS

(Amount in Lakhs)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|--|---------------------------|---------------------------|
| Secured: | | |
| Overdraft Accounts with Central Bank of India | 711.43 | 711.44 |
| Overdraft Accounts with State Bank of India (These borrowings have been secured against term deposits of the company) | 1,952.94 | 1,958.75 |
| Total | 2,664.37 | 2,670.19 |

Note 18.1- The aforementioned Borrowings have been serviced and retained for maintenance of operating capacity of the entity, in accordance with Para 51 of Ind AS 7- 'Statement of Cash Flows', amongst other requirements.

Note 19- CURRENT FINANCIAL LIABILITIES: TRADE PAYABLES

(Amount in Lakhs)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|---|------------------------|------------------------|
| - Dues of micro and small enterprises | - | - |
| - Dues of other than micro and small enterprises | | |
| (a) Payables against Purchase of Power | | |
| (i) MePGCL (Meghalaya Power Generation Corporation Limited) | 25,157.74 | 37,210.49 |
| (ii) Others | 94,008.22 | 1,25,677.50 |
| (b) Payables against Transmission & Wheeling Charges | | |
| (i) MePTCL (Meghalaya Power Transmission Corporation Limited) | 5,040.70 | 12,470.76 |
| (ii) Others | 8,557.85 | 6,023.44 |
| (c) Others | | |
| Payables for Operational and Maintenance Related Supplies | 261.12 | 195.18 |
| Total | 1,33,025.63 | 1,81,577.37 |



MEGHALAYA POWER DISTRIBUTION CORPORATION LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2021

Note 19 (a)- The Balances of 'Payables against Purchase of Power from Outside Parties' have the underlying differences, which have been placed under reconciliation:-

| Party Name | Closing Balance as per Statement of Superintendent Engineer (EM), MePDCL as on 31st March, 2021 | Closing Balance as per Financial Statements as on 31st March, 2021 |
|--|---|--|
| North Eastern Electric Power Corporation (NEEPCO) Limited | 35,745.10 | 35,745.10 |
| National Thermal Power Corporation (NTPC) Limited | 42,018.51 | 42,018.51 |
| National Hydroelectric Power Corporation (NHPC) Limited | 1,411.78 | 1,412.84 |
| Power Trading Corporation of India Limited (PTCIL) | 0.00 | (6.66) |
| SCF | - | - |
| Arunachal Pradesh Power Corporation Private Limited (APPCPL) | 2,828.61 | 2,828.61 |
| Deviation (Inter) / Unscheduled Interchange (Inter) | - | - |
| NTPC Vidvut Vvapar Nigam (NVVN) Limited | 29.65 | 29.65 |
| VAR- Pool | - | (0.00) |
| VAR- Assam State Electricity Board (ASEB) | - | 62.00 |
| Power System Operation Corporation (POSOCO) Limited | 6.73 | 6.73 |
| Maithon Power Plant Limited (MPPL) | 1,208.88 | 1,208.88 |
| ONGC Tripura Power Company (OTPC) | 10,642.11 | 10,642.11 |
| Unscheduled Interchange (Intra) | - | 60.44 |
| Deviation Charges MePDCL (Payable) | - | - |
| Total | 93,891.38 | 94,008.22 |

| Party Name | Closing Balance as per Statement of Superintendent Engineer (EM), MePDCL as on 31st March, 2021 | Closing Balance as per Financial Statements as on 31st March, 2020 |
|--|---|--|
| North Eastern Electric Power Corporation (NEEPCO) Limited | 64,047.95 | 64,047.95 |
| National Thermal Power Corporation (NTPC) Limited | 47,097.49 | 47,097.49 |
| National Hydroelectric Power Corporation (NHPC) Limited | 2,823.78 | 2,823.78 |
| Power Trading Corporation of India Limited (PTCIL) | 0.00 | (6.66) |
| SCF | - | - |
| Arunachal Pradesh Power Corporation Private Limited (APPCPL) | 68.72 | 68.72 |
| Deviation (Inter) / Unscheduled Interchange (Inter) | 619.91 | 619.91 |
| NTPC Vidvut Vvapar Nigam (NVVN) Limited | 29.65 | 29.65 |
| VAR- Pool | - | (0.00) |
| VAR- Assam State Electricity Board (ASEB) | - | 62.00 |
| Power System Operation Corporation (POSOCO) Limited | 5.44 | 5.44 |
| Maithon Power Plant Limited (MPPL) | 119.98 | 119.98 |
| ONGC Tripura Power Company (OTPC) | 10,748.79 | 10,748.79 |
| Unscheduled Interchange (Intra) | - | 60.44 |
| Deviation Charges MePDCL (Payable) | 8.30 | 8.30 |
| Total | 1,25,570.02 | 1,25,685.80 |

Note 19 (b)- The Balances of 'Payables against Wheeling Charges' have the underlying differences, which have been placed under reconciliation:-

| Party Name | Closing Balance as per Statement of Superintendent Engineer (EM), MePDCL as on 31st March, 2021 | Closing Balance as per Financial Statements as on 31st March, 2021 |
|---|---|--|
| Assam State Electricity Board (ASEB) | 1,460.46 | 1,460.46 |
| Power Grid Corporation of India Limited (PGCIL) | 6,999.71 | 7,097.39 |
| Total | 8,460.17 | 8,557.85 |

| Party Name | Closing Balance as per Statement of Superintendent Engineer (EM), MePDCL as on 31st March, 2020 | Closing Balance as per Financial Statements as on 31st March, 2020 |
|---|---|--|
| Assam State Electricity Board (ASEB) | 1,460.46 | 1,460.46 |
| Power Grid Corporation of India Limited (PGCIL) | 4,465.30 | 4,562.98 |
| Total | 5,925.76 | 6,023.44 |



Note 20- CURRENT FINANCIAL LIABILITIES- OTHERS

| Particulars | (Amount in Lakhs) | |
|--|---------------------------|---------------------------|
| | As at 31st March, 2021 | As at 31st March, 2020 |
| Current maturities of long-term debts (Note 16): | | |
| (a) Related Party- Meghalaya Energy Corporation Limited (MeECL- Holding Company) | 1,312.21 | 1,530.91 |
| (b) Others | 5,054.13 | 2,790.89 |
| Interest accrued- | | |
| (a) Related Party- Meghalaya Energy Corporation Limited (MeECL- Holding Company) | 157.08 | 146.51 |
| (b) Interest payable to the Govt. of Meghalaya | 1,130.03 | 1,058.13 |
| (c) Others | 7,414.60 | 6,311.01 |
| Liabilities for capital supplies | 28,094.35 | 13,118.85 |
| Staff Related Liabilities | 1,773.08 | 1,760.86 |
| Security Deposits and Retention Moneys Payable (Including Deposit Work) | 19,711.70 | 19,596.49 |
| Liabilities for Expenses | 3,332.67 | 2,461.94 |
| Statutory Liability | | |
| Other Liabilities | 376.45 | 52.09 |
| Related Party Payables | | |
| i.) Meghalaya Energy Corporation Limited (MeECL): | | |
| Payables against Remittances of Fuel, Materials, Personnel and Others | 468.29 | - |
| ii.) Meghalaya Power Generation Corporation Limited (MePGCL): | | |
| Payables against Operations, Capital and Others | 7,827.15 | 22,757.14 |
| iii.) Meghalaya Power Transmission Corporation Limited (MePTCL): | | |
| Payables against Operations, Capital and Others | 24,590.63 | 24,408.66 |
| Total | 1,01,242.37 | 95,993.48 |

Note 20.1- The payments made to Pension Fund Regulatory and Development Authority (PFRDA) regarding transfer of such pension funds accumulated over the years had been cleared from a common pool in the Holding Company's books of accounts. Reconciliation of the same is under continuous process. During the Financial Year 2020-21, the cumulative payments made to PFRDA have been worked out for the company separately, and thereafter recorded in the books of the Company. Consequently, the book balance as on 31st of March, 2021, for the Company's liabilities regarding CPS stands at Rs 27.29 lakhs.

Note 20.2- All the liabilities towards General Provident Fund (GPF) have been transferred to the Holding Company (Meghalaya Energy Corporation Limited, MeECL), as MeECL holds all rights and liabilities towards settlements of dues to staffs, against GPF.

Note 21- PROVISIONS

| Particulars | (Amount in Lakhs) | |
|---------------------------------|------------------------|------------------------|
| | As at 31st March, 2021 | As at 31st March, 2020 |
| Provision for employee benefits | 2,327.30 | 2,327.59 |
| Total | 2,327.30 | 2,327.59 |

Note 21.1 - For details in respect of afore mentioned Note, kindly refer Note 48 (VII).

Note 22- OTHER CURRENT LIABILITIES

| Particulars | (Amount in Lakhs) | |
|--|------------------------|------------------------|
| | As at 31st March, 2021 | As at 31st March, 2020 |
| Statutory dues payable | 4,738.31 | 4,277.88 |
| Payable to State Government - CM Relief Fund | - | 7.15 |
| Total | 4,738.31 | 4,285.03 |

Note 23- DEFERRED REVENUE

| Particulars | (Amount in Lakhs) | |
|---|------------------------|------------------------|
| | As at 31st March, 2021 | As at 31st March, 2020 |
| Government Grant to be amortised within one year | 2,515.50 | 1,334.46 |
| Consumer Contribution to be amortised within one year | 289.33 | 265.75 |
| Total | 2,804.82 | 1,600.21 |



Note 24- REVENUE FROM OPERATIONS

| Particulars | (Amount in Lakhs) | |
|---|--|--|
| | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
| Sale of Power: | | |
| Inter-state sale of power to Assam | - | 182.86 |
| Unscheduled Interchange Sales | 1,730.72 | 626.04 |
| Revenue earned from Cross Subsidy | 1,727.32 | 2,761.58 |
| Interstate billing on sale of Power to MPPL, APPCL and HPPC | 6,400.26 | 7,648.44 |
| NTPC & NEEPCO RRAS | 324.91 | 743.43 |
| Categories of other Consumers: | | |
| Domestic and Residential | 25,295.67 | 20,331.01 |
| Commercial | 9,213.52 | 8,867.72 |
| Industrial Medium and Low Voltage | 377.07 | 389.11 |
| Industrial High and Extra High Voltage | 33,819.96 | 31,194.12 |
| Public Lighting | 36.02 | 64.56 |
| Irrigation and Agriculture | 6.41 | 1.75 |
| Public Water Works | 2,870.86 | 2,836.96 |
| Bulk Supply to others | 5,206.81 | 5,696.30 |
| Miscellaneous and General Purpose | 135.78 | 118.84 |
| Revenue from sale of power through Franchisee | 2,262.50 | 1,487.47 |
| Electricity Duty Recoveries | 519.52 | 466.49 |
| | 89,927.33 | 83,416.67 |
| Less: Electricity Duty | 519.52 | 466.49 |
| | 89,407.81 | 82,950.18 |
| Other operating revenues- | | |
| Meter Rent | 621.45 | 314.16 |
| Margin Money from Regulated Power | - | 1,697.30 |
| Reconnection Fees | 1.34 | 0.65 |
| Delayed Payment Charges Collected From Consumers | 187.01 | 246.71 |
| Rebates on Purchase of Energy | 1,403.52 | 233.04 |
| Other Charges From Consumers | 1,541.63 | 1,081.82 |
| Total | 93,162.77 | 86,523.86 |

Note 24.1- The break-up of the certain items under Sale of Power in Technical nomenclatures, along with Quantum of Sale is as under: -

| Particulars (Categories of Consumers) | | Year ended 31.03.2021 | Year ended |
|--|---|-----------------------|-----------------|
| | | (MU) | 31.03.2020 (MU) |
| In Technical Terms | In Financial Terms | Inside State | Inside State |
| Domestic | Domestic and | 412.31 | 416.69 |
| Kutir Jyoti | Residential | 87.70 | 48.50 |
| Crematorium | | 0.15 | 0.19 |
| Commercial | Commercial | 81.58 | 99.19 |
| Public Lighting | Public Lighting | 0.55 | 0.12 |
| Irrigation and Agriculture | Irrigation and Agriculture | 0.14 | 0.31 |
| Public Water Works | Public Water Works | 38.94 | 41.86 |
| Industries:- | | | |
| Low Tension (LT) | Industrial Medium and Low Voltage | 4.55 | 5.84 |
| High Tension (HT) + Extra High Tension (EHT) | Industrial High and Extra High Voltage | 616.63 | 544.40 |
| Bulk supply | Bulk Supply to others | 68.86 | 84.86 |
| General purpose | Miscellaneous and General Purpose | 15.03 | 17.52 |
| Swapping | Intra-State Swapping | 40.22 | - |



| Particulars | (Amount in Lakhs) | |
|---|--|--|
| | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
| Green Valley Industries Ltd (GVIL) | 596.48 | 618.20 |
| RNB Cement Pvt Ltd | 35.32 | - |
| Shyam Century Pvt Ltd | - | 56.63 |
| Maithan Alloys Ltd | - | 5.96 |
| Pioneer Carbide Pvt Ltd (PCPL) | - | - |
| Meghalaya Power Ltd | 388.99 | 1,599.65 |
| Dalmia Cement | 138.68 | - |
| M/s Amrit Cement | 48.60 | 7.18 |
| M/s Hills Cement Company Limited (HCCI) | 519.26 | 473.96 |
| Total | 1,727.32 | 2,761.58 |

Note 24.3- Quantum of Category-wise Sale of Power (Outside the State) is as under:

| Particulars | Year ended 31.03.2021 (MU) | | Year ended 31.03.2020 (MU) | |
|--------------------------------------|-------------------------------|--------|-------------------------------|--------|
| | Swapping | 234.05 | | 286.18 |
| DSM | 60.98 | | 29.59 | |
| Exchange | 238.64 | | 208.30 | |
| Non-solar | 21.04 | | 30.19 | |
| Assam State Electricity Board (ASEB) | - | | - | |
| Total | 554.72 | | 554.26 | |

Note 24.4- 'Other Charges From Consumers' primarily include Disconnection and Reconnection Charges (Temporary and Permanent), Load Enhancement Charges, Charges towards Shifting of Poles, Meter Testing Fees, Compensation Bills, Rentals of Poles, etc.

Note 25- OTHER INCOME

| Particulars | (Amount in Lakhs) | |
|--|--|--|
| | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
| Interest Income: | | |
| From Banks | 390.10 | 376.24 |
| From Others | 0.32 | 0.66 |
| Other non-operating income: | | |
| Rental and Hiring Income | 6.43 | 2.79 |
| Fees and Penalties | 0.52 | 0.17 |
| Sale of scrap, tender forms and others | 6.07 | 13.08 |
| Miscellaneous receipts | 725.27 | 364.73 |
| Amortization of Grants and Subsidies | 2,515.50 | 1,334.46 |
| Amortization of Consumer Contributions | 289.33 | 265.75 |
| Refund of surcharge from NEEPCO | - | - |
| Revenue Grants for Other Expenditures | 1,778.89 | 1,381.19 |
| Revenue Grant from the State Govt under UDAY | - | 1,343.00 |
| Total | 5,712.43 | 5,082.06 |

Note:- Govt. of Meghalaya has given the subsidy amounting Rs. 1776.70 lakhs (previous year Rs.982.31 lakhs) for the current year accounted as revenue grant in terms of Ind AS 20.

Note 26- POWER PURCHASE COSTS

| Particulars | (Amount in Lakhs) | |
|--|--|--|
| | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
| Power Purchase Costs | 82,522.61 | 85,614.14 |
| Surcharge on Power Purchases | 4,879.47 | 6,524.71 |
| Total Power Purchase Costs | 87,402.08 | 92,138.85 |
| Total Power Purchase Costs consist of: | | |
| Related Party Purchases- Meghalaya Power Generation Corporation Limited (MePGCL) | 17,485.97 | 28,740.40 |
| Outside Party Purchases | 69,916.11 | 63,398.45 |
| | 87,402.08 | 92,138.85 |
| Wheeling Charges | | |
| Related Party Charges- Meghalaya Power Transmission Corporation Limited (MePTCL) | 5,245.00 | 9,864.00 |
| Outside Party Charges | 10,252.53 | 8,192.46 |
| | 15,497.53 | 18,056.46 |
| Total | 1,02,899.61 | 1,10,195.31 |

Note 26.1- The details of Supplementary Bills received during the Financial Year 2020-21, are as under:-

| Name of Generating License | Debit Bills | Credit Bills | Net effect |
|----------------------------|-----------------|---------------|---------------|
| NEEPCO | 1,273.06 | 60.58 | 1,212.48 |
| NTPC | - | 63.85 | (63.85) |
| OTPC | 3.49 | 315.62 | (312.13) |
| Total | 1,276.56 | 440.05 | 836.51 |

| Name of Transmission License | Debit Bills | Credit Bills | Net effect |
|------------------------------|-----------------|--------------|-----------------|
| PGCIL | 1,150.19 | - | 1,150.19 |
| Total | 1,150.19 | - | 1,150.19 |



MEGHALAYA POWER DISTRIBUTION CORPORATION LIMITED
 NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2021

The details of Supplementary Bills received during the Financial Year 2019-20, are as under: -

| Name of Generating License | Debit Bills | Credit Bills | Net effect |
|----------------------------|---------------|-----------------|-----------------|
| NEEPCO | 420.58 | 703.17 | (282.59) |
| NTPC | - | 720.31 | (720.31) |
| POSOCO | 69.33 | - | 69.33 |
| Total | 489.91 | 1,423.49 | (933.58) |

| Name of Transmission License | Debit Bills | Credit Bills | Net effect |
|------------------------------|-----------------|--------------|-----------------|
| PGCIL | 1,349.53 | 5.27 | 1,344.26 |
| Total | 1,349.53 | 5.27 | 1,344.26 |

Note 26.2-Debit bills pertain to increase in Power Purchase Costs, due to revision of earlier bills.

Note 26.3-Credit bills pertain to decrease in Power Purchase Costs, due to revision of earlier bills.

Note 26.4- Quantum of Source-wise Power Purchase:

| Name of Party | Year ended 31.03.2021 (MU) | Year ended 31.03.2020 (MU) |
|--|-------------------------------|-------------------------------|
| North Eastern Electric Power Corporation (NEEPCO) Limited | 573.85 | 597.82 |
| ONGC Tripura Power Company (OTPC) | 437.44 | 400.63 |
| Meghalaya Power Generation Corporation Limited, MePGCL (Related Party) | 1,229.06 | 1,070.15 |
| Swapping | 110.81 | 246.75 |
| IEX | 4.98 | 0.14 |
| DSM | 19.40 | 64.97 |
| Bilateral Purchase | 135.98 | - |
| Total | 2,511.52 | 2,380.46 |

Note 26.5- Quantum of Open Access Charges for Power Purchase:

| Particulars | Year ended 31.03.2021 (MU) | Year ended 31.03.2020 (MU) |
|--|-------------------------------|-------------------------------|
| Kreate Energy India Private Limited (KEIPL) | 19.54 | 105.62 |
| Arunachal Pradesh Power Corporation Private Limited (APPCPL) | 78.96 | 124.47 |
| Total | 98.50 | 230.09 |



MEGHALAYA POWER DISTRIBUTION CORPORATION LIMITED
 NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2021
 Note 27- EMPLOYEE BENEFITS EXPENSE

| Particulars | (Amount in Lakhs) | |
|---|--|--|
| | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
| Salaries and wages | 14,104.69 | 10,938.37 |
| Contribution to provident and other funds | 250.17 | 183.57 |
| Staff welfare expenses | - | 0.04 |
| Apportionment of Employee Benefit Expenses (from Holding Company) | 6,638.74 | 4,860.44 |
| Total | 20,993.59 | 15,982.42 |

Note 27.1- Apportionment of Employee Benefit Expenses (from Holding Company) has the following break-up:-

| Particulars | (Amount in Lakhs) | |
|--|--|--|
| | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
| Pay & Allowances Expenses | 1,310.56 | 1,405.03 |
| Staff Welfare Expenses | 1.85 | 1.02 |
| Corporation Contribution To CPS Fund | 7.88 | 8.33 |
| Ex-Gratia expenses | 0.12 | 0.21 |
| Pension & other Pension related expenses | 5,318.33 | 3,445.85 |
| Total | 6,638.74 | 4,860.44 |

Note 27.2- MePDCL has the policy to bear the Employees Cost of MeECL (Holding Company) to the tune of 30% of the total cost in a financial year. The policy is similar with respect to the contribution of the Corporation towards CPS, EPF, monthly pension and other postretirement benefit of the employees etc. incurred and provided.

Note 28- FINANCE COSTS

| Particulars | (Amount in Lakhs) | |
|---|--|--|
| | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
| Interest on Loan: | | |
| To related party (Meghalaya Energy Corporation Limited, i.e., Holding Company)- including Penal Interest | 555.15 | 720.51 |
| To Others- including Penal Interest | 7,413.13 | 5,134.40 |
| Other Interest | - | 7.18 |
| Bank Charges and guarantee charges | 845.53 | 175.83 |
| Other Charges | 2.12 | - |
| Total | 8,815.93 | 6,037.93 |

Note 28.1- Penal Interest details are stated hereunder-

| Particulars | (Amount in Lakhs) | |
|---|--|--|
| | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
| Related Party (Meghalaya Energy Corporation Limited, i.e., Holding Company) | 13.59 | 34.85 |
| Others | 171.57 | 70.48 |
| Total | 185.16 | 105.34 |

Note 29- DEPRECIATION AND AMORTIZATION EXPENSE

| Particulars | (Amount in Lakhs) | |
|--------------|--|--|
| | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
| Depreciation | 2,897.36 | 1,944.65 |
| Total | 2,897.36 | 1,944.65 |



MEGHALAYA POWER DISTRIBUTION CORPORATION LIMITED
 NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2021
 Note 30- OTHER EXPENSES

| Particulars | (Amount in Lakhs) | |
|---|--|--|
| | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
| Repairs and maintenance: | | |
| Buildings | 30.01 | 10.99 |
| Plant and Equipment | 45.01 | 126.02 |
| Civil Works | 10.70 | 4.41 |
| Lines & Cables | 492.79 | 414.48 |
| Vehicles | 15.05 | 10.28 |
| Furniture and Fixtures | 0.72 | 1.21 |
| Office equipment | 16.51 | 18.29 |
| Administration, Operating and General Expenses: | | |
| Insurance Charges | 1.91 | 3.12 |
| Bad debts written off | 809.10 | 217.33 |
| Staff Advances written off | - | 1.03 |
| Sundry Debits written off | - | 0.00 |
| Rent, Rates and Taxes | 4.86 | 2.91 |
| Telegram, Postage, Telegraph and Telex charges | 414.47 | 11.39 |
| Training, conveyance and vehicle running expenses | 675.85 | 502.52 |
| Printing and stationery expenses | 26.70 | 33.59 |
| Auditors' remuneration* | 6.11 | 6.67 |
| Consultancy Charges | - | - |
| License and Registration Charges | 0.65 | 0.25 |
| Technical fees | 0.04 | 0.06 |
| Books & Periodicals | 0.27 | 0.41 |
| Fees and subscription expenses | 0.08 | - |
| Advertisement charges | 14.46 | 2.54 |
| Legal and professional charges | 137.00 | 144.46 |
| Fees to Meghalaya State Electricity Regulatory Commission (MSERC) | 14.50 | 13.20 |
| Electricity and Water Charges | 55.74 | 0.24 |
| Meter Reading Expenses | 10.34 | |
| Franchisee Commission | 95.35 | 87.11 |
| Franchisee Transmission Loss | 78.00 | 44.20 |
| Discount allowed | 27.21 | 39.18 |
| Bank Charges | 17.42 | 9.13 |
| Entertainment expenses | 0.23 | 0.08 |
| Miscellaneous expenses | 30.83 | 4.55 |
| Total | 3,031.95 | 1,709.66 |

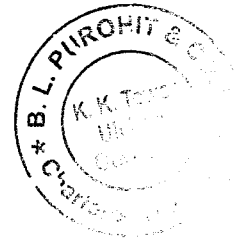
Note 30.1 :- Please refer note no. 45 for details of audit fees.

Note 31- EXCEPTIONAL ITEMS

| Particulars | (Amount in Lakhs) | |
|---|--|--|
| | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
| Compensation to staff for injuries, death and/or damages | - | 1.30 |
| Compensation to others for injuries, death and/or damages | 5.94 | 7.74 |
| One Time Settlement (OTS) | 2,779.29 | - |
| Total | 2,785.22 | 9.04 |

Note 31.1 :- One time Settlement (OTS) scheme for settlement of consumers dues. The One Time Settlement Scheme -2020, passed by the Board through circulation vide No. MePDCL/CS/CR/2013/41 dated 3rd Nov, 2020 and noted by the Board vide Resolution No. 3(B) Dated 07.12.2020.

Note 31.2 :- The impact of the above OTS on the Trade Receivables is under reconciliation and shall be disclosed in the accounts of FY 21-22.



MEGHALAYA POWER DISTRIBUTION CORPORATION LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2021

32 Disclosure in respect of Indian Accounting Standard (Ind AS) 37 "Provisions, Contingent Liabilities and Contingent Assets"

32.1 Contingent Liabilities:

(a) Claims against the Company not acknowledged as debts:

With regards to Contingent liabilities, it must be noted that cases against the company are dealt with by the Holding Company, and treatment thereafter meted out on case-to-case basis in accordance with the guidelines specified by the Holding Company itself. Hence, details of all such cases are enumerated in the Annexures to the Separate Financial Statements of the Holding Company and the Consolidated Financial Statements of the group thereon. The Annexures enumerate the status of pending litigations and compensation along with status of theft of electricity, and other related matters.

With regards to income tax related issues, all cases of the company are being represented by the parent company, Meghalaya Energy Corporation Limited (MeECL). However, recognition of any liability thereon pertaining to unfavorable orders or judgments shall be passed on to the company.

32.2 Contingent Assets:

There are no contingent assets as on 31.03.2021

32.3 Capital Commitments

Requisite details of capital commitments and allied contractual obligations have not been entirely forthcoming from the underlying divisions. Thereby, ascertainment of the same is under progress.



MEGHALAYA POWER DISTRIBUTION CORPORATION LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2021

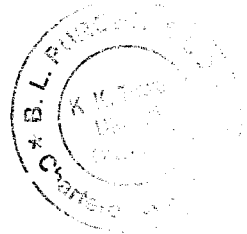
33 Disclosures in respect of Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

As per requirements of Ind AS 8, Company has corrected Material prior period(s) errors retrospectively by restating the comparative amounts for the prior periods to the extent practicable along with change in basic and diluted earnings per share. However, if the error relates to a period prior to the comparative period, balances of the assets, liabilities and equity of the comparative period presented are restated. Immaterial prior period errors have been classified in their natural head of income and expenses. The details of prior period errors and their impact on financial statements are as under -

Impact on opening balances of previous year balances (figures for 2019-20 restated due to above prior period items):

(Amount in Lakhs)

| S. No. | Particulars | As on 31.03.2020 as per last audited Balance Sheet | Prior period items | Restatement | As on 31.03.2020 Restated | Remark |
|--------|--|--|--------------------|-------------|---------------------------|---|
| A. | Balance Sheet (relevant items) | | | | | |
| | Assets | | | | | |
| | Property, Plant and Equipment | 19,921.48 | (199.15) | | 19,722.33 | Depreciation under provided in previous years |
| | Trade Receivables | 62,771.54 | (2,772.72) | | 59,998.81 | Reversal of delayed payment surcharge excess provided |
| | Other Financial Assets | 69,158.96 | | (23,151.37) | 46,007.59 | Regrouping of some heads from Other Financial Liabilities to Other Financial Assets |
| | Total | - | (2,971.87) | | | |
| | Liabilities | | | | | |
| | Other Equity | (2,39,058.26) | (961.87) | | (2,40,020.13) | Impact on retained earnings opening balance and for the year 2019-20 and reversal of Revenue Grant under UDAY |
| | Deferred revenue | 92,585.88 | (2,010.00) | | 90,575.88 | |
| | Other Financial Liabilities | 1,19,144.86 | | (23,151.37) | 95,993.48 | Regrouping of some heads from Other Financial Liabilities to Other Financial Assets |
| | Total | | (2,971.87) | | | |
| B. | Statement of Profit & Loss for year ending 31.03.2020 (relevant items) | | | | | |
| | Income | | | | | |
| | Revenue from operations | 89,296.58 | (2,772.72) | | 86,523.86 | Reversal of delayed payment surcharge excess provided |
| | Other income | 3,739.06 | 1,343.00 | | 5,082.06 | Revenue grant in UDAY scheme previously capitalised, now shown in Revenue |
| | Expenses | | | | | |
| | Depreciation and amortization expense | 1,853.33 | 91.32 | | 1,944.65 | Depreciation under provided |
| | Impact on Net profit/(Loss) for the year | (42,752.05) | (1,521.05) | | (44,273.09) | |
| | EPS (Basic & Diluted) | (5.24) | (0.19) | | (5.43) | |
| C. | Details of prior period adjustment in opening balance of retained earnings: | | | | | |
| | Retained earning as on 1.4.2019 as per last audited balance sheet : | | | | (1,96,904.43) | |
| | Depreciation under provided in previous years | | | | (107.82) | |
| | Retained earning as on 1.4.2019 restated | | | | (1,97,012.26) | |



34 Disclosures in respect of Ind AS 107 - Financial Instruments

(a) Financial Instruments by Categories

The carrying value and fair value of financial instruments by categories were as follows:

(Amount in Lakhs)

| (i) Particulars | Financial assets/ liabilities at FVTPL as at March 31, 2021 | Financial assets/ liabilities at fair value through OCI as at March 31, 2021 | Amortized cost as at March 31, 2021 |
|--|---|---|--|
| Financial Assets: | | | |
| Trade receivables | - | - | 59,626.30 |
| Cash and cash equivalents | - | - | 6,416.06 |
| Balances other than cash and cash equivalents | - | - | 9,037.04 |
| Loans | | | 50.42 |
| Other financial assets | - | - | 14,804.92 |
| Total Financial Assets | - | - | 89,934.74 |
| Financial Liabilities: | | | |
| Borrowings | - | - | 1,19,357.89 |
| Trade Payables | - | - | 1,33,025.63 |
| Other financial liabilities | - | - | 1,01,242.37 |
| Total Financial Liabilities | - | - | 3,53,625.90 |

(Amount in Lakhs)

| (ii) Particulars | Financial assets/ liabilities at FVTPL as at March 31, 2020 | Financial assets/ liabilities at fair value through OCI as at March 31, 2020 | Amortized cost as at March 31, 2020 |
|--|---|---|--|
| Financial Assets: | | | |
| Trade receivables | - | - | 59,998.81 |
| Cash and cash equivalents | - | - | 4,532.86 |
| Balances other than cash and cash equivalents | - | - | 13,322.99 |
| Loan | - | - | 67.66 |
| Other financial assets | - | - | 46,795.31 |
| Total Financial Assets | - | - | 1,24,717.64 |
| Financial Liabilities: | | | |
| Borrowings | - | - | 50,514.14 |
| Trade Payables | - | - | 1,81,577.37 |
| Other financial liabilities | - | - | 95,993.48 |
| Total Financial Liabilities | - | - | 3,28,084.99 |

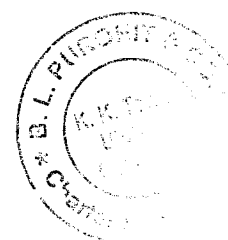
35 Fair Value Hierarchy

- Level 1 - Level 1 hierarchy includes financial instruments measured using quoted prices (unadjusted) in active markets.
- Level 2 - Level 2 hierarchy includes financial instruments measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Level 3 hierarchy includes financial instruments measured using inputs that are not based on observable market data (unobservable inputs).

The following table present fair value hierarchy of assets and liabilities measured at fair value:-

(Amount in Lakhs)

| (i) Particulars | Level 1 | Level 2 | Level 3 | Total |
|---|---------|---------|---------|-------|
| As at March 31, 2021 | | | | |
| Financial liabilities measured at fair amortised cost: | | Nil | | |
| Total | | | | |
| As at March 31, 2020 | | | | |
| Financial liabilities measured at fair amortised cost: | | Nil | | |
| Total | | | | |



b) Credit Risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables. Accordingly, credit risk from trade receivables has been separately evaluated from all other financial assets in the following paragraphs.

(i) Trade Receivable

The company has the following outstanding trade receivables :-

| Particulars | (Amount in Lakhs) | |
|-------------------|-------------------|---------------|
| | March 31,2021 | March 31,2020 |
| Trade Receivables | 59,626.30 | 59,998.81 |

Trade receivables are typically secured to the extent of customers security deposit received by the company and are derived from revenue earned from customers. Company has recognised the provision on debtors on the basis of policy approved by the board of directors.

ii) Cash and cash equivalents

The cash and cash equivalents are held with public sector banks and high rated private sector banks and do not have any significant credit risk. The company held the following cash and cash equivalents :-

| Particulars | (Amount in Lakhs) | |
|---------------------------|-------------------|---------------|
| | March 31,2021 | March 31,2020 |
| Cash and cash equivalents | 6,416.06 | 4,532.86 |

c) Liquidity Risk

The company's principal sources of liquidity are cash and cash equivalents generated from operations and from bank overdrafts. Company manage our liquidity needs by continuously monitoring cash inflows and by maintaining adequate cash and cash equivalents. Net cash requirements are compared to available cash in order to determine any shortfalls. Short term liquidity requirements consists mainly of trade payable, expense payable, other payable arising during the normal course of business as at each reporting date. Company maintain a sufficient balance in cash and cash equivalents to meet our short term liquidity requirements.

Company assess long term liquidity requirements on a periodical basis and manage them through internal accruals.

The table below provides details regarding the contractual maturities of non-derivative financial liabilities. The amount disclosed in the table is the contractual undiscounted cash flows. The table includes both principal & interest cash flows.

| Particulars | (Amount in Lakhs) | |
|--------------------|----------------------|----------------------|
| | As at March 31, 2021 | As at March 31, 2020 |
| Less than 6 months | 4,014.07 | 3,974.53 |
| 6 months to 1 year | 4,028.27 | 3,987.68 |
| 1-5 years | 54,110.61 | 26,592.41 |
| More than 5 years | 53,488.32 | 15,705.46 |
| Total | 1,15,641.28 | 50,260.08 |

The above figures are shown at their original carrying amount excluding Ind AS Adjustment, short term loans and the loan from the state govt. as company is not repaying the loan currently

38 Capital Management

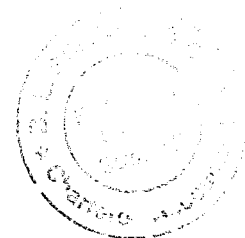
The Company's objectives when managing capital are to:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and
- maintain an appropriate capital structure of debt and equity.

The Board of Directors (BOD) has the primary responsibility to maintain a strong capital base and reduce the cost of capital through prudent management in deployment of funds and sourcing by leveraging opportunities in financial markets so as to maintain investors, creditors & markets' confidence and to sustain future development of the business. The Company's board reviews the capital structure on need basis. The funding requirements are met through a mixture of borrowings and equity capital. The Company's policy is to use short term and long-term borrowings to meet anticipated funding requirements.

The company has monitored the debt - equity ratio of the company which is as follows :-

| Particulars | (Amount in Lakhs) | |
|------------------------------------|-----------------------|-----------------------|
| | As at 31st March 2021 | As at 31st March 2020 |
| Long term debt | 1,16,693.52 | 47,843.95 |
| Equity (including capital reserve) | (1,97,995.03) | (1,55,596.55) |
| Debt-Equity Ratio | (0.59) | (0.31) |



39 Disclosure in respect of Indian Accounting Standard (Ind AS)-23 "Borrowing Costs"

Company have not capitalised any borrowing cost for the year ended March 31, 2021 and March 31, 2020.

40 Disclosure in respect of Indian Accounting Standard (Ind AS)-36 "Impairment of assets"

In addition to the Significant Accounting Policies related to Property Plant and Equipment, it must be noted that ascertainment of impairment against any such asset has been deliberated to be taken up in course of subsequent reporting periods.

41 Disclosure in respect of Indian Accounting standard (Ind AS)-108: "Operating Segments"

In accordance with Ind AS 108, the operating segments used to present segment information are identified on the basis of internal reports used by the Company's management to allocate resources to the segments and assess their performance. The Board of Directors is collectively the Company's 'Chief Operating Decision Maker' or 'CODM' within the meaning of Ind AS 108. The indicators used for internal reporting purposes may evolve in connection with performance assessment measures put in place.

The company is primarily engaged in a single line of business i.e business of distribution of Power. Hence, there is no operating segments. In the absence of any operating segments following entity wide disclosures are required to be disclosed as per Ind AS 108.

41.1 Entity-Wide Disclosures-

1. Information about revenue from major customers

There is no single external customer contributing 10 percent or more of total revenue.

2. Geographical Information

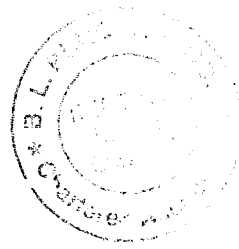
The company operates mainly in the state of Meghalaya and part of revenue is earned by sale of power to neighbouring states.

3. Revenue from major products

Revenue from external customers for each product and service are as follow:-

(Amount in Lakhs)

| Particulars | March 31, 2021 | March 31, 2020 |
|--|------------------|------------------|
| Sale of Power | 89,407.81 | 82,950.18 |
| Meter Rent | 621.45 | 314.16 |
| Margin Money from Regulated Power | - | 1,697.30 |
| Reconnection Fees | 1.34 | 0.65 |
| Delayed Payment Charges Collected From Consumers | 187.01 | 246.71 |
| Rebates on Purchase of Energy | 1,403.52 | 233.04 |
| Other Charges From Consumers | 1,541.63 | 1,081.82 |
| Total | 93,162.77 | 86,523.86 |



MEGHALAYA POWER DISTRIBUTION CORPORATION LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2021

42 Disclosure in respect of Indian Accounting Standard 24 "Related Parties Disclosures"

a. Name of Related Parties and description of relationship:

(i) Key managerial personnel (KMP)

| S. No. | Name | Nature of Relationship | Date of Appointment | Date of Cession |
|--------|--------------------------------|--|---------------------|-----------------|
| 1 | Shri. Donald Phillips Wahlang | Chairman-cum-Managing Director | 18-10-2021 | Continuing |
| 2 | Smti. Rebecca Vanessa Suchiang | Chairman-cum-Managing Director | 05-07-2021 | 18-10-2021 |
| 3 | Shri Arunkumar Kembhavi, IAS | Chairman-cum-Managing Director | 02-09-2020 | 05-07-2021 |
| 4 | Smti A. Nikhla | Chairman-cum-Managing Director, Director | 04-11-2019 | 02-09-2020 |
| 5 | Shri Arunkumar Kembhavi, IAS | Director Finance | 02-09-2020 | 23-10-2021 |
| 6 | Shri. Pravin Bakshi, IAS | Director Finance | 25-10-2021 | Continuing |
| 7 | Shri S Diengdoh | Whole Time Director | 19-07-2019 | 31-08-2020 |
| 8 | Shri Moonstar Shangpliang | Whole Time Director | 12-01-2021 | 03-05-2021 |
| 9 | Shri M K Chetri | Whole Time Director | 03-05-2021 | Continuing |
| 10 | Shri G. S. Mukherjee | Company Secretary | 01-11-2011 | Continuing |
| 11 | Shri B P Singh | Chief Financial Officer | 19-09-2019 | Continuing |

(ii) Holding Company and Fellow Subsidiary Companies

| Name | Nature of Relationship |
|---|------------------------|
| Meghalaya Energy Corporation Limited (MeECL) | Holding Company |
| Meghalaya Power Generation Corporation Limited (MePGCL) | Fellow subsidiary |
| Meghalaya Power Transmission Corporation Limited (MePTCL) | Fellow subsidiary |

b. Compensation of key management personnel:

(Amount in Lakhs)

| Name of KMP | Remuneration | | Sitting Fee/Others | |
|------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | Year ended March 31, 2021 | Year ended March 31, 2020 | Year ended March 31, 2021 | Year ended March 31, 2020 |
| Sri E. W. Nongrum (as CMD) | - | 14.73 | - | - |
| Smti A. Nikhla | - | - | 0.45 | 0.32 |
| Sri Arunkumar Kembhavi, IAS | - | - | 0.65 | - |
| Sri Samuel Diengdoh | 10.37 | 14.55 | - | - |
| Sri Gouri Sankar Mukherjee | 17.29 | 13.71 | 1.61 | 1.23 |
| Sri Bishwanath Prasad Singh | 21.93 | 9.91 | - | - |
| Sri Riewad Vicharwant Warjri | - | - | 0.18 | 0.28 |
| Smti L. Kharkongor | - | - | 0.28 | 0.30 |
| Shri. L.M. Sangma | - | - | 0.08 | - |

Note: -The aforementioned benefits have been paid from the Holding Company i.e. MeECL and subsequently apportioned to the Company @ 30% of benefits due.

c. Transaction between government and government related entities :-

100% beneficial interest in the shares of the company lies with the Governor, Government of Meghalaya. In light of the same, the company is a government-related entity' (with regards to the Government of Meghalaya) as defined by "Ind AS 24 (Related Party Disclosures)" i.e., an entity that is controlled, jointly controlled or significantly influenced by a government.

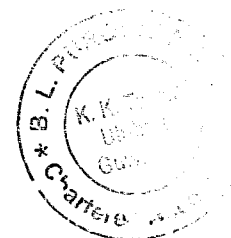
(Amount in Lakhs)

| Particulars | For the year ended 31st March 2021 | For the year ended 31st March 2020 |
|--|------------------------------------|------------------------------------|
| Transactions during the year: | | |
| Capital Grants and Subsidies from the Government (including those routed through various government entities) | 10,985.94 | 38,319.67 |
| Recoverable From State Government | (377.43) | 590.24 |
| Non-current Borrowings from the Government | 5,526.40 | 1,360.00 |
| Interest payable to the Government | 71.91 | 236.87 |
| Electricity duty remittances to the Government | 519.52 | 466.49 |
| Revenue Grants and Subsidies received from the Government (including those routed through various government entities) | 1,778.89 | 1,381.19 |
| Interest on Government loans | 71.91 | 47.44 |
| Meghalaya State Electricity Regulatory Commission (MSERC) Fees | 14.50 | 13.20 |
| Outstanding Balances: | | |
| Capital Grants and Subsidies from the Government (including those routed through various government entities) | 96,424.69 | 87,954.25 |
| Recoverable From State Government | 410.28 | 787.72 |
| Non-current Borrowings from the Government | 7,418.58 | 1,892.18 |
| Interest payable to the Government | 1,130.03 | 1,058.13 |



d. Transactions with the Holding Company and within the group:

| Particulars | (Amount in Lakhs) | |
|---|---------------------------------------|---------------------------------------|
| | For the year ended 31st March 2021 | For the year ended 31st March 2020 |
| (a) Transactions during the year: | | |
| Equity Share Capital: | | |
| Meghalaya Energy Corporation Limited (MeECL) | 262.22 | 3,261.42 |
| Equity Share Capital pending allotment: | | |
| Meghalaya Energy Corporation Limited (MeECL) | (112.22) | (2,258.42) |
| Borrowings taken/(repaid): | | |
| Meghalaya Energy Corporation Limited (MeECL) | (1,049.84) | (2,624.42) |
| Power Purchase Costs: | | |
| Meghalaya Power Generation Corporation Limited (MePGCL) | 17,485.97 | 28,740.40 |
| Wheeling Charges: | | |
| Meghalaya Power Transmission Corporation Limited (MePTCL) | 5,245.00 | 9,864.00 |
| Interest expenses: | | |
| Meghalaya Energy Corporation Limited (MeECL) | 555.15 | 720.51 |
| Apportionment of Employee Benefit Expenses, made by: | | |
| Meghalaya Energy Corporation Limited (MeECL) | 6,638.74 | 4,860.44 |
| Movement in receivables | | |
| Meghalaya Energy Corporation Limited (MeECL) | (31,759.55) | (1,35,683.73) |
| Meghalaya Power Generation Corporation Limited (MePGCL) | - | (18,587.53) |
| Movement in payables | | |
| Meghalaya Energy Corporation Limited (MeECL) | 468.29 | (1,24,746.77) |
| Meghalaya Power Generation Corporation Limited (MePGCL) | (14,929.99) | (31,625.26) |
| Meghalaya Power Transmission Corporation Limited (MePTCL) | 181.97 | (144.49) |
| (b) Outstanding Balances: | | |
| Equity Share Capital: | | |
| Meghalaya Energy Corporation Limited (MeECL) | 84,685.80 | 84,423.58 |
| Equity Share Capital pending allotment: | | |
| Meghalaya Energy Corporation Limited (MeECL) | 1,153.00 | 1,265.22 |
| Borrowings: | | |
| Meghalaya Energy Corporation Limited (MeECL) | 3,542.89 | 4,592.73 |
| Receivables: | | |
| Meghalaya Energy Corporation Limited (MeECL) | 14,213.66 | 45,973.21 |
| Meghalaya Power Generation Corporation Limited (MePGCL) | - | - |
| Trade Payables: | | |
| Meghalaya Power Generation Corporation Limited (MePGCL) | 25,157.74 | 37,210.49 |
| Meghalaya Power Transmission Corporation Limited (MePTCL) | 5,040.70 | 12,470.76 |
| Interest accrued: | | |
| Meghalaya Energy Corporation Limited (MeECL) | 157.08 | 146.51 |
| Payables: | | |
| Meghalaya Energy Corporation Limited (MeECL) | 468.29 | - |
| Meghalaya Power Generation Corporation Limited (MePGCL) | 7,827.15 | 22,757.14 |
| Meghalaya Power Transmission Corporation Limited (MePTCL) | 24,590.63 | 24,408.66 |



43 Disclosure in respect of Indian Accounting Standard (Ind AS)-33 "Earnings Per Share(EPS)"

i) Basic EPS

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the entity by the weighted average number of Equity shares outstanding during the year.

(Amount in Lakhs)

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| Profit/ (loss) for the year, attributable to the owners of the company | (42,548.47) | (44,273.09) |
| Earnings used in calculation of basic earnings per share(A) | (42,548.47) | (44,273.09) |
| Weighted average number of ordinary shares for the purpose of basic earnings per share(B) | 8,446 | 8,158 |
| Basic EPS(A/B) | (5.04) | (5.43) |

ii) Diluted EPS

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the entity (after adjusting for interest on the convertible preference shares) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

(Amount in Lakhs)

| Particulars | Particulars | For the year ended March 31, 2020 |
|---|--------------------|--------------------------------------|
| Profit (loss) for the year, attributable to the owners of the company | (42,548.47) | (44,273.09) |
| Profit attributable to equity holders of the owner adjusted for the effect of dilution (A) | (42,548.47) | (44,273.09) |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 8,446 | 8,158 |
| Share application money pending allotment | - | - |
| Weighted average number of Equity shares adjusted for the effect of dilution (B) | 8,446 | 8,158 |
| Diluted EPS(A/B) | (5.04) | (5.43) |

Since the loss per share is reduced, thus share application money pending allotment is Anti-Dilutive. Hence for the purpose of calculating Diluted earning per share, the same has been ignored. Therefore, Basic and Diluted earning per share is same.

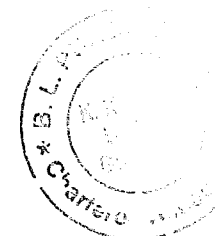
(iii) The company does not have any preference shares, outstanding warrants, stock options, share warrants and convertible bonds for the reporting period, causing any dilution effect in addition to the computation as stated above.

44 Assets hypothecated as security

The carrying amount of assets pledged as security for current & non current borrowings are:

(Amount in Lakhs)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---------------------------|--------------------------|--------------------------|
| Non Current assets | | |
| Pledge | 30,653.00 | 17,767.00 |



45 Payment to the Auditors

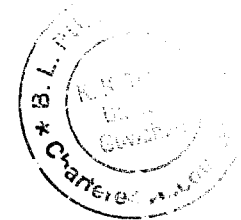
(Amount in Lakhs)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|--------------------------|--------------------------|
| Payment to the Auditors: | | |
| - Statutory Audit Fees for current year | 4.86 | 4.50 |
| - Statutory Audit Fees for previous years | - | 0.81 |
| - Tax Audit Fees | 0.50 | 0.50 |
| - Other services | 0.25 | 0.25 |
| Payments to the Cost Auditors : | | |
| - Cost Audit Fees for current year | 0.50 | 0.61 |
| Payments to the Secretarial Auditors : | | |
| - Secretarial Audit Fees for current year | 0.25 | 0.25 |

46 Dealings in Foreign Currency

(Amount in Lakhs)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---------------------------------|--------------------------|--------------------------|
| Value of imports on CIF Basis | - | - |
| Earning in Foreign Currency | - | - |
| Expenditure in Foreign Currency | - | - |



MEGHALAYA POWER DISTRIBUTION CORPORATION LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2021

47 Disclosure in respect of Indian Accounting standard Ind AS 2 'Inventories'

Amount of inventories consumed and recognised as expense during the year is as under: -

(Amount in Lakhs)

| Particulars | As at | |
|----------------------------|-----------------|-----------------|
| | 31st March 2021 | 31st March 2020 |
| Consumption of spare parts | 144.97 | 177.27 |
| Total | 144.97 | 177.27 |

48 ADDITIONAL INFORMATION

- I. Meghalaya Power Distribution Corporation Limited (MePDCL) was incorporated under the erstwhile Companies Act, 1956 on 18.12.2009. The company was entitled to commence business according to the Certificate for Commencement of Business issued by the Registrar of Companies, Meghalaya w.e.f. 17.03.2010. The authorized share capital of the company is Rs. 1,00,000.00 lakhs divided into 10,000.00 lakhs Equity Shares of Rs. 10 (Rupees Ten) each. The Company is a Government Company within the meaning of sub-section 45 of Section 2 of The Companies Act, 2013 and the entire Paid-up Equity Share Capital is held by the Holding Company i.e., Meghalaya Energy Corporation Limited (a company wholly owned by the Government of Meghalaya), except the equity shares allotted to Signatories of the Memorandum of Association of the company.
- II. At the time of formation of the Company, 0.5 lakhs Equity shares of Rs. 10 each were allotted to various persons being the signatories of the Memorandum of Association of the company. However, the beneficial interests for all the shares lie with the Holding Company i.e., Meghalaya Energy Corporation Limited (MeECL). The names of the shareholders are available in the Memorandum of Association (MoA) and the Articles of Association (AoA) issued by the Company.
- III. In exercise of the power conferred under Section 131 of the Electricity Act, 2003 the Government of Meghalaya unbundled the Meghalaya State Electricity Board (MeSEB) into four companies i.e., Meghalaya Energy Corporation Limited (MeECL), the holding company, Meghalaya Power Generation Corporation Limited (MePGCL), the generation utility, Meghalaya Power Transmission Corporation Limited (MePTCL), the transmission utility and Meghalaya Power Distribution Corporation Limited (MePDCL), the distribution utility, vide "The Meghalaya Power Sector Reforms Transfer Scheme, 2010" notified by State Government of Meghalaya vide Notification No. Power-79/2009/290 dated 31.03.2010. Subsequently through an amendment in the Transfer Scheme, the State Government transferred all the assets and liabilities of Meghalaya State Electricity Board (MeSEB) to the holding company only. The subsidiaries which comprise of the generation utility, transmission utility and distribution utility were made operational w.e.f. 01.04.2012 after vesting of assets and liabilities by the holding company as per Notification No. Power-79/2009/Pt-1/422 dated 29.04.2015.
- IV. The company is continuing the process of getting its name incorporated in the various assets and liabilities transferred to it from the Holding company, i.e. Meghalaya Energy Corporation Limited (MeECL), as per the provisions of "The Meghalaya Power Sector Reforms Transfer Scheme, 2010". The charge or mortgage created against the assets of the company as securities in respect of the borrowings of the erstwhile Meghalaya State Electricity Board (MeSEB) and/or the holding company or vice versa, which have been subsequently transferred to the company as on 1st April, 2012 pursuant to the aforementioned Transfer Scheme notified by the State Government continue to be valid and binding on the company.

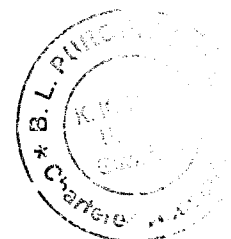
V Reconciliation

The books of accounts of the Company are reflective of certain negative balances. The reasons for the same having arisen, *inter alia*, include the following: -

- a. On occasions, negative balances have been carried over from yester years or vide Transfer Notifications during Restructure, Unbundling and/or Trifurcation as stated in Point I of this Note supra and remain subject to on-going reconciliation.
- b. Certain negative balances are subject to aggregation (i.e., recovery, payment, deduction, provisions, etc., have separate ledger heads created for the same cluster of activities).
- c. In some cases negative balances have occurred due to inaccurate grouping or classification of ledger heads in the computerised books of accounts at the levels of underlying units under the Company's hierarchy. The process of reconciliation of the same is undergoing. The reconciliation of the above shall be envisaged keeping in view both the cost-effectiveness and practical feasibility of undertaking the said reconciliation in subsequent periods.

Furthermore, certain balances of Outside Payables, Outside Receivables and Inter-unit Accounts remain subject to both confirmations from third-party or underlying units and/or subsequent reconciliations with respective third parties or underlying units. The ascertainment of the practical feasibility and cost-effectiveness of assuming the procedure is also under consideration. Thereby, figures pertaining to the said items as mentioned in financial statements are in confirmation with the books of accounts but remain subject to the said procedures.

In the light of the aforementioned bottlenecks existent during the process of preparation of financial statements, ascertainment of fair values in accordance with the relevant Indian Accounting Standards (Ind-AS) on a ledger-to-ledger basis has been rendered incapacitated. Remedial action to mitigate this problem is under process.



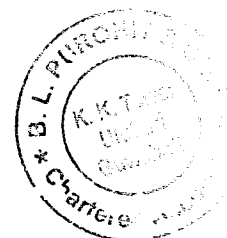
MEGHALAYA POWER DISTRIBUTION CORPORATION LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2021

Amongst other things, following correspondences have been struck to sort out certain such issues: -

| Reference | Subject sought to be reconciled or resolved |
|--|---|
| Letter No. ACT/COMP/MePDCL/FA/2019-20/399/25 | Recoverables from State Govt (Account Code 28.858, 28.858 (DIDU), 28.858(Saubhagya) : Reconciliation thereof |
| Letter No. ACT/COMP/MePDCL/FA/2019-20/399/23 | Deviation charges paid to outside parties |
| Letter No. ACT/COMP/MePDCL/FA/2019-20/399/15 | Segregation of amount received from SLDC against Deviation Intra for FY 2018-19 |
| Letter No. ACT/COMP/MePDCL/FA/2019-20/399/10 | Capital Work in Progress as on 31.03.2020 reg |
| Letter No. ACT/COMP/MeECL/Misc/2007-08/134(pt-1)/86 | Unadjusted head of accounts |
| Letter No. ACT/COMP/MeECL/Misc/2007-08/134(pt-1)/87 | Unadjusted head of accounts |
| Letter No. ACT/COMP/POSITION/99-2008/81/101 sent from the Accounts Section on the 31 st of March, 2017 addressed to the Chief Engineer (Distribution) | Unadjusted heads of accounts viz., Inventories, Capital-work-in-Progress, Advances to Suppliers/Contractors and Revenue Accounts. |
| Letter No. ACT/COMP/STOCK/2018/375/1 sent from the Accounts Section on the 13 th of April, 2018 addressed to All Drawing and Disbursing Officers of the Company | Outstanding Inventories, which have remained unadjusted in the books, with regards to: a.) Capital Stock (Work-in-Progress). b.) Operational and Maintenance Stock. |
| Letter No. ACT/COMP/ATD-ATC/2017-18/374/1 sent from the Accounts Section on the 29 th of March, 2018 addressed to All Drawing and Disbursing Officers of the Company | Long pending Outstanding ATDs (Advice Transfer Debits) in the books of accounts. |
| Letter No. ACT/COMP/CWIP/PT-II/37/86/72 sent from the Accounts Section on the 29 th of October, 2018 addressed to The Executive Engineer, West Khasi Hills Distribution Division, Nongstoin | Deputation of Officers towards Conversion of Capital Works-in-Progress in the Division. |
| Letter No. ACT/COMP/CWIP/PT-II/37/86/69 sent from the Accounts Section on the 29 th of October, 2018 addressed to The Chief Engineer (RE), Shillong U/o | Pending Conversion of Capital Works-in-Progress with regards to RGGVY (Rajiv Gandhi Grameen Vidyutikaran Yojana) Scheme. |
| Letter No. ACT/COMP/MePDCL/FA/2020-21/409/2 sent from the Accounts Section on the 21st January, 2021 addressed to Director (Distribution), MePDCL | Pending Conversion and Status of Capital Works-in-Progress in all underlying Divisions. |
| Letter No. ACT/COMP/MePDCL/FA/2019-20/399/74 dated the 24th of August, 2021, addressed to Director (Distribution), MePDCL | a.) Confirmation of Debtors Ledgers of Institutional Buyers. b.) Confirmation of Trade Payables from Outside Parties. c.) Reconciliation of Power Purchase Liabilities, Power Sale Receivables, Payables to PGCIL and ASEB. d.) Other related matters. |
| Letter No. ACT/COMP/CAS-IV/2008-09/143 sent from the Accounts Section on | Booking of prepaid expenses |

VI Disclosures based on the Statement of Cash Flows:

- The components of cash and cash equivalents have been reflected in the Cash Flow Statement, and the amounts of the same are in tandem with those presented in the Balance Sheet.
- All significant cash and cash equivalents held by the entity are available for use by it, with the exception of certain balances which are subject to reconciliation and procedural modifications in accordance with Point No. V and IV respectively of this Note.
- Separate disclosures have been made in related Notes supra in cases where cash flows have been representative of increase in operating capacity or for maintenance of operating capacity.
- As already stated, the company's 'single primary reportable business segment' is "Distribution of Power." In such a scenario, Segmental Cash Flows shall be synonymous with the Cash Flow Statement in entirety, and can be also be read in congruence with the Segment Information disclosed.



MEGHALAYA POWER DISTRIBUTION CORPORATION LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2021

VII PROVISIONS

Details of movements in provisions are as under: -

(Amount in Lakhs)

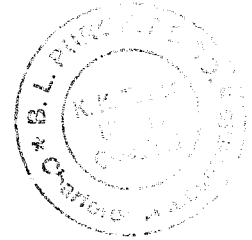
| Provision for employee benefits | As at 31st March 2021 | As at 31st March 2020 |
|---|--------------------------|--------------------------|
| As at the beginning of the Financial Year | 2,327.59 | 2,680.47 |
| Add: Adjustments during the Year | 0.21 | 1.05 |
| | 2,327.80 | 2,681.52 |
| Less: Settlements during the Financial Year | 0.50 | 353.93 |
| As at the end of the Financial Year | 2,327.30 | 2,327.59 |

VIII Allowances for Doubtful Debts in Trade Receivables: -

(Amount in Lakhs)

| Category of Trade Receivables | As at 31st March 2021 | | As at 31st March 2020 | |
|-------------------------------|---|---------------------------------|---|---------------------------------|
| | Receivables as on 30th of September, 2020 | 3% Allowance for Doubtful Debts | Receivables as on 30th of September, 2019 | 3% Allowance for Doubtful Debts |
| Cable TV | 3.31 | 0.10 | 2.63 | 0.08 |
| Domestic High Tension | 339.27 | 10.18 | 296.17 | 8.89 |
| Domestic Low Tension | 20,710.19 | 621.31 | 18,862.91 | 565.89 |
| Delaved Payment Charges | 5,207.53 | 156.23 | 312.92 | 9.39 |
| Kutir Jyoti | 5,937.55 | 178.13 | 1,244.90 | 37.35 |
| Commercial High Tension | 417.66 | 12.53 | 682.39 | 20.47 |
| Commercial Low Tension | 5,644.64 | 169.34 | 4,468.89 | 134.07 |
| General Purpose | 1,306.00 | 39.18 | 1,293.85 | 38.82 |
| Industrial Low Tension | 1,200.39 | 36.01 | 1,737.93 | 52.14 |
| Extra High Tension | 19,917.53 | 597.53 | 6,657.64 | 199.73 |
| Industrial High Tension- A | 10,057.16 | 301.71 | 8,282.98 | 248.49 |
| Industrial High Tension- B | 1,649.99 | 49.50 | 1,441.98 | 43.26 |
| Public Lighting | 298.78 | 8.96 | 394.14 | 11.82 |
| Agricultural Purpose | 52.93 | 1.59 | 45.66 | 1.37 |
| Water Supply High Tension | 156.67 | 4.70 | 425.24 | 12.76 |
| Water Supply Low Tension | 376.26 | 11.29 | 426.38 | 12.79 |
| Bulk Supply | 542.61 | 16.28 | 271.88 | 8.16 |
| Construction Project | - | - | - | - |
| Total | 73,818.45 | 2,214.55 | 46,848.51 | 1,405.46 |

Allowances for Doubtful Debts have been calculated at 3% of Receivables as on the 30th of September of each year (in consonance with the practice followed by the Company in the previous years). The values as mentioned *supra* have been obtained from the Office of the Additional Chief Engineer (Commercial), MePDCL, Shillong. The figures stated may be subject to reconciliation.



MEGHALAYA POWER DISTRIBUTION CORPORATION LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2021

49 Assets under Lease

In line with the last formal information presented by the Land Cell within the Holding Company, plots of land belonging to the group (parent and/or subsidiaries) have been taken on lease from various third parties. A summary of certain such instances is depicted hereunder: -

| District | Location of the Land | Year of Acquisition | Area (in acres) |
|------------------|--------------------------------------|---------------------|-----------------|
| East Khasi Hills | Shillong Cantonment Road Sub-Station | 1995 | 0.25 |
| | NEHU Sub-Station | 1986 | 12.3 |
| | SE Fall Sub-Station | 1995 | 0.25 |
| | Bishop Cotton Road | 2008 | 0.40 |
| | Kench's Trace | 1995 | 0.30 |
| Jaintia Hills | Amlarem | 2004 | 7.02 |

The Company is undertaking the process of ascertaining all such similar assets which it has taken on lease. Furthermore, the proper bifurcation of such assets amongst the respective companies within the group is also under reconciliation, which is also in consonance with Point No. IV of this Note mentioned *supra*. Besides, determination of book values against all assets on lease is an ongoing process. In light of this, under Note 1- Property Plant and Equipment, no value-wise details of 'Assets on Lease' have been provided. The implementation of requirements in accordance with relevant Ind AS' also remains subject to the same impediment and shall be undertaken in subsequent years on mitigation of the same. Letter No. ACT/COMP/INFO(SOA)/Pt-V/2020-21/350/55 dated the 07th of September, 2021 has been addressed to the Joint Secretary, MeECL, Shillong, towards furtherance of the aforesaid matter.

50 Disclosure in respect of Indian Accounting standard Ind AS 12 'Income Taxes'

In accordance with Ind-AS 12 (Income Taxes), 'Deferred Tax Asset' has emerged on account of timing difference due to carried forward losses and depreciation; however, in absence of reasonable and virtual certainty to earn future profits sufficient to set off such assets, the same has not been recognized in the accounts.

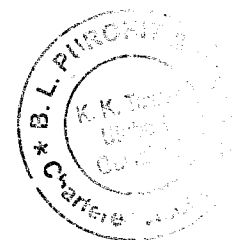
51 Investment Properties

In line with the last formal information presented by the Land Cell within the Holding Company, plots of land belonging to the group (parent and/or subsidiaries) have been given on lease to various third parties. A summary of certain such instances is depicted hereunder: -

| District | Location of the Land | Year of Acquisition | Area (in square meters) |
|----------|------------------------------|---------------------|-------------------------|
| Ri-Bhoi | Umiam Hydro-electric Project | 1961 | 713.72 |
| | | 1961 | 600 |
| | | 1961 | 802.45 |
| | Kyrdemkulai & Nongmahir | 1974 | 20234.3 |
| | Lumpong deng Island | 1961 | 4046.86 |

The Company is undertaking the process of ascertaining all such similar assets which it has given on lease, and earning lease rentals thereon. Furthermore, the proper bifurcation of such assets amongst the respective companies within the group is also under reconciliation, which is also in consonance with Point No. IV of this Note mentioned *supra*. Besides, determination of book values against all such investment properties is an ongoing process. Moreover, the Notes to the Statement of Profit and Loss of the group is subject to inclusion of incomes which are of the nature of rental receipts, against unascertained investment properties. Proper bifurcation of such incomes amongst the correct companies within the group is also under reconciliation. Letter No. ACT/COMP/INFO(SOA)/Pt-V/2020-21/350/55 dated the 07th of September, 2021 has been addressed to the Joint Secretary, MeECL, Shillong, towards furtherance of the aforesaid matter.

52 Disclosure as per Ind AS 116 'Leases': Ind AS 116 'Leases' has become applicable on company from 1st April 2019 and the company has adopted and applied the standard to all lease contracts existing on 1st April 2019, using the modified retrospective method. Accordingly, the comparatives as at and for the year ended 31st March 2019 are not required to be restated. On the date of initial application, the company has reviewed all its lease obligations and found that all the lease obligations are with Govt. of Meghalaya and its departments and are cancellable and does not have non cancellable period. Therefore in terms of the standard, the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate at the date of initial application and a corresponding right-of-use asset adjusted for the amount of prepaid or accrued payments on the lease was not required to be recorded in the financial statements.



MEGHALAYA POWER DISTRIBUTION CORPORATION LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2021

53 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006 (Based on the available information with the

| S. No. | Particulars | As at 31st March 2021 | As at 31st March 2020 |
|--------|---|--------------------------|--------------------------|
| (i) | The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year: - Principal amount due to micro and small enterprises - Interest due on above | - - | - - |
| (ii) | The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year | - | - |
| (iii) | The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act | - | - |
| (iv) | The amount of interest accrued and remaining unpaid at the end of the year | - | - |
| (v) | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise | - | - |

54 Covid-19 Pandemic: The world is facing unprecedented situation in all facets of business and economy with the COVID-19 pandemic. The Company believes that the impact due to the outbreak of COVID-19 is likely to be short-term in nature and does not anticipate any medium to long-term risks in the Company's ability to continue as a going concern and meeting its liabilities as and when they fall due. Impact assessment of COVID-19 is a continuing process considering the uncertainty involved thereon. The company will continue to closely monitor any material changes to the future economic conditions and the same will be given effect to in the respective future period.

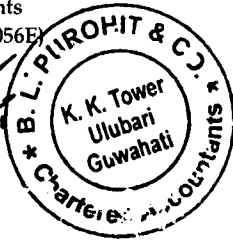
55 These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented INR has been rounded to nearest Lakh (upto two decimal) except as stated otherwise.

56 The financial statements of the company for the year ended March 31, 2021 were approved for issue by the Board of Directors on 14.12.2021.

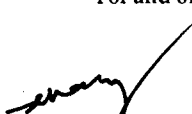
57 Previous reporting periods' figures have been regrouped, recast and rearranged wherever possible and necessary to comply with the requirements of presentation as per Division II of Schedule III to the Companies Act, 2013 and also to correspond with the current reporting period's other requisite classifications.


As per our report of even date attached
For B L Purohit & Co.
Chartered Accountants
(Firm Regn. No. 311056E)

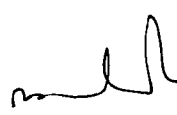
CA. Subhas Purohit
(Partner)
M. No. 059631

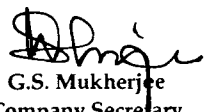


For and on behalf of the Board


D.P. Wahlang, IAS
Chairman-cum-Managing Director
DIN: 02600478


Bishwanath Prasad Singh
Chief Financial Officer & Chief Accounts Officer


P. Bakshi, IAS
Director Finance
DIN: 08778473


G.S. Mukherjee
Company Secretary
Date: 14/12/2021

Place: Shillong
Date: 04/03/2022