



## HARI SINGH AND ASSOCIATES

Chartered Accountants

Firm Regn No. : 323509E

**Branch Address :** 1<sup>st</sup> Floor, Opp. PNB Shillong Branch, G.S. Road, Police Bazar, Shillong - 793001, Meghalaya  
E-mail : cahsashillong@gmail.com

**Head Office Address :** House No. 3, Opp. ICICI Bank, Chilarai Nagar Path, Bhangagarh, Guwahati - 781032, Assam  
E-mail : caharissingh@gmail.com

### Independent Certificate on Project Cost of New Umtru HE Project:

1. This certificate is issued in accordance with terms of our engagement.
2. The accompanying statement contains Independent Certificate on **Project Cost of New Umtru HE Project (2\*20 MW), MePGCL, Dehal, Byrnihat, Meghalaya** as to be submitted.

### Responsibility of Management for the Statement.

The preparation of the accompanying Statement is the responsibility of the management including the preparation and maintenance of all accounting and relevant supporting records and documents. This responsibility includes designing implementing and maintaining internal control relevant to the preparation and presentation of the statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

### Our Responsibility

We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related services engagements.

### Opinion

Based on our examination, and the information and explanation given to us, we are of the opinion that the facts stated have been accurately examined and extracted from the data provided to us as on 4th April, 2024.

### Observations and Report

1. Assets procured for the project to the tune of Rs. 1.37 Crores had been capitalized as Fixed assets during the period 2008-09 to 2017-18 under head office instead of the project. Depreciation on the same assets of Rs. 1.07 Lakhs has been capitalised to the Project which is quite less than the actual amount of depreciation incurred on the assets which was used for the project. In our report we have considered the total cost of assets instead of depreciation for calculating the total cost of the project.



2. The Administrative Expenses for the Year 2011-12 has been capitalised to the tune of Rs. 6.83 Lakhs against actual expenditure of Rs. 31.59 Lakhs resulting to under capitalization of Assets by 24.76 Lakhs.
3. Income earned during implementation of the project to the tune of Rs. 87.25 Lakhs has not been reduced from the cost of project resulting to overstatement of Project Cost by the same.
4. We have observed that expenditure of Rs. 8.47 Lakhs was incurred for the project by the Head Office but the ATD of the same has not been accepted yet resulting to non-capitalisation of the said expenditures to the tune of Rs. 8.47 Lakhs.
5. During the period 2008-09 to 2012-13 Employee cost to the tune of Rs. 40.93 Lakhs has not been capitalised in the cost of project understating the Project cost to the tune of the same by Rs. 40.93 Lakhs.
6. Statutory Dues have not been cleared to the tune of Rs. 1.74 Crores as per below detail have not been paid as on that. However, following accrual basis of accounting the same has been considered in the cost of the project.

Particulars	Amount
Royalty	17,38,638
TDS on payment to Contractor	5,07,035
Labour Cess	1,01,86,846
VAT	49,67,236
<b>Total</b>	<b>1,73,99,755</b>

This is to certify that to the best of our information and according to the explanations given to us, **Meghalaya Power Generation Corporation Limited** having registered office address at Lumjingshai Short Round Road, Shillong-793001 has after considering the above mentioned observation incurred Project Cost on New Umtru HE Project (2\*20 MW), MePGCL, Dehal, Byrnihat, Meghalaya as follows:

Project Cost till Date of Commissioning (DOC) as provided by the Unit: **Annexure A**

Project Cost till DOC after taking into account our findings: **Annexure B**

Project Cost as on 31<sup>st</sup> March 2020 after taking into account our findings: **Annexure C**

Project Cost as on 31<sup>st</sup> March 2021 after taking into account our findings: **Annexure D**

Project Cost as on 31<sup>st</sup> March 2022 after taking into account our findings: **Annexure E**



**Disclaimer:**

We have examined various papers, documents and statements produced to us for the limited purpose of our assignment and relied on the explanation and declaration given by the management in this regard. This report has been prepared on the basis of our best judgement and assessment of the issues involved.

**For, Hari Singh & Associates  
Chartered Accountants  
Firm Regn No. 323509E**

*Rohit Sharma*



**Rohit Sharma  
Membership No. 312438**

**Place: Shillong  
Date: The 04th Day of April, 2024  
UDIN: 24312438BKDGKZ4966**



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## Annexure A: Project Cost till Date of Commissioning (DOC) as provided by the Unit

(Rs. in Crores)

Sl No.	Particulars	Amount
1.	Total Cost on Construction and Acquisition of Assets	403.82
2.	Employee Cost Capitalised	21.40
3.	Administrative Cost	2.40
4.	Depreciation Capitalised	0.01
5.	Interest Capitalised	170.79
6.	Cost of Investigation and Survey	2.36
	<b>Total Cost of Project on the date of Commissioning</b>	<b>600.78</b>





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## Annexure B: Project Cost till DOC after taking into account our findings:

(Rs. in Crores)

Sl No.	Particulars	Amount
1.	Total Cost on Construction and Acquisition of Assets	403.82
2.	Employee Cost Capitalised	21.40
3.	Administrative Cost	2.40
4.	Depreciation Capitalised	0.01
5.	Interest Capitalised	170.79
6.	Cost of Investigation and Survey	2.36
	<b>Total Cost of Project on the date of Commissioning</b>	<b>600.78</b>
	<i>Less: Depreciation capitalised during the project (observation 1)</i>	<i>(0.01)</i>
	<i>Add: Cost of assets procured for the project (observation 1)</i>	<i>1.37</i>
	<i>Add: Administrative Cost under capitalised (observation 2)</i>	<i>0.25</i>
	<i>Less: Income During Construction Period (observation 3)</i>	<i>(0.87)</i>
	<i>Add: Expenditure incurred by Head Office (observation 4)</i>	<i>0.08</i>
	<i>Add: Employee Cost under capitalised (observation 5)</i>	<i>0.41</i>
	<b>Revised total Cost of Project on the date of Commissioning</b>	<b>602.01</b>





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## Annexure C: Project Cost as on 31<sup>st</sup> March 2020 after taking into account our findings

(Rs. in Crores)

Sl No.	Particulars	Amount
1.	Total Cost on Construction and Acquisition of Assets	403.82
2.	Employee Cost Capitalised	21.40
3.	Administrative Cost	2.40
4.	Depreciation Capitalised	0.01
5.	Interest Capitalised	170.79
6.	Cost of Investigation and Survey	2.36
	<b>Total Cost of Project on the date of Commissioning</b>	<b>600.78</b>
	<i>Less: Depreciation capitalised during the project (observation 1)</i>	<i>(0.01)</i>
	<i>Add: Cost of assets procured for the project (observation 1)</i>	<i>1.37</i>
	<i>Add: Administrative Cost under capitalised (observation 2)</i>	<i>0.25</i>
	<i>Less: Income During Construction Period (observation 3)</i>	<i>(0.87)</i>
	<i>Add: Expenditure incurred by Head Office (observation 4)</i>	<i>0.08</i>
	<i>Add: Employee Cost under capitalised (observation 5)</i>	<i>0.41</i>
	<b>Revised total Cost of Project on the date of Commissioning</b>	<b>602.01</b>
	Addition for the financial year 2019-20	3.34
	<b>Total Cost of Project as on 31<sup>st</sup> March 2020</b>	<b>605.35</b>





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## Annexure D: Project Cost as on 31<sup>st</sup> March 2021 after taking into account our findings

(Rs. in Crores)

Sl No.	Particulars	Amount
1.	Total Cost on Construction and Acquisition of Assets	403.82
2.	Employee Cost Capitalised	21.40
3.	Administrative Cost	2.40
4.	Depreciation Capitalised	0.01
5.	Interest Capitalised	170.79
6.	Cost of Investigation and Survey	2.36
	<b>Total Cost of Project on the date of Commissioning</b>	<b>600.78</b>
	<i>Less: Depreciation capitalised during the project (observation 1)</i>	<i>(0.01)</i>
	<i>Add: Cost of assets procured for the project (observation 1)</i>	<i>1.37</i>
	<i>Add: Administrative Cost under capitalised (observation 2)</i>	<i>0.25</i>
	<i>Less: Income During Construction Period (observation 3)</i>	<i>(0.87)</i>
	<i>Add: Expenditure incurred by Head Office (observation 4)</i>	<i>0.08</i>
	<i>Add: Employee Cost under capitalised (observation 5)</i>	<i>0.41</i>
	<b>Revised total Cost of Project on the date of Commissioning</b>	<b>602.01</b>
	Addition for the financial year 2019-20	3.34
	<b>Total Cost of Project as on 31<sup>st</sup> March 2020</b>	<b>605.35</b>
	Addition for the financial year 2020-21	1.26
	<b>Total Cost of Project as on 31<sup>st</sup> March 2021</b>	<b>606.61</b>



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**Annexure E: Project Cost as on 31<sup>st</sup> March 2022 after taking into account our findings****(Rs. in Crores)**

Sl No.	Particulars	Amount
1.	Total Cost on Construction and Acquisition of Assets	403.82
2.	Employee Cost Capitalised	21.40
3.	Administrative Cost	2.40
4.	Depreciation Capitalised	0.01
5.	Interest Capitalised	170.79
6.	Cost of Investigation and Survey	2.36
	<b>Total Cost of Project on the date of Commissioning</b>	<b>600.78</b>
	<i>Less: Depreciation capitalised during the project (observation 1)</i>	<i>(0.01)</i>
	<i>Add: Cost of assets procured for the project (observation 1)</i>	<i>1.37</i>
	<i>Add: Administrative Cost under capitalised (observation 2)</i>	<i>0.25</i>
	<i>Less: Income During Construction Period (observation 3)</i>	<i>(0.87)</i>
	<i>Add: Expenditure incurred by Head Office (observation 4)</i>	<i>0.08</i>
	<i>Add: Employee Cost under capitalised (observation 5)</i>	<i>0.41</i>
	<b>Revised total Cost of Project on the date of Commissioning</b>	<b>602.01</b>
	Addition for the financial year 2019-20	3.34
	<b>Total Cost of Project as on 31<sup>st</sup> March 2020</b>	<b>605.35</b>
	Addition for the financial year 2020-21	1.26
	<b>Total Cost of Project as on 31<sup>st</sup> March 2020</b>	<b>605.35</b>
	Addition for the financial year 2021-22	0.41
	<b>Total Cost of Project as on 31<sup>st</sup> March 2022</b>	<b>607.02</b>

