

Ltr No: AMG-I/2023-2024/DIS-1106129

Date: 11 Sep 2023

To,

प्रबंध निदेशक  
झारखण्ड बिजली वितरण निगम लिमिटेड  
अभियंत्रण भवन  
एच.ई.सी, धुर्वा  
राँची - 834004.

Subject: वित्तीय वर्ष 2021-22 तक समाप्त वर्षके लिए JBVNL के समेकित वित्तीय विवरणी (Consolidated Financial Statement) पर कंपनी अधिनियम 2013 की धारा 143 (6)(b) के तहत भारत के नियंत्रक एवं महा लेखापरीक्षक की टिप्पणियाँ।

Sir/Madam,

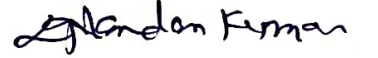
महोदय,

इस पत्र के साथ JBVNL, के वित्तीय वर्ष 2021-22 को समाप्त वित्तीय विवरणी समेकित वित्तीय विवरणी (Consolidated Financial Statement) पर कंपनी अधिनियम 2013 की धारा 143 (6)(b) के तहत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियों संलग्न है। इस पत्र की पावती की अभिस्वीकृति वांछित है।

संलग्नक: यथोपरि ।

Encls: As above

Yours faithfully,



Deonandan Kumar  
Sr. AO



Ltr No: AMG-I/2023-2024/DIS-1106115

Date: 11 Sep 2023

To,

प्रबंध निदेशक  
झारखण्ड बिजली वितरण निगम लिमिटेड  
अभियंत्रण भवन  
एच.ई.सी, धुर्वा  
राँची - 834004.

Subject: Comments of the Comptroller and Auditor General of India under Section 143 (6)(b) of Companies Act, 2013 on the Standalone Financial Statement of Jharkhand Bijli Vitran Nigam Limited for the year ended 31 March 2022.

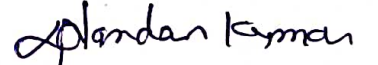
Sir/Madam,

महोदय,  
इस पत्र के साथ JBVNL के वित्तीय वर्ष 2014-15 से 2016-17 को समाप्त वित्तीय विवरणी (Financial Statement) एवं समेकित वित्तीय विवरणी (Consolidated Financial Statement) पर कंपनी अधिनियम 2013 की धारा 143 (6)(b) के तहत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ संलग्न हैं। इस पत्र की पावती की अभिस्वीकृति वांछित है।

संलग्नक: यद्योपरि ।

Encls: As above

Yours faithfully,



Deonandan Kumar  
Sr. AO



महालेखाकार (लेखापरीक्षा)  
झारखण्ड का कार्यालय, राँची - 834002  
OFFICE OF THE  
ACCOUNTANT GENERAL (AUDIT)  
JHARKHAND, RANCHI - 834002



75  
Azadi Ka  
Amrit Mahotsav

No.: AG (AU)/AMG-I/A-204/2021-22/JBVNL/327 दिनांक/Date... 11/9/2022

To

The Managing Director,  
Jharkhand Bijli Vitran Nigam Limited,  
HEC Building, Dhurwa  
Ranchi- 834004

**Sub: Comments of the Comptroller and Auditor General of India under Section 143(6)(b) of Companies Act, 2013 on the Standalone Financial Statements, Consolidated Financial Statements of Jharkhand Bijli Vitran Nigam Limited, Ranchi for the year ended 31 March 2022.**

Sir,

I am to send the Comments of the Comptroller and Auditor General of India under Section 143(6)(b) of Companies Act, 2013 on the Standalone Financial Statements, Consolidated Financial Statements of Jharkhand Bijli Vitran Nigam Limited, Ranchi for the year ended 31 March 2022. The comments may be placed in the Annual General Meeting of the company and a copy of the minutes of the AGM may please be sent to this office. The Printed Annual Report (5 copies) of the company for the year 2021-22 may also be sent to this office.

Encl: As stated

Yours faithfully,

Deputy Accountant General  
Audit Management Group-I

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE STANDALONE FINANCIAL STATEMENTS OF JHARKHAND BIJLI VITRAN NIGAM LIMITED FOR THE YEAR ENDED 31 MARCH 2022**

Preparation of financial statements of Jharkhand Bijli Vitran Nigam Limited (JBVNL), for the year ended 31 March, 2022, in accordance with the financial reporting framework, prescribed under the Companies Act, 2013, is the responsibility of the Management of the Company. The Statutory Auditor/Auditors, appointed by the Comptroller and Auditor General of India, under Section 139 (5) or 139 (7) of the Act is/are responsible for expressing opinion on the financial statements, under Section 143 of the Act, based on independent audit in accordance with the standards on auditing, prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 07 June 2023 which supersedes their earlier Audit Report dated 30 December 2022.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Jharkhand Bijli Vitran Nigam Limited for the year ended 31 March, 2022, under Section 143(6)(a) of the Act. 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. The Audit Report has been revised by the Statutory Auditor to give effect to some of my audit observations raised during supplementary audit.

In addition, I would like to highlight the following significant matters under Section 143(6)(b) of the Act 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. Comments on Profitability (SFS)**

**1. SFS-Statement of Profit and Loss for the year ending 31.03.2022: Other Expenses – Repairs and Maintenance- Line and Cables Network – ₹ 20,657.15 lakh (Note –29)**

‘Other expenses-Repairs and Maintenance-Line and Cable Networks’ does not include an amount of ₹ 5,68,98,879, incurred during December 2021 to March 2022, but not accounted for in the year 2021-22. Details are as follows:

Sl. No.	Name of the Circle	Amount (₹)
1.	Jamshedpur	3,39,40,293
2.	Chaibasa	2,29,58,586
	<b>Total</b>	<b>5,68,98,879</b>

Non-accountal of the same has resulted in understatement of ‘Other expenses-Repairs and Maintenance-Line and Cables Networks’ as well as Other Current Financial liabilities by ₹ 568.99 lakh.



**2. SFS-Statement of Profit and Loss for the year ending 31.03.2022: Other Expenses  
– Repairs and Maintenance-Line and Cable Network –₹ 20,657.15 lakh  
(Note – 29)**

‘Other expenses-Repairs and Maintenance-Line and Cables Networks’ include an amount of ₹ 9,57,46,647 incurred under ‘Other expenses- Repairs and Maintenance- Line and Cable Networks’ during the year 2020-21 or prior to 2020-21, accounted for in the year 2021-22. Details are as follows:

Sl No.	Name of the circle	Amount (₹)
1	Jamshedpur	5,37,34,143
2	Chaibasa	3,67,64,421
3	Ranchi	12,40,298
4	Daltonganj	40,07,785
	<b>Total</b>	<b>9,57,46,647</b>

This has resulted in overstatement of ‘Other expenses-Repairs and Maintenance-Line and Cables Networks’ by ₹ 957.47 lakh with corresponding understatement of ‘Prior Period Items’ by same amount.

**3. SFS-Statement of Profit and Loss for the year ending 31.03.2022: Other Expenses  
– Administrative Expenses - Consultancy Charges –₹ 795.47 lakh (Note – 29)**

‘Other Expenses-Administrative Expenses-Consultancy Charges’ does not include an amount of ₹ 1,00,31,938, being the Consultancy Charges for September 2021 to March 2022, but not accounted for in the year 2021-22. Non-accountal of the same has resulted in understatement of ‘Other Expenses-Administrative Expenses-Consultancy Charges’ as well as Other Current Financial liabilities by ₹ 100.31 lakh.

**4. SFS-Statement of Profit and Loss for the year ending 31.03.2022: Expenses -  
Purchase of Power and Transmission Charges–₹ 6,43,083.24 lakh. (Note – 26)**

‘Purchase of Power and Transmission Charges’ does not include an amount of ₹ 39.19 crore being the Energy Bill of SRHP, Sikidiri, for the FY 2021-22, submitted by JUUNL and admitted by JBVNL, but not accounted for in the year 2021-22.

Non-accountal of the same has resulted in understatement of ‘Purchase of Power and Transmission Charges’ as well as Other Current Financial liabilities by ₹ 39.19 crore.

**5. SFS - Statement of Profit and Loss- Revenue from Operations– ₹ 5,86,989.88 lakh  
(Note 23)**

‘Revenue from Operations’ includes an amount of ₹ 2,034.05 lakh charged as meter rent from the consumers. As per JSERC Tariff 2020, effective from 1 October 2020, meter rent was not receivable from the consumer. JBVNL has booked the amount as meter rent under the head ‘Revenue from Operations’ for the financial year 2021-22.

This has resulted in overstatement of ‘Revenue from Operations’ and under-statement of loss by ₹ 2,034.05 lakh, each.

**6. SFS - Statement of Profit and Loss: Purchase of Power and Transmission Charges  
- ₹ 6,430.83 crore (Note 26)**

'Purchase of Power and Transmission Charges' includes an amount of ₹ 3,94,09,149.11, being the Deviation Charges and Reactive Energy (VARH) Charges, for the period from 01-04-2022 to 03-04-2022, payable to Eastern Regional Power Committee (ERPC/ERLDC).

ERPC/ERLDC had raised bill for Deviation Charges amounting to ₹804.56 lakh and Reactive Energy charges amounting to ₹ 13.89 lakh, relating to the week from 28-03-2022 to 03-04-2022, payable by JBVNL. The Company booked the whole amount in the year 2021-22.

This has resulted in overstatement of 'Purchase of Power and Transmission Charges' and overstatement of loss by ₹ 394.09 lakh, each.

**7. SFS - Statement of Profit and Loss Ref: Other Expenses (Note 19): - ₹ 43,230.44 lakh**

**Administrative Expenses-Computer Billing**

'Other Expenses-Administrative Expenses-Computer Billing' includes an amount of ₹3,77,76,208 (ESC, Jamshedpur: ₹ 1,94,10,375 & ESC, Chaibasa: ₹1,83,65,833), being expenses towards Computer Billing by Agencies relating to the previous years upto 2020-21, accounted for in the year 2021-22.

This has resulted in overstatement 'Other Expenses-Administrative Expenses- Computer Billing' by ₹ 377.76 lakh and understatement of loss for the relevant prior period by the same amount.

**Administrative Expenses- Bills Distribution**

'Other Expenses-Administrative Expenses-Bills Distribution' does not include an amount of ₹ 2,43,94,954 (ESC, Ranchi: ₹ 1,80,98,250 & ESC, Gumla: ₹62,96,704), being the expenses towards Bills Distribution by an Agency (M/s Competent Synergies Pvt. Limited) relating to the financial year 2021-22.

Non- accountal of the above has resulted in understatement of 'Other Expenses-Administrative Expenses-Bills Distribution' by ₹ 243.95 lakh and understatement of trade payables by the same amount.

**B. Comments on Financial Position (SFS)**

**8. SFS-Balance Sheet as on 31.03.2022: Fixed Assets - Property, Plant & Equipment  
- ₹ 13,97,236.97 lakh (Note 3A)**

'Property, Plant and Equipment' does not include an amount of ₹ 3,85,65,116, being the cost of assets not capitalized under ESC, Chas, during the year. However, the works had been completed during the year. Non-accountal of the same has resulted in understatement of 'Property, Plant & Equipment' by ₹ 385.65 lakh, overstatement of Capital Work-in-



Progress by ₹ 385.65 lakh and understatement of depreciation by ₹ 9.45 lakh. Consequently loss was also understated by ₹ 9.45 lakh.

**9. SFS-Balance Sheet as on 31.03.2022: Equity - Other Equity - ₹ 12,22,855.12 lakh (Note 13)**

'Equity-Other Equity' does not include an amount of ₹ 31,46,90,737 being depreciation to be charged on assets capitalized during the year, due to error in determining the actual date of completion.

As per the policy of JBVNL, depreciation is to be charged when an asset is ready for use. Non-accountal of the same has resulted in understatement of 'Equity-Other Equity' as well as depreciation by ₹ 3,146.91 lakh.

**10. SFS - Balance Sheet: Trade Payables- ₹ 9,46,907 lakh (Note 19)**

'Trade Payables' does not include provision of ₹ 16,96,98,40,217.40 against power purchase from Tenughat Vidyut Nigam Limited (TVNL) till 31st March 2022. As per bill for supply of energy during the month of March 2022 raised by TVNL, the total amount payable by JBVNL, as on 31-03-2022, was ₹ 5,00,978 lakh, while JBVNL has booked only ₹3,31,280 lakh as trade payables against TVNL.

Non-provision for the above liability has resulted in understatement of 'Trade Payables' and 'Other Equity' by ₹ 1,69,698 lakh, each.

**11. SFS - Balance Sheet: Trade Payables- ₹ 9,46,906.86 lakh (Note 19)**

'Trade Payables' does not include provision of ₹ 44,083 lakh, against revised demand for wheeling charges payable to JUSNL, for the period from April 2014 to March 2018.

JUSNL had claimed the dues against wheeling charges, but JBVNL has neither accounted/booked the above demand till 31.03.2022 nor created a provision for the same, even after reconciliation in August 2018, by both parties.

Non-provision for the above liability has resulted in understatement of 'Trade Payables' and accumulated loss by ₹ 44,083 lakh.

**C. General**

**12. Ref: General**

According to Section 2 (51) of the Companies Act, 2013, key managerial personnel, in relation to a Company, means—the Chief Executive Officer or the Managing Director or the Manager; the Company Secretary; the whole-time Director; the Chief Financial Officer; and such other officer as may be prescribed;

Examination of Minutes of the 54<sup>th</sup> meeting of the Board of Directors of Jharkhand Bijli Vitran Nigam Limited revealed, as per item no. 54-06, induction of following persons in the Board of Directors: Shri Kamleswar Kant Verma, Managing Director, JUSNL; Smt. Deepthi Jayaraj, IRS, Special Secretary, Department of Finance, GOJ; Smt. Sangita Tirkey, Joint Secretary, Department of Energy, GOJ; and cessation/nomination withdrawal of Shri Ajoy Kumar, IAS from the Board of Directors of the Company, with effect from the date of

respective notification (17.02.2022). However, the Company had not disclosed Smt. Deepthi Jayaraj, IRS, Special Secretary, Department of Finance, GOJ and Smt. Sangita Turkey, Joint Secretary, Department of Energy, GOJ, as Key Managerial Personnel, as on 31.03.2022, as per note 30.13.2.C.

### 13. Ref: General

In Notes 30.8 (b), Company had mentioned that they had received an amount of ₹ 6,136.37 crore during the financial year 2015-16, under UDAY Scheme, for the financial turnaround of the Company. The amount so received has been recognized as loan in the books. The Company has further mentioned that the same, will be converted into Grant (75%) and Equity (25%) as per the MOU signed between Ministry of Power, Government of India, Government of Jharkhand and Jharkhand Bijli Vitran Nigam Limited on 25th September, 2015. All the necessary steps are being taken to convert the same into grant and equity in line with the MOU. Accordingly, no interest has been provided on the same amount.

On scrutiny of MOU, it was noticed that as per para 1.2.C, the Government of Jharkhand shall take over the debt and outstanding dues of CPSUs according to the following timelines:

Year 2015-16: Last Quarter of the financial year

Year 2016-17: End of Quarter 2 of the financial year.

Further, as per para 1.2.D, the borrowings made by the State during 2015-16 and 2016-17 to takeover DISCOM debt and outstanding dues of CPSUs, shall be utilized by Government of Jharkhand solely for the purpose of discharging the DISCOM debt and outstanding CPSUs dues and transfer to DISCOM as a mix of grant, loan or equity as described in the following table:

Year	Total Debt and outstanding dues of CPSUs taken-over	Transfer to the DISCOM in the form of Grants	Outstanding State loan of the DISCOM
Year 1	50% of total debt and 100% outstanding dues of CPSUs	₹ 583 cr.	₹ 582.35 Cr.
Year 2	25% of the total debt	₹ 292 cr.	₹ 290.35 cr.

JBVNL received ₹ 6,136.37 crore (₹ 5,553.37 crore for 100% outstanding dues of CPSUs and ₹ 583 crore for 50% of DISCOM debt as on 30.09.2015) as loan during the financial year 2015-16 as per letter dated 31.03.2016. There was provision of interest @ 13% annually in this letter.

On the basis of above facts, it was said that if amount of ₹ 6,136.37 crore, received from Government of Jharkhand under UDAY Scheme was treated as loan from Government of Jharkhand, then suitable provision of interest was to be made in the financial statements till the conversion of ₹ 6,136.37 crore to grants.

<sup>1</sup> Figures of outstanding dues of CPSUs are Provisional and Government of Jharkhand shall take-over the amount of CPSU dues arrived at upon reconciliation with the respective CPSU.



Disclosure that "All the necessary steps are being taken to convert the same into grant and equity in line with the MOU" was insufficient as the whole amount of ₹ 6,136.37 crore should be converted to grants in the year 2015-16, as per MOU.

#### **14. SFS Ref: General**

##### **A. Other significant accounting policies: Property, plant and equipment**

As per para 18 of Indian Accounting Standard (Ind AS) 1, an entity cannot rectify inappropriate accounting policies either by disclosure of the accounting policies used or by notes or explanatory material. Further, the accounting policy with respect to depreciation is guided by the orders of JSERC.

As per JSERC schedule of depreciation, metering equipment were to be depreciated at the rate of 12.77 *per cent*, whereas Plant and Machinery were to be depreciated at the rate of 7.84 *per cent*. Further, it was noticed that JBVNL has disclosed that metering equipment have been included in Plant and Machinery, in violation of JSERC orders. However, in the absence of proper records regarding capitalization of metering equipment, Audit was unable to quantify the related short charging of depreciation on metering equipment capitalized.

##### **B. In Note 9**

Balances with banks shows ₹ 1,16,963.70 lakh as closing balance as on 31.03.2022. On scrutiny of trial balance as on 31.03.2022, it was noticed that there was a Head namely "Board's Working Fund [Revenue from Sale of power] and [Other]" showing credit balance of ₹ 46,417.99 lakh. As per Ind AS 7, Cash comprises cash in hand and demand deposits and Cash equivalents are short-term, highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. So, any ledger of Cash and Cash equivalents cannot have credit balances.

##### **C. Additional Notes 30.13.2.A**

In Additional Notes 30.13.2 A, JBVNL has listed out transactions with related parties during the year ended 31<sup>st</sup> March, 2022. On scrutiny of this note, it was noticed that a transaction of ₹ 39.19 crore was carried out with JUUNL for purchase of power during the year. However, suitable entries were not found in the ledger of JBVNL. This means that this amount was not included in 'Purchase of Power and Transmission charges'. Hence, it may be inferred that the financial statements of JBVNL do not give true and fair view of the state of affairs of the Company as accounting entries do not correspond with the notes to accounts.

##### **D. Non-operation of single head for similar expenditure**

Single Head of Account is not operated for similar expenditure on expenses towards payment to agencies *viz.* M/s Quess Corporation Limited, M/s Competent Synergies Pvt. Ltd. *etc.* for generation of energy bill to consumers. While ESC, Ranchi and ESC, Gumla have booked these expenses under the head "Other Expenses-Administrative Expenses-Bills

Distribution", this expenditure head has not been operated in the other ESCs. ESC, Jamshedpur and ESC, Chaibasa have booked this expenditure under the head "Other Expenses-Administrative Expenses-Computer Billing"

**E. Compounding Charges collected against theft of electricity.**

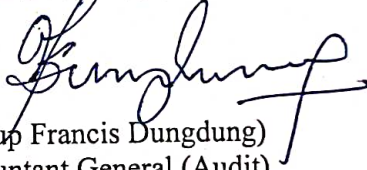
As per Rule 7 of Chapter 2 of General Financial Rules (GFR), "all money received by or on behalf of the Government, either as dues of Government or for deposit, remittance or otherwise, shall be brought into Government account without delay."

An amount of ₹ 1,65,60,237 was collected as Compounding charges from persons involved in, or reasonably suspected of, having committed an offence of theft of electricity, under the Electricity Supply Circle, Jamshedpur, during the period from 2018-19 to 2021-22, including ₹ 44,52,000 for the F.Y. 2021-22.

The amount was to be remitted to the Government of Jharkhand (GoJ). However, the amount has neither been remitted to the GoJ nor any liability against the same has been shown in the accounts.

Place: Ranchi  
Date: 11-09-2023.

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

  
(Anup Francis Dungdung)  
Accountant General (Audit)  
Jharkhand, Ranchi

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b), READ WITH SECTION 129 (4), OF THE COMPANIES ACT, 2013, ON THE CONSOLIDATED FINANCIAL STATEMENTS OF JHARKHAND BIJLI VITRAN NIGAM LIMITED, RANCHI, FOR THE YEAR ENDED 31 MARCH 2022**

Preparation of the consolidated financial statements of Jharkhand Bijli Vitran Nigam Limited, Ranchi for the year ended 31 March 2022, in accordance with the financial reporting framework prescribed under the Companies Act, 2013, is the responsibility of the Management of the Company. The Statutory Auditor/Auditors, appointed by the Comptroller and Auditor General of India under Section 139 (5) or 139 (7), read with Section 129 (4) of the Act, is/are responsible for expressing opinion on the financial statements, under Section 143, read with section 129 (4) of the Act, based on independent audit, in accordance with the standards on auditing, prescribed under Section 143 (10) of the Act. This is stated to have been done by them, vide their Revised Audit Report dated 07 June 2023, which supersedes their earlier Audit Report dated 27 March 2023.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of Jharkhand Bijli Vitran Nigam Limited, for the year ended 31 March 2022, under Section 143 (6) (a), read with Section 129 (4), of the Act. We conducted a supplementary audit of the financial statements of Jharkhand Bijli Vitran Nigam Limited, but did not conduct supplementary audit of the financial statements of Patratu Vidyut Utpadan Nigam Limited, for the year ended on that date. 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. The Audit Report has been revised by the statutory auditor, to give effect to some of my audit observations, raised during supplementary audit.

In addition, I would like to highlight the following significant matters under Section 143 (6) (b), read with Section 129 (4), of the Act, which have come to my attention, and which, in my view, are necessary for enabling a better understanding of the consolidated financial statements and the related audit report:

**A. Comments on Consolidated Profitability**

**1. CFS- Statement of Profit and Loss for the year ending 31.03.2022: Other Expenses – Repairs and Maintenance- Line and Cable Network (Note – 29)– ₹ 20,657.15 lakh**

‘Other expenses-Repairs and Maintenance-Line and Cable Networks’ does not include an amount of ₹ 5,68,98,879, incurred during December 2021 to March 2022, but not accounted for in the year 2021-22. Details are as follows:

Sl. No.	Name of the Circle	Amount (₹)
1.	Jamshedpur	3,39,40,293
2.	Chaibasa	2,29,58,586
	<b>Total</b>	<b>5,68,98,879</b>



Non-accountal of the same has resulted in understatement of 'Other expenses-Repairs and Maintenance-Line and Cables Networks' as well as Other Current Financial liabilities by ₹ 568.99 lakh.

**2. CFS- Statement of Profit and Loss for the year ending 31.03.2022: Other Expenses – Repairs and Maintenance-Line and Cable Network (Note – 29)– ₹ 20,657.15 lakh**

'Other expenses-Repairs and Maintenance-Line and Cables Networks' include an amount of ₹ 9,57,46,647 incurred under 'Other expenses- Repairs and Maintenance- Line and Cable Networks' during the year 2020-21 or prior to 2020-21, accounted for in the year 2021-22. Details are as follows:

SI No.	Name of the circle	Amount (₹)
1	Jamshedpur	5,37,34,143
2	Chaibasa	3,67,64,421
3	Ranchi	12,40,298
4	Daltonganj	40,07,785
	<b>Total</b>	<b>9,57,46,647</b>

This has resulted in overstatement of 'Other expenses-Repairs and Maintenance-Line and Cables Networks' by ₹ 957.47 lakh with corresponding understatement of 'Prior Period Items' by same amount.

**3. CFS- Statement of Profit and Loss for the year ending 31.03.2022: Other Expenses – Administrative Expenses - Consultancy Charges (Note-29) – ₹ 795.47 lakh**

'Other Expenses-Administrative Expenses-Consultancy Charges' does not include an amount of ₹ 1,00,31,938, being the Consultancy Charges for September 2021 to March 2022, but not accounted for in the year 2021-22. Non-accountal of the same has resulted in understatement of 'Other Expenses-Administrative Expenses-Consultancy Charges' as well as Other Current Financial liabilities by ₹ 100.31 lakh.

**4. CFS- Statement of Profit and Loss for the year ending 31.03.2022: Purchase of Power and Transmission Charges (Note – 26) – ₹ 6,43,083.24 lakh.**

'Purchase of Power and Transmission Charges' does not include an amount of ₹ 39.19 crore being the Energy Bill of SRHP, Sikidiri, for the FY 2021-22, submitted by JUUNL and admitted by JBVNL, but not accounted for in the year 2021-22. Non-accountal of the same has resulted in understatement of 'Purchase of Power and Transmission Charges' as well as Other Current Financial liabilities by ₹ 39.19 crore.

**5. CFS- Statement of Profit and Loss- Revenue from Operations (Note 23)-  
₹ 5,86,989.88 lakh**

'Revenue from Operations' includes an amount of ₹ 2,034.05 lakh charged as meter rent from the consumers. As per JSERC Tariff 2020, effective from 1 October 2020, meter rent was not receivable from the consumer. JBVNL has booked the amount as meter rent under the head 'Revenue from Operations' for the financial year 2021-22. This has resulted in overstatement of 'Revenue from Operations' and under-statement of loss by ₹ 2,034.05 lakh, each.

**6. CFS- Statement of Profit and Loss: Purchase of Power and Transmission Charges  
(Note 26)- ₹ 6,43,083.24 lakh.**

'Purchase of Power and Transmission Charges' includes an amount of ₹ 3,94,09,149.11, being the Deviation Charges and Reactive Energy (VARH) Charges, for the period from 01-04-2022 to 03-04-2022, payable to Eastern Regional Power Committee (ERPC/ERLDC).

ERPC/ERLDC had raised bill for Deviation Charges amounting to ₹804.56 lakh and Reactive Energy charges amounting to ₹ 13.89 lakh, relating to the week from 28-03-2022 to 03-04-2022, payable by JBVNL. The Company booked the whole amount in the year 2021-22.

This has resulted in overstatement of 'Purchase of Power and Transmission Charges' and overstatement of loss by ₹ 394.09 lakh, each.

**7. CFS - Statement of Profit and Loss Ref: Other Expenses (Note 29): - ₹ 43,230.44  
lakh**

**Administrative Expenses-Computer Billing**

'Other Expenses-Administrative Expenses-Computer Billing' includes an amount of ₹3,77,76,208 (ESC, Jamshedpur: ₹ 1,94,10,375 & ESC, Chaibasa: ₹1,83,65,833), being expenses towards Computer Billing by Agencies relating to the previous years upto 2020-21, accounted for in the year 2021-22.

This has resulted in overstatement 'Other Expenses-Administrative Expenses- Computer Billing' by ₹ 377.76 lakh and understatement of loss for the relevant prior period by the same amount.

**Administrative Expenses- Bills Distribution**

'Other Expenses-Administrative Expenses-Bills Distribution' does not include an amount of ₹ 2,43,94,954 (ESC, Ranchi: ₹ 1,80,98,250 & ESC, Gumla: ₹62,96,704), being the expenses towards Bills Distribution by an Agency (M/s Competent Synergies Pvt. Limited) relating to the financial year 2021-22.

Non- accountal of the above has resulted in understatement of 'Other Expenses- Administrative Expenses-Bills Distribution' by ₹ 243.95 lakh and understatement of trade payables by the same amount.



**B. Comments on Consolidated Financial Position**

**8. CFS- Balance Sheet as on 31.03.2022: Fixed Assets - Property, Plant & Equipment (Note 3A) - ₹ 13,97,236.97 lakh**

'Property, Plant and Equipment' does not include an amount of ₹ 3,85,65,116, being the cost of assets not capitalized under ESC, Chas, during the year. However, the works had been completed during the year. Non-accountal of the same has resulted in understatement of 'Property, Plant & Equipment' by ₹ 385.65 lakh, overstatement of Capital Work-in-Progress by ₹ 385.65 lakh and understatement of depreciation by ₹ 9.45 lakh. Consequently loss was also understated by ₹ 9.45 lakh.

**9. CFS- Balance Sheet as on 31.03.2022: Equity - Other Equity (Note 13) - ₹ 12,22,855.12 lakh.**

'Equity-Other Equity' does not include an amount of ₹ 31,46,90,737 being depreciation to be charged on assets capitalized during the year, due to error in determining the actual date of completion.

As per the policy of JBVNL, depreciation is to be charged when an asset is ready for use. Non-accountal of the same has resulted in understatement of 'Equity-Other Equity' as well as depreciation by ₹ 3,146.91 lakh.

**10. CFS - Balance Sheet (Note 19): Trade Payables- ₹ 9,46,906.86 lakh.**

'Trade Payables' does not include provision of ₹ 16,96,98,40,217.40 against power purchase from Tenughat Vidyut Nigam Limited (TVNL) till 31st March 2022. As per bill for supply of energy during the month of March 2022 raised by TVNL, the total amount payable by JBVNL, as on 31-03-2022, was ₹ 5,00,978 lakh, while JBVNL has booked only ₹3,31,280 lakh as trade payables against TVNL.

Non-provision for the above liability has resulted in understatement of 'Trade Payables' and 'Other Equity' by ₹ 1,69,698 lakh, each.

**11. CFS - Balance Sheet: Trade Payables (Note 19)-₹ 9,46,906.86 lakh.**

'Trade Payables' does not include provision of ₹ 44,083 lakh, against revised demand for wheeling charges payable to JUSNL, for the period from April 2014 to March 2018. JUSNL had claimed the dues against wheeling charges, but JBVNL has neither accounted/booked the above demand till 31.03.2022 nor created a provision for the same, even after reconciliation in August 2018, by both parties.

Non-provision for the above liability has resulted in understatement of 'Trade Payables' and accumulated loss by ₹ 44,083 lakh.

**C. General**

**12. CFS- General**

According to Section 2 (51) of the Companies Act, 2013, key managerial personnel, in relation to a Company, means—the Chief Executive Officer or the Managing Director or



the Manager; the Company Secretary; the whole-time Director; the Chief Financial Officer; and such other officer as may be prescribed;

Examination of Minutes of the 54<sup>th</sup> meeting of the Board of Directors of Jharkhand Bijli Vitran Nigam Limited revealed, as per item no. 54-06, induction of following persons in the Board of Directors: Shri Kamleswar Kant Verma, Managing Director, JUSNL; Smt. Deepthi Jayaraj, IRS, Special Secretary, Department of Finance, GOJ; Smt. Sangita Tirkey, Joint Secretary, Department of Energy, GOJ; and cessation/nomination withdrawal of Shri Ajoy Kumar, IAS from the Board of Directors of the Company, with effect from the date of respective notification (17.02.2022). However, the Company had not disclosed Smt. Deepthi Jayaraj, IRS, Special Secretary, Department of Finance, GOJ and Smt. Sangita Tirkey, Joint Secretary, Department of Energy, GOJ, as Key Managerial Personnel, as on 31.03.2022, as per note 30.13.2.C.

### 13. CFS- General

In Notes 30.8 (b), Company had mentioned that they had received an amount of ₹ 6,136.37 crore during the financial year 2015-16, under UDAY Scheme, for the financial turnaround of the Company. The amount so received has been recognized as loan in the books. The Company has further mentioned that the same, will be converted into Grant (75%) and Equity (25%) as per the MOU signed between Ministry of Power, Government of India, Government of Jharkhand and Jharkhand Bijli Vitran Nigam Limited on 25th September, 2015. All the necessary steps are being taken to convert the same into grant and equity in line with the MOU. Accordingly, no interest has been provided on the same amount.

On scrutiny of MOU, it was noticed that as per para 1.2.C, the Government of Jharkhand shall take over the debt and outstanding dues of CPSUs according to the following timelines:

Year 2015-16: Last Quarter of the financial year

Year 2016-17: End of Quarter 2 of the financial year.

Further, as per para 1.2.D, the borrowings made by the State during 2015-16 and 2016-17 to takeover DISCOM debt and outstanding dues of CPSUs, shall be utilized by Government of Jharkhand solely for the purpose of discharging the DISCOM debt and outstanding CPSUs dues and transfer to DISCOM as a mix of grant, loan or equity as described in the following table:

Year	Total Debt and outstanding dues of CPSUs taken-over	Transfer to the DISCOM in the form of Grants	Outstanding State loan of the DISCOM
Year 1	50% of total debt and	₹ 583 cr.	₹ 582.35 Cr.
	100% outstanding dues of CPSUs	₹ 6,050 cr. <sup>1</sup>	
Year 2	25% of the total debt	₹ 292 cr.	₹ 290.35 cr.

<sup>1</sup> Figures of outstanding dues of CPSUs are Provisional and Government of Jharkhand shall take-over the amount of CPSU dues arrived at upon reconciliation with the respective CPSU.

JBVNL received ₹ 6,136.37 crore (₹ 5,553.37 crore for 100% outstanding dues of CPSUs and ₹ 583 crore for 50% of DISCOM debt as on 30.09.2015) as loan during the financial year 2015-16 as per letter dated 31.03.2016. There was provision of interest @ 13% annually in this letter.

On the basis of above facts, it was said that if amount of ₹ 6,136.37 crore, received from Government of Jharkhand under UDAY Scheme was treated as loan from Government of Jharkhand, then suitable provision of interest was to be made in the financial statements till the conversion of ₹ 6,136.37 crore to grants.

Disclosure that "All the necessary steps are being taken to convert the same into grant and equity in line with the MOU" was insufficient as the whole amount of ₹ 6,136.37 crore should be converted to grants in the year 2015-16, as per MOU.

#### 14. CFS- General

##### A. Other significant accounting policies: Property, plant and equipment

As per para 18 of Indian Accounting Standard (Ind AS) 1, an entity cannot rectify inappropriate accounting policies either by disclosure of the accounting policies used or by notes or explanatory material. Further, the accounting policy with respect to depreciation is guided by the orders of JSERC.

As per JSERC schedule of depreciation, metering equipment were to be depreciated at the rate of 12.77 per cent, whereas Plant and Machinery were to be depreciated at the rate of 7.84 per cent. Further, it was noticed that JBVNL has disclosed that metering equipment have been included in Plant and Machinery, in violation of JSERC orders. However, in the absence of proper records regarding capitalization of metering equipment, Audit was unable to quantify the related short charging of depreciation on metering equipment capitalized.

##### B. Note 9

Balances with banks shows ₹ 1,16,963.70 lakh as closing balance as on 31.03.2022. On scrutiny of trial balance as on 31.03.2022, it was noticed that there was a Head namely "Board's Working Fund [Revenue from Sale of power] and [Other]" showing credit balance of ₹ 46,417.99 lakh. As per Ind AS 7, Cash comprises cash in hand and demand deposits and Cash equivalents are short-term, highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. So, any ledger of Cash and Cash equivalents cannot have credit balances.



### C. Additional Notes 30.13.2.A

In Additional Notes 30.13.2 A, JBVNL has listed out transactions with related parties during the year ended 31<sup>st</sup> March, 2022. On scrutiny of this note, it was noticed that a transaction of ₹ 39.19 crore was carried out with JUUNL for purchase of power during the year. However, suitable entries were not found in the ledger of JBVNL. This means that this amount was not included in 'Purchase of Power and Transmission charges'. Hence, it may be inferred that the financial statements of JBVNL do not give true and fair view of the state of affairs of the Company as accounting entries do not correspond with the notes to accounts.

### D. Non-operation of single head for similar expenditure

Single Head of Account is not operated for similar expenditure on expenses towards payment to agencies viz. M/s Quess Corporation Limited, M/s Competent Synergies Pvt. Ltd. etc. for generation of energy bill to consumers. While ESC, Ranchi and ESC, Gumla have booked these expenses under the head "Other Expenses-Administrative Expenses-Bills Distribution", this expenditure head has not been operated in the other ESCs. ESC, Jamshedpur and ESC, Chaibasa have booked this expenditure under the head "Other Expenses-Administrative Expenses-Computer Billing"

### E. Compounding Charges collected against theft of electricity.

As per Rule 7 of Chapter 2 of General Financial Rules (GFR), "all money received by or on behalf of the Government, either as dues of Government or for deposit, remittance or otherwise, shall be brought into Government account without delay."

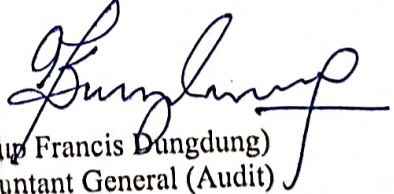
An amount of ₹ 1,65,60,237 was collected as Compounding charges from persons involved in, or reasonably suspected of, having committed an offence of theft of electricity, under the Electricity Supply Circle, Jamshedpur, during the period from 2018-19 to 2021-22, including ₹ 44,52,000 for the F.Y. 2021-22.

The amount was to be remitted to the Government of Jharkhand (GoJ). However, the amount has neither been remitted to the GoJ nor any liability against the same has been shown in the accounts.

India

Place: Ranchi  
Date: 11-09-2023.

For and on behalf of the  
Comptroller & Auditor General of

  
(Anup Francis Dungdung)  
Accountant General (Audit)  
Jharkhand, Ranchi