



INDEPENDENT AUDITOR'S REPORT

To the Members of Jharkhand Bijli Vitran Nigam Limited

Report on the Audit of Consolidated Ind AS Financial Statements

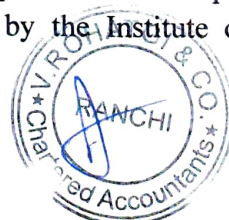
Adverse Opinion

We have audited the accompanying Consolidated Ind AS financial Statement of Jharkhand Bijli Vitran Nigam Limited (“the Company”), **Regd. Office: Engineering Building, H.E.C, Dhurwa, Ranchi-834004 (CIN: U40108JH2013SGC001702) (PAN: AADCJ3148A)** and its subsidiary and joint venture which comprise the Consolidated Balance Sheet as at 31st March 2022, the Consolidated Statement of Profit & Loss Account (including the Statement of Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended and notes to the consolidated financial statement including summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of matters described in the Basis of Adverse opinion section of our report and based on the consideration of report of other auditors on separate financial statements and other information of joint operations, subsidiaries and joint ventures the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and does not give true and fair view in conformity with the Indian accounting standards prescribed under section 133 of the act read with Companies(Indian Accounting Standards)Rule, 2015, as amended (Ind AS) and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2022 and its Loss, total consolidated comprehensive Loss, its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis of Adverse Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the ‘Auditor's Responsibilities for the Audit of the consolidated Ind AS Financial Statements’ section of our report. We are independent of the Company in accordance with the ‘Code of Ethics’ issued by the Institute of Chartered



Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion on the consolidated Ind AS financial statements.

We draw attention to the matters described in **Annexure 'A'** the effect of which, individually or in aggregate, are material and pervasive to the Consolidated Ind AS financial statement and matters where we are unable to obtain sufficient and appropriate audit evidence. The effects of matters described in said Annexure 'A' which could be reasonably determined are quantified and given therein. Our opinion is adverse in respect of these matters.

Emphasis of Matters

We draw the attention to the matters described in **Annexure 'B'** of our report regarding matters referred in Consolidated Ind AS Financial Statements, which requires user's attention.

Other Matters

We draw the attention towards points of "**Annexure C**" of our report regarding the matters other than disclosed in Consolidated Ind AS Financial Statements.

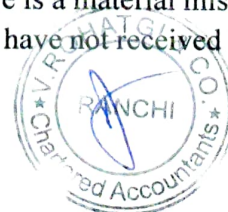
Information Other than the Consolidated Ind AS Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in Management Discussion and Analysis, Board's Report including Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Consolidated Ind AS Financial statements and our auditor's report thereon. The other Information is expected to be made available to us after the date of this auditor's report.

Our opinion on the Consolidated Ind AS Financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As we have not received board report



till the date of our audit, we are not able to comment on the same.

Responsibilities of Management and Those Charged with Governance for the Consolidated Ind AS Financial Statements

The Holding 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 of these Consolidated Ind AS Financial statements that give a true and fair view of the financial position, financial performance including total comprehensive loss, changes in equity and cash flows 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 Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated Ind AS financial statements, Board of Directors 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the group and its associates and joint venture are also responsible for overseeing the financial reporting process of the group and of its associate and joint venture.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Ind AS financial statements.

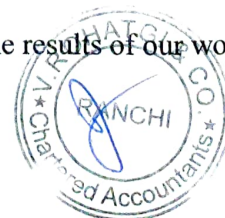
As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. We are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Ind AS financial statements, including the disclosures, and whether the Consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair Presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company and its Joint Ventures to express an opinion on the consolidated financial Statements. We are responsible for direction, supervision and performance of the audit of the financial statements of such entity included in the consolidated financial statements of which we are the independent auditors, for the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably - knowledgeable user of the Consolidated Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in:-

- (i) Planning the scope of our audit work and in evaluating the results of our work; and



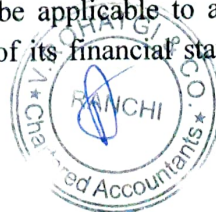
- (ii) To evaluate the effect of any identified misstatements in the Consolidated Financial Statements.

We also communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements

1. As required under section 143(5) of the Companies Act, 2013, the Comptroller & Auditor General of India issued directions & sub-directions. We give our comment thereon vide **“Annexure-D”**
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit except matters stated on Annexure A and Annexure B;
 - b) In our opinion, proper books of account as required by law have not been kept by the Company so far as appears from our examination of those books. The Books of Accounts have not been fully maintained under the accrual basis as required under section 128 of the Act.
The branches (units) of the Company have been audited by us only. Hence, this clause is not applicable on the Company.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including consolidated other comprehensive loss, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, and in terms of matters described in “Basis of Adverse Opinion paragraph”, the accompanying consolidated Ind AS Financial Statements do not comply with the Indian Accounting standards specified under Section 133 of the Act, read with Companies (Indian Accounting standard) Rules, 2015, as reported;
In our opinion, the matters described in basis of Adverse Opinion paragraph and matter described in Emphasis of Matter Paragraph may have adverse effects on the functioning of the Company.
 - e) The provision of this clause i.e., section 164(2) is not applicable upon Government Company vide notification No. GSR 463(E), dated 5-6-2015. Further, as per notification No. GSR 582 dated 13.06.2017, the exception modifications and adaptations provided in the notification No. GSR 463(E) dated 05.06.2015 will be applicable to a government company which has not committed any default in filing of its financial statement under



section 137 or annual return under section 92 of the Companies Act 2013. The company is Active Non-Compliant as per MCA records. As stated in the last years auditor report, the company has not filed its annual accounts and annual report to ROC for F.Y. 2016-17, 2017-18, 2018-19, 2019-20.

f) With respect to the adequacy of the Internal Financial Control over the Financial Reporting of the Company and the operating effectiveness of such control refer to our separate report in “**Annexure-E**” of this report.

g) With respect to 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 explanation given to us, we report that:

(i) The Company has pending litigations w.r.t debtors as well as creditors, which have been disclosed in the Additional Notes to the consolidated Financial Statements. However, in the absence of information available to us, we are unable to comment upon the completeness of the same.

(ii) We are unable to comment on the adequacy of the provision made for the doubtful debts (Refer to Basis of Adverse opinion paragraph)

(iii) The company has no amount that is required to be transferred to the Investor Education and Protection Fund.

(iv) (a) The management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entity(ies) (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the intermediary shall whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of Ultimate beneficiaries;

(b) The management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entity(ies) (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of Ultimate beneficiaries;

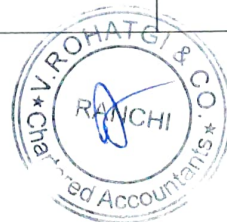
(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

(v) The company has not declared or paid any dividend during the year.



- h) With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act, due to reasons mentioned in clause (e), section 197 is applicable on the company. In our opinion and according to the information and explanations given to us, the company has not paid any remuneration to its directors, thus the limit prescribed by section 197 for maximum permissible managerial remuneration have been complied with.
3. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/"CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO report issued by us for the company and its subsidiaries and its jointly control entities included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are qualification or adverse remarks in these CARO reports:

Sl. No.	Name	CIN	Holding Co./Subsidiary/ Associate/ Joint Venture	Clause No. of Caro report which is qualified or adverse
1.	Jharkhand Bijli Vitran Nigam Limited	U40108JH2013SGC001702	Holding	Paragraph 3 clause (i)
2.	Jharkhand Bijli Vitran Nigam Limited	U40108JH2013SGC001702	Holding	Paragraph 3 clause (ii)
3.	Jharkhand Bijli Vitran Nigam Limited	U40108JH2013SGC001702	Holding	Paragraph 3 clause (vi)
4.	Jharkhand Bijli Vitran Nigam Limited	U40108JH2013SGC001702	Holding	Paragraph 3 clause (xiv)
5.	Jharkhand Bijli Vitran Nigam Limited	U40108JH2013SGC001702	Holding	Paragraph 3 clause (xix)



6.	Jharkhand Bijli Vitran Nigam Limited	U40108JH2013SGC001702	Holding	Paragraph clause (xv)	3
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For V. Rohatgi & Co.
Chartered Accountants
FRN: 000980C

Place: Ranchi
Date: 27th March, 2023



CA Arun Kumar Mishra
Partner
M. No. 076038
UDIN: 23076038BGUVEF9771

Annexure A - Referred in Our Report under "Basis of Adverse opinion Paragraph"

1. Maintenance of Proper Books of Accounts

- In our opinion, the books of accounts maintained by Company is not adequate and satisfactory to give a true and fair view of the state of the affairs of the Company and the books of accounts are not made on accrual basis as required under Section 128 of the Companies Act, 2013.

2. Accounting policies inconsistent with Ind AS

- In some cases, accounting policies adopted by the Company are inconsistent with Ind AS. The cases have been properly dealt elsewhere at the appropriate place in the report.

3. Non-Compliance with Ind AS 1 and Ind AS 8

- The company has restated the financial report to take effect of prior period items. The company restated the opening balance sheet of last year, which is in contravention of Ind AS 8- "Accounting Policies, Changes in Accounting Estimates and Errors", which requires Opening balance sheet of year preceding last year to be restated. As per Ind AS 1- "Presentation of Financial Statements", balance sheet as at beginning of the preceding period is required to be disclosed, the company has not disclosed the same. The consolidated financial statements do not comply with the requirements of Schedule-III of Companies Act, 2013, Ind AS 1 and Ind AS 8.

4. Share application money pending allotment

- Share application money pending allotment of ₹8690.00 Lakhs is outstanding for more than 60 days.
- The company has not considered share application money pending allotment in calculation of Diluted EPS.

4. Consolidated Cash Flow Statement

- Consolidated Cash flow statement of last year has not been restated to take into account the changes made to restated consolidated balance sheet. We have not been provided with details regarding the effects on the financial statements due to non-compliance of Ind AS 1 and Ind AS 8.

6. Insufficient disclosures

- The company has not properly disclosed in its consolidated annual financial report the differences in ratios between current and last year and reason for variances if more than 25%, LC/BG taken by the company, Fixed deposit on which lien has been marked, asset given as security against secured loan by PFC/REC.

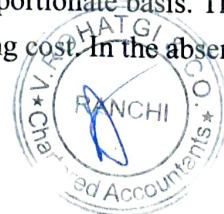


7. Property, Plant & Equipment (PPE) & Capital Work in Progress (Note - 3A, 3B & 3C)

- Company does not maintain Fixed Assets Register, in the absence of which we are unable to comment upon the exact condition and location of the fixed asset and regarding asset wise depreciation. The total value of property Plant and Equipment as stated in balance sheet as on 31.03.2022 stood at ₹ 1591673.93 lakhs (P.Y. - ₹1582274.10 lakhs as per restated financial reports).
- Land & Land Rights of ₹301.02 lakhs have been shown by the Company under PPE in the consolidated Financial Statements. The same has not been segregated into Free and Leasehold Land which is violation of Ind AS-116. Leasehold Land needs to be amortized as per Ind AS-116 which has not been done by the Company in the absence of segregation.
- We have not been provided the details of “Assets taken over from-pending final valuation” amounting to ₹20.83 lakhs. Further, the presentation of the same is not in line with the Ind AS Schedule III. These asset have been recorded on the basis of transfer scheme and there has been no movement in this head.
- Impairment of Property Plant and Equipment has not been done by the company as per Ind AS 36
- The disclosure regarding the carrying amount of temporarily idle Property, Plant and Equipment were not made available as required under Ind AS - 16.
- The company has a policy to capitalize the expenses incurred under Annual Development Program (ADP), Deposit Head and Saubhagya head as and when incurred. Such amount is routed through CWIP and capitalized on the same date. No separate completion certificates are issued for the same. This is in contravention of requirements of Ind AS 16. The summary of such amount has been presented as follows:

Sl. No.	Asset Class	Head	Amount (₹ in lakhs)
01	Line & Cable Network	Deposit Head	24845.98
02	Plant & Machinery	Deposit Head	23910.04
03	Others Civil Works	Deposit Head	139.82
04	Lines & Cable Network	ADP Head	14404.86
05	Plant & Machinery	ADP Head	3115.90
06	Others Civil Works	ADP Head	646.40
		Total	67063.00

- The company has capitalized the borrowing cost on proportionate basis. This policy of the company is in contravention of Ind AS-23-Borrowing cost. In the absence of Fixed



Asset register, we are unable to ascertain the actual impact of the same.

- In case of ADP(Annual Development Plan) head, the company does not derecognize old assets replaced with a new one from block of assets, due to this, value of assets under ADP head has been overstated by the book value of old asset which needs to be derecognized. The details of the same was not readily available with the company therefore in the absence of proper details we are unable to ascertain the actual impact of the same on the consolidated financial statement.
- The company is bifurcating the cost of line and cables network and plant and machinery in 80:20 ratio in case of capitalization under ADP head which is in contravention of Ind AS 16 which requires reliable measurement of the cost of the assets.
- As the company does not maintain asset register, we are unable to match grants with its respective asset and the amortization of grant against the depreciation of asset (Refer Note No 30.3-“Grants and Subsidies”)
- The company has de-capitalized certain assets to CWIP, which were capitalized in the previous years. After the completion of projects, any over or under capitalization is reconciled and then adjusted. This is in contravention of Ind AS-16 Property, plant and Equipment which requires asset to be capitalized only after its available for use.

8. CWIP

- Out of total Capital Work In Progress Excluding Interest & Finance charges as on 31.03.2022 amounting to ₹194249.78 lakhs (P.Y. - ₹481775.16 lakhs as per restated financial reports) we have not been provided the scheme wise bifurcation of CWIP of ₹20971.59 lakhs.
- Allocation of Employee Costs and other overheads towards the capital project work is not done in the absence of proper information.
- In case of Turnkey projects, the company does not make the provisions related to erection expenses on accrual basis, they only recognize the installation and assembly cost on the basis of the amount which has been furnished in Joint Measurement Certificate (JMC) after completion of project. Due to this carrying amount of CWIP in the consolidated financial statement are understated, in the absence of proper information we are unable to quantify the amount for same.

9. Other Non-Current Assets (Note - 6)

- **Capital Advances:** During the course of our audit, we observed that the company maintains the register of capital advances made to turnkey contractors. The closing balance was ₹34639.87 lakhs (P.Y. ₹38182.83 lakhs as per restated financial reports). Such advances are made to supplier for carrying out turnkey projects under various schemes. Balance Confirmation are not made available. The company has classified all



advance amounts under non-current assets. Advances which are going to be adjusted within next 12 months from the date of balance sheet should be shown under the current assets, as per the requirement of Ind AS Schedule III. The company has not complied with it. Due to unavailability of information, we are unable to bifurcate between current and non-current assets and due to this Non-Current assets are overstated.

- Interest received on Mobilization advances are recognized on cash basis this is in contravention of Ind AS -1 which requires recognition of income on accrual basis. Due to unavailability of information, we are unable to quantify the impact of this on the consolidated financial statements.
- **Others:** Complete details /information of 'Others Receivable' of ₹1192.91 lakhs (P.Y. ₹1184.75 lakhs as per restated financial reports) are not available with the company. Amount owing from licenses of ₹46.98 lakhs includes unreconciled amount which is identified from 26AS, old claim which is brought forward since the date of inception. Hence, we are unable to comment on the truthfulness & fairness of the balances and impact thereof on the accounts and loss for the year.

10. Inventories and stores (Note - 7)

- As per the information and explanation given by the Company, the company has conducted the physical verification of Inventories during the F.Y. 2021-22 in respect of all locations in which inventories are being maintained. The year-end balance of inventories is ₹ 23162.18 lakhs (P. Y. ₹20053.31 lakhs as per restated financial reports). There is a difference of ₹21.26 lakhs which is booked under the head "stock difference pending for verification".
- As per the policy of the management, Company has valued the inventories at cost, which is in contravention with Ind AS-2 "Inventories". As per Ind AS-2, inventory should be valued at cost or NRV, whichever is lower as per para 9 of the standard issued by ICAI.
- Inventory ageing and obsolete items have not been assessed by the management and are being carried at same carrying amount in the consolidated financial statements. No provision has been made for obsolete/discarded inventories. As per JSERC guidelines, 100% provision shall be made for non-moving stock for more than 3 years and 50% for more than two years. Since exact value of same is not available with us, we are unable to comment on the impact of the same on the consolidated Ind AS financial statements.
- The company has not provided quantitative details as well as valuation of scrap as on 31.03.2022. In the absence of the same we are unable to quantify the impact of the same in the consolidated Ind AS financial statements.



11. Trade Receivables (Note - 8)

- As per revised Schedule III of Companies Act, 2013, the Company has also not furnished the statement of age wise breakup of dues from customers particularly in respect of old outstanding dues from Government, LT and HT consumers. Further there is no proper system to review for identifying doubtful dues, specifically arising out of disputes and old pending cases before various judicial forums. Currently company has adopted the policy for making the provision for Bad and doubtful dues @ 1% on closing value of debtors, which is not as per Ind AS 109-“Financial Instruments”. In the absence of above we are not in position to quantify the amount of provision which is required for irrecoverable or doubtful dues and consequential impact thereof on the consolidated financial statement.
- We have not received the balance confirmation letters from HT and LT consumers. The total receivable amount net of accumulated provisions which is ₹543044.53 lakhs (P.Y. ₹ 444223.16 lakhs as per restated financial reports) of debtors including provisions for unbilled revenue stood at ₹48150.33 lakhs (P.Y. ₹ 24415.58 lakhs as per restated financial reports). In the absence of balance confirmations, we are unable to comment on the truthfulness and fairness of such balances.
- Presentation of Trade Receivables is not as per requirement of Ind AS schedule III. As per requirement of schedule the trade receivables should be sub-classified as- a) Undisputed Trade receivables –considered good b) Undisputed Trade Receivables – considered doubtful c) Disputed Trade Receivables-considered good d) Disputed Trade Receivables-considered doubtful. The company has not disclosed age-wise details of trade receivables.

12. Cash & Cash Equivalents and Bank Balances other than Cash & Cash Equivalent (Note- 9 & 10)

- Certain Bank deposit of JBVNL could not be verified in the absence of availability of certificates of bank deposits. In the absence of balance confirmations, we are unable to comment on the truthfulness and fairness of such balances.
- Balances with schedule banks in current accounts include un-reconciled items and there are unidentified credits in the bank and cheques deposited but not credited which are under reconciliation. The impact of same on the Revenue Account, Assets and Liabilities could not be determined. The following discrepancies have been observed:

SI No	Circle/Area	Amount (₹ in Lakhs)	Remarks
01	Deoghar Circle	0.03	DD received against cancel cheque debited by bank not deposited into Indian bank.



02	Daltongang Circle	0.21	Cheque issued but not presented in bank during the period.
03	Medninagar Area	0.62	Cheque issued but not presented in bank during the period.
04	Hazaribagh Circle	0.65	Cheque issued but not presented in bank during the period.

- Interest on Investment earned ₹1.09 lakhs has not been credited in cash book.
- Cash and Cash Equivalent balances consists of Imprest Cash of ₹675.43 lakhs (P. Y.- ₹672.14 lakhs as per restated financial reports) with no major movement, for which the detailed breakup and reconciliation was not produced before us for verification. In the absence of details, we cannot comment on the accuracy of Cash and Cash Equivalents to such extent. Therefore, the impact of the same cannot be determined.
- The State Government provides funds under various schemes in the form of loan and grant through PL Account with Government Treasury maintained at SBI Doranda, Ranchi. No balance confirmation from the treasury was provided by the company for same. In the absence of such confirmation letter, we are not able to comment upon the correctness of the amount of ₹88370.10 lakhs (P.Y. – 201180.15 lakhs as per restated financial reports) as shown in the consolidated Financial Statements and impact of the same also could not be determined.
- The Company has shown the Cash Credit liability amounting to ₹79849.59 lakhs under the head other current financial liabilities whereas as per requirement of Ind AS Schedule III same should be included as 'Borrowings' under Financial Liabilities. Therefore, the presentation of same is not in line with Schedule III.

13. Other Current Assets (Note - 11)

- **Advance to Employees:** Employees wise list of staff advances has not been provided to us. Staff Advances lying in the accounts under various heads like pay advance, Marriage Advance, Medical Advance etc. in various units totaling to ₹511.16 lakhs (P.Y. ₹476.91 lakhs as per restated financial reports) require reconciliation. Further, the company does not have any reconciliation of advances given to employees who are transferred. In the absence of proper reconciliation and adjustment we could not determine the correctness of the figures shown under the head and its consequential effect on the consolidated financial statement.



- Advance to O & M Suppliers / Works:** Based on our audit observation, we are of the opinion that party wise ledger is not being maintained by the Company in respect of Advances made to O & M Suppliers /works; the year ended balance is ₹1675.39 lakhs (P.Y.- ₹1726.94 lakhs as per restated financial reports) of which opening balances are still unreconciled. However, party wise ledger is being maintained by the company since last year. In the absence of ageing and party wise details of advance to suppliers we are also unable to comment whether it will be recovered within one year and classify as current assets or it will be treated as non-current assets. Balance confirmations of advances made to O & M suppliers have not been provided to us. Thus, we are not able comment on the accuracy of the advances reflecting in the books of accounts
- Taxes:** An amount of ₹1495.07 lakhs was deposited as TDS to income tax department in the F.Y. - 2010-11 (Note 30.13.4 of additional notes to the consolidated financial statements) and ₹506.62 lakhs is deposited as advance to Commercial Taxes till 2019-20. These advances are lying unadjusted more than 10 years and there was no development during the year. As per IND AS schedule III the excess taxes paid which is not recovered /realized within one year from the balance sheet date, the same should be presented under non - current assets. Therefore, the current assets are over stated by ₹2001.69 lakhs.
- Master Trust:** As per the information and explanation received, contribution made by employer and employee for retirement benefit is invested through a Master Trust. The year-end balance of Master Trust is ₹109814.32 lakhs (P.Y. - ₹140349.20 lakhs as per restated financial reports). We have not been provided the employee wise details towards the contribution in master trust and balances are yet to be reconciled. Further balance confirmation from Master Trust has also not been provided to us. In the absence of confirmation, we could not quantify the impact of same in the consolidated financial statement.
- Inter Company Transactions:** Inter Company transaction includes the transaction between JBVNL, JUVNL and PTPS, the year-end balance of which is ₹21860.68 lakhs (P.Y. - ₹21517.43lakhs as per restated financial reports). Details related to reconciliation of ₹20647.61 lakhs of PTPS has not been provided to us and company has not provided the balance confirmation and reconciliations of balance as on 31-03-2022 to us for verification. So, we cannot comment upon the truthfulness and fairness of figures and its impact on consolidated financial statement.
- Inter Unit:** The Net Inter Unit balance amounts to ₹65023.95 lakhs (P. Y. ₹17949.57 lakhs as per restated financial reports), Current year balances have been reconciled but old balances are unreconciled. In the absence of such reconciliation statement, we are



unable to comment upon the correctness of such inter-unit Current Accounts balance. Therefore, the effect of reconciliation, if any, on the consolidated financial statement is not determined. (Refer to Note 11 of consolidated Financial Statement)

- **Officer Welfare Fund:** Employee-wise details of this head has not been provided to us. The year-end balance of this account is ₹220.75 lakhs (P.Y. ₹202.21 lakhs as per restated financial reports). The company has classified it under other current assets and ledger is showing a debit balance. In the absence of proper information and explanation we are unable to comment upon the correctness of figure and also unable to quantify the impact of the same on the consolidated financial statements.

14. Consumer Security Deposit (Note - 16)

- We have not been provided the details of consumer wise security deposits and interest payable thereon. The year-end balance of the same is ₹116595.55 lakhs (P.Y. - ₹112685.13 lakhs. As per restated opening balance). Further Interest on consumer security deposit of ₹4146.30 lakhs out of total interest of ₹48400.73 lakhs has been recognized on average basis on the total amount received during the year instead of actual date of receipts. During the year, the company has adjusted such interest in the bills of HT consumers only and no such adjustment has been made to the bills of LT consumers. Out of total balances of ₹116595.55 lakhs, ₹68194.82 lakhs on account of security deposit and ₹48400.73 lakhs on account of Interest payable are unexplained. Therefore, in the absence of proper information we are unable to comment on correctness of balances and impact of the same on the consolidated financial statement is also not quantified. Further, no explanation has been received about the security deposit of the consumers disconnected during the year that whether the security deposit has been refunded or not.

15. Trade Payables (Note - 19)

- In respect of the trade payables towards power purchase of ₹ 946906.86 lakhs (P.Y. - ₹905774.44 lakhs as per restated financial reports) we have received the balance confirmation of ₹500112.52 lakhs only. No balance confirmation or reconciliation was provided for the remaining amount of ₹ 446794.34 lakhs.

16. Other Current Financial Liabilities and Other Non-Current Liabilities (Note 18 & 20)

- **Advance for Deposit Work:** This head includes the amount for unfinished work which has been received under the deposit head and credited to Consumer, Electrification & Service Connection ₹ 11756.12 lakhs (P.Y. ₹18196.33lakhs as per restated financial reports).



- **Keep Back Deposits:** We have not been provided party wise details with ageing of keep back deposit amounting to ₹48961.55 lakhs (P.Y. ₹78421.09 lakhs as per restated financial reports).
- **Others:** Details of Liabilities for Suppliers/Works (O & M) & liability for suppliers/works (capital) of ₹ 28920.11 lakhs are not furnished to us. Further Company has not provided the balance confirmation for the year-end balance of ₹189520.09 lakhs (P.Y. ₹ 282415.64 lakhs as per restated financial reports) Hence, we are unable to comment on truthfulness and fairness of such balances. As per terms of REC the Interest earned from investment made from the Grant fund received from REC is payable to them on demand. The liability so booked as on 31.03.2022 amounting to ₹3212.00 lakhs (P.Y. ₹3754.81 lakhs as per restated financial reports).

17. Other Current Liabilities (Note - 21)

Tax Payable

- We are unable to comment upon the statutory dues payable of Income Tax, Sales Tax, GST and Electricity Duty because the Company has not provided the details and copies of the same.
- As stated in last years audit report, most of circles and area offices of Company have not taken registration under The Jharkhand State Tax on Professions, Trades, Callings and Employment Act, 2011 for collection and deposition of professional tax. We have not been provided details regarding compliance with the same.
- During the year company has paid interest on security deposit amounting to ₹4146.30 lakhs for HT, LT and other consumers but in the absence of customer wise liability of interest on security deposit, we are unable to verify that whether TDS under section 194A is deducted or not, wherever applicable.
- The Company has not furnished the total value of exempted outward supply during the year in the respective table in their GST returns (GSTR 3B & GSTR 1).
- The details and date of subsequent payment of the following liabilities as 31st March 2022 has not been made available to us:

SI No.	Particulars	Amount (₹ in lakhs)	Remarks
1	Sales Tax / Professional Tax / Labour Cess	1873.46	Details of payment are not available.
2	Income Tax Deducted at Sources	288.47	Amount Deposited but reconciliation under process.
3	Electricity Duty Recoveries	43184.16	Details of payment are not available.



4	Royalty payable	29.58	Details of payment are not available.
5	GST Payable	25.53	Amount Deposited but reconciliation under process.

- Further, as per section 206C(1h) company was required to collect TCS from the buyers, who has purchased goods exceeding ₹ 50 lakhs from JBVNL during the year but the company has not collected TCS which leads to contravention of section 206C(1h).
- The company is deducting TDS under section 194Q when its paying the suppliers and not on accrual basis.
- According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not deducted TDS on accrual basis for expenditures.

18. Provision for Employee Benefits (Note -22)

- The Company has deducted but not deposited the statutory dues such as Professional Tax on regular basis. In some of the circles & areas the opening liabilities have not yet been fully deposited in the current year. Further, there is failure on deduction part also in some cases. Hence, we are unable to quantify the amount of such default in the absence of information in the manner so required.
- During the year company has made the provision of Leave Encashment, Gratuity & Pension liability on the basis of actuarial valuation done up to March 2018. Actuarial Valuation for the current financial year has not been done.

19. Revenue from Operation (Note - 23)

- During the F.Y. 2020-21 company has booked an amount of ₹12393.82 lakhs as prior period adjustments and detailed working and calculations has not been provided to us.

20. Power Purchase& Transmission Charges (Note - 26)

- The company has recognized the DPS against the delay payment of power purchase on cash basis which is in contravention of IND AS - I and accounting policy of the Company.

21. Provision of Expenses

- The company has not made provisions for certain expenses including rental expense, which is inconsistent with accounting policy and Ind AS 37-“Provisions, Contingent Liabilities and Contingent Assets”

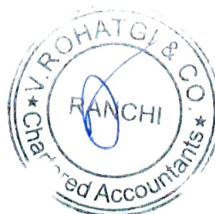


22. Finance Charges

- The Borrowing cost of Term Loans have not been accounted for as per Ind AS 109-“Financial Instruments”, which requires interest to be unwound on Effective interest rate method.
- Capital Work in Progress includes an amount of ₹14191.24 lakhs being interest on deemed loan (amount deducted directly by DVC from State Government for dues to JBVNL) capitalized as Capital Work in Progress. As the amount of deemed loan was deducted directly by DVC from State Government account against the power purchase dues of JBVNL, interest thereon, if any, should have been treated as working capital interest and charged to Statement of Profit & Loss. Capitalization of interest has resulted to overstatement of CWIP and understatement of finance cost as well as loss by ₹14191.24 lakhs.

23. Non compliances of other Secretarial requirements:

- a) As stated in the last years audit report (refer Non compliances of other Secretarial requirements section)_the company has not filed “Annual Accounts (AOC-4) and Annual Return (MGT-7) with ROC due to non-adoption of books of accounts in Annual General Meeting for F.Y. 2016-17, 2017-18, 2018-19, 2019-20. Further, as per notification No. GSR 582(E) dated 13.06.2017, the exception modifications and adaptations provided in the notification No. GSR 463(E) dated 05.06.2015 will be applicable to a government company which has not committed any default in filing of its financial statement under section 137 or annual return under section 92 of the Companies Act 2013.” We have not been provided details regarding compliances with the aforementioned auditor observations. Further, we have not been provided details regarding compliances of the same for the F.Y 2020-21, Thus we are not able to comment on the same
- b) **Consolidation of accounts:** As per Section 129(3) of the Companies Act, 2013, a Company having subsidiary/Joint Venture(s) have to prepare consolidated financial statement of all the subsidiary/Joint Venture in the same form and manner as that of its own and to lay such consolidated financial statement before the Annual General Meeting of the company for adoption. As stated in the last years audit report,” JBVNL has one Joint Venture namely PUVNL but yet Consolidated Balance Sheet has not been adopted in Annual General Meeting for F.Y. 2016-17, 2017-18, 2018-19 2019-2020 and related filing of AOC 4 (CBS) is also pending”. We have not been provided details regarding compliances with the auditor observation. Further, we have not been provided details regarding compliances of the same for the F.Y 2020-21. Thus we are not able to comment on the same.
- c) The company has not appointed Internal Auditors for the F.Y. 2021-22. Further, certified copied of board resolution approving the appointment of internal auditors of the F.Y 2018-19 to 2020-21 has not been produced before us for verification & neither filed with ROC in form MGT-14.



d) **Status of Company Active Non - Compliant:** Every Company which is incorporated on or before the 31st December, 2017 is required to file the particulars of the company and its registered office, in e-Form ACTIVE (Active Company Tagging Identities and Verification) INC -22A. In case Company does not intimate the said particulars to the ROC then company shall be marked as Active-Non-Compliant on or after 26th April 2019 and shall be liable for action under sub section (9) of section 12 of the Act. As stated in the last years report," Till the date of Audit, Company has not filed the E form INC 22A and status of the company is showing as ACTIVE- Non- Compliant in MCA records. Due to non-filing of INC 22A & annual accounts, company is not able to file e-Forms DIR- 12, regarding the change of directorship, SH-07 related to change in authorized share capital and PAS -03 regarding the change in paid up share capital till the default continues". We have not been provided details regarding compliances with the auditor observation.

e) **Non-Maintenance of MBP4:** The Company has not maintained register in form MBP-4 for related party transaction as required under section 189 of Companies Act, 2013.

f) **Violation of section 180(1)(a) of the Companies Act, by borrowing more amount than approved by resolution at Annual General Meeting:** As per the minutes of the proceedings of the first Annual General Meeting held on 22nd December, 2014, JBVNL had passed a resolution for borrowing up to ₹250000.00 lakhs, however, JBVNL has exceeded the approved amount which has resulted in violation of the said section.

The Company had total borrowing of ₹1352634.21 lakhs including an amount of ₹613637.00 lakhs received under UDAY Scheme, at the end of F.Y. 2021-22, which was more than the limit as prescribed in the special resolution in terms of section 180. As stated by the company and the MOU between Government of Jharkhand, Government of India and JBVNL and thereafter the correspondence by the company the amount of ₹613700.00 lakhs will be converted into grant and Equity under UDAY Scheme for the financial turnaround of the Company. Further, it has borrowed a sum of ₹29659.02 lakhs during the year. Thus, these additional borrowings above the limit prescribed in the special resolution has not been supported by passing any other special resolution at the General Meeting as required under section 180(1)(a) of the Act. However, as informed to us and based on the documents provided, the company increased its borrowing limit to ₹ 2800000.00 Lakhs in its 3rd EGM held on 22nd July-2022.

g) Due to non-compliance of provisions of the Companies Act, 2013, penal provisions as prescribed under relevant sections of Companies Act, 2013 may also be attracted. In absence of details, same cannot be quantified.

h) The company has not complied with matters/issues relating to comments of CAG on the previous year's accounts.



Annexure B - referred in our report under "Emphasis of Matter paragraph"

- 1. Attention drawn to Note 13 in the consolidated Financial Statements which indicates that the Company has accumulated losses ₹1127159.47 lakhs (P.Y. ₹918320.52 lakhs as per restated financial reports) and its Net worth has become negative. The Company has incurred a Net Loss during the current year of ₹208838.95 lakhs (P.Y. ₹ 220005.75 lakhs as per restated financial reports) and the Company's current liabilities exceeded its current assets as at the balance sheet date by ₹814056.46 lakhs. We are of the opinion that the Company needs continuous Government assistance in the form of grants and more autonomy, absence of which casts significant doubts on the Company's ability to continue as a going concern entity. The consolidated Ind AS Financial Statements of the Company have been prepared on a going concern basis.**
- 2. Reconciliation of Form 26AS with books of accounts for the F.Y. 2021-22 has not been provided to us, therefore we are unable to comment upon the correctness and truthfulness of TDS receivable as reported in consolidated financial statements.**
- 3. Attention is drawn to Note 14 in the consolidated Financial Statements which details out loans taken by the company. Out of total government loan amounting to ₹1070798.43 lakhs (P.Y. ₹1072299.78 lakhs as per restated financial reports), ₹43381.48 lakhs is from State Government, which is deemed as loan by the company, which is related to Investment made in PVUNL, We have not been provided the confirmation and relevant documents regarding the same . Therefore, the closing balance of deemed loan is subject to confirmation from state government.**



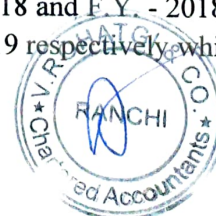
Annexure C – referred in our report under “Other Matters paragraph”

- 1. The Consolidated Financial Statement include the Company's share of net profit/Loss including other comprehensive income using Equity Method for the year ended 31st March 2022 as considered in the Consolidated Financial Statement in respect of following joint venture entity whose financial statements/Financial information has not been audited by us**

Name of Joint Venture Entities	Company's share of Net profit/(loss) using equity method	% share
Patratu Vidyut Utpadan Nigam Ltd. (PVUNL)	(0.78) lakhs	26%

Financial statement/Financial Information of PVUNL has been audited by the other auditor whose report has been furnished to us by the Company's Management dated 06-05-2022 and our opinion on the Consolidated Financial Statement, so far it relates to the amount and disclosures included in respect of this joint venture, and our report in terms of sub section (3) of Section 143 of the Act, in so far as it relates to the aforesaid Joint Venture, is based solely on the report of the other auditor of joint venture, after considering the requirement of Standard on Auditing (SA 600) on using work of Another Auditor including materiality Our opinion on the Consolidated Financial Statements, and our report on other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to reliance on the work done and the reports of the other auditor, the financial statements/ Financial information certified by the Company's Management.

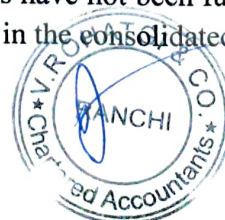
- 2. We have not received Board Reports for the F.Y. 2016-17, 2017-18, 2018-19, 2019-20, 2020-21 and the initial report of 2021-22. We are therefore not able to comment on the Management's future plan of actions on the operation of the Company.**
- 3. The accounting policies as followed by the Company were inconsistent to the accounting policies mentioned in the “significant Accounting policy” stated in the Notes to the consolidated financial statements.**
- 4. The Annual Accounts for the F.Y. 2013-14 to 2015-16 have been passed in the Annual General Meeting (AGM) held on 24th September, 2019 as per the minutes of the AGM. The 4thAGM for the F.Y. 2016-17, which was held on 19th September, 2017, is still in an adjourned state. The 5th& 6thAGM for F.Y. - 2017-18 and F.Y. - 2018-19 had been called on 24th September 2018 and 24th September 2019 respectively, which are also in**



adjourned state on the date of reporting. The 7th AGM was called on 23rd September 2020 which is also at the adjourned state on the date of reporting. The 8th AGM for the financial year 2020-21 was called on 23rd September 2021 which is also at the adjourned state. The 9th AGM for the current financial year was called on 20th September 2022, which is also at the adjourned state. We have not been provided with the requisite documents to support the above.

5. The Management Representation letter as received, states that corrective actions are being taken by the Company in terms of the "Order on Approval of Business Plan and ARR for Jharkhand Bijli Vitran Nigam Limited (JBVNL) issued by the Jharkhand State Electricity Regulatory Commission (JSERC). Such compliance is being closely monitored by the Company and necessary actions are being taken for the improvement like reduction of AT&C Loss, collection & billing efficiency, payment/adjustment of interest of consumer securities.
6. According to the information and explanation given to us and on the basis of our examination of the records of the Company, the company has an average net loss for the past 3 years, therefore it is not required by the provisions section 135 of Companies Act, 2013 to make expenses for CSR, hence this clause is not applicable.
7. Technical Audit of operation is desirable to reduce losses and for improvement of efficiencies.
8. Dues under the MSME Act 2006 have not been disclosed; we have sought but not received details of amount outstanding from MSME Vendors. In absence of such information, no interests have been calculated and provided for in the F.Y. 2021-22, wherever it was applicable.
9. The information provided in Note -30 related to additional notes to the consolidated financial statement, following is not properly disclosed:
 - a. The Company has disclosed the total consolidated amount paid to KMP of ₹ 72.27 Lakhs during the F.Y. - 2021-22 while as per the requirements of IND AS -24. An entity shall disclose the key managerial compensation in total and each of the following categories.
 1. Short Term Employee Benefit
 2. Post-Employment benefits
 3. Other Long-term benefits
 4. Termination Benefits and
 5. Share based Payment (if any)

In the current financial year, the company has made the prior period adjustments through the retained earnings but details related to those adjustments have not been furnished to us. Therefore, we are unable to quantify the impact of same in the consolidated financial



statement. Further as per Ind AS 8- “Accounting policies, changes in Accounting Estimates and Errors” the proper disclosure is required for adjustment and the nature of prior period error but the Company has not disclosed the same properly which leads to violation of Ind AS- 8.



Annexure D” to the Independent Auditor’s Report

Report on the Directions of the Comptroller and Auditor General of India required under sub section 5 of Section 143 of the Companies Act, 2013 (“the Act”)

Annexure-I

Sl. No.	CAG Directions	Reply
1	Whether the company has system in place to process all accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on integrity of the accounts along with the financial implication, if any may be stated.	<p>Presently the company is undergoing a transition from Tally to SAP. Accountancy work is done on Tally at the accounting unit level i.e. Electricity supply division, Supply Circles and Supply Area Board. Accounting of revenue is done on the basis of data received in the form of various certified statements, e.g. RS-I; RS-III.</p> <p>The company does not have a system in place to process all accounting transactions through IT systems. Significant manual intervention is involved in the process. Also manual cash books are being maintained. As a result company does not have customer wise balances of unrecovered amount, advances, interest on consumer security deposit, ageing of unrecovered amounts. Company is unable to bifurcate customer wise security deposit, outstanding and its ageing. The company does not maintain asset register due to which there is no record of asset wise capitalization, depreciation, respective amortization of grants. The company is unable to comply with its statutory requirements including duties and taxes and reporting in Annual financial reports.</p>
2	Whether there is any restructuring of an existing loans or cases of wavier/write off of debts/loan/ interest etc. made by lender to the Company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	According to the information and explanations given to us and on the basis of our examination of the records of the Company, there was no restructuring of an existing loans or cases of wavier/write off of debts/loan/ interest etc. made by lender to the Company due to the company's inability to repay the loan.
3	Whether funds	According to the information and explanations given to



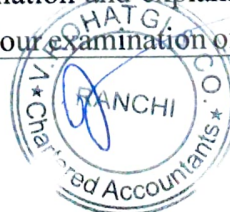
received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	us and on the basis of our examination of the records of the Company, funds received/receivable for specific schemes from Central/State agencies, except for the matters stated in audit report, have been properly accounted for/utilized as per its term and conditions.
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Annexure-II

Sl. No.	CAG Directions	Reply
1	Has the company entered in to agreement with franchise for distribution of electricity in the selected areas and revenue sharing agreement adequately protect the financial interest of the company?	According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not entered in to agreement with franchise for distribution of electricity in the selected areas and no revenue sharing agreement has been entered by the company.
2	Report in the efficiency of the system of billing and collection of revenue in the company	According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has a billing efficiency of 72.51% as compared to 64.66% last year and collection efficiency of 92.15% as compared to 90.92% last year. The company is under process to improve its efficiency.
3	Whether tamper proof meters have been installed for all consumers? if not then examine how accuracy of billing is ensured.	As informed to us, in order to control tampering, digital meters have been installed by JBVNL. Further, terminal seals are used to prevent tampering. Furthermore, Smart meters are now being installed which prevents any fraud including tampering.
4	Whether the Company recovers and account the State Electricity Regulatory Commission (SERC) approved Fuel and Power Purchase Adjustment Cost (FPPCA).	Yes, as informed to us, the company recovers and accounts for Fuel and Power Purchase Adjustment Cost on an annual true-up basis. The adjustments are recovered and accounted for in the next year.
5	Whether the reconciliation of	As informed to us , the reconciliation between



	receivable and payables between the generation, distribution and transmission companies has been completed the reason for difference may be examined.	generation, distribution and transmission companies is under process, out of closing balance of ₹946906.86 lakhs, ₹ 446794.34 lakhs is still unreconciled.
6	Whether the company is supplying power to franchisee if so whether the company is not supplying power to franchisees at below is average cost of purchases.	According to the information and explanations given to us, the Company is not supplying power to Franchise.
7	How much tariff roll back subsidies have been allowed and book in the account during the year? Whether the same is being reimbursed regularly by the state Government shortfall if any may be commented?	As informed to us, the company has received ₹2,07,200 lakhs from the government as subsidy. Out of this subsidy which has been passed on to consumers is ₹1,75,520.41 lakhs and ₹31445.28 lakhs was received by government against last years dues. ₹234.31 Lakhs of subsidy is more than the amount booked which will be adjusted in subsequent years.
8	Adequacies of steps to prevent encroachment of idle land owned by company may be examined. In case land of company is encroached under litigation not put to use or declared surplus details may be provided.	In the absence of details, we are not able to comment on this
9	Whether land acquisition is involved in setting up new project report whether settlement of dues done expeditiously and in a transparent manner in all cases? The cases of deviation may please be detailed.	In absence of details regarding settlement of dues, we cannot comment on the same.
10	Whether the company has an effective system for recovery of	According to the information and explanations given to us and on the basis of our examination of the records



<p>revenue as per contractual terms and the revenue is properly accounted for in the books of account in compliance with the applicable Accounting Standard?</p>	<p>of the Company, the company has an effective system for recovery of revenue. The prior period adjustments are adjusted in the opening restated balance sheet and not account for in the current year. Further, as per the explanations provided to us, interest on mobilization advance and supervision charges received from customers have been recorded on cash basis which is not as per the prescribed accounting standards. Except for the fact stated, revenue is accounted for as per accounting standards.</p>
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“Annexure E” to the Independent Auditor’s report of even date on Consolidated Ind AS Financial Statements of Jharkhand Bijli Vitran Nigam Limited

Report on Internal Financial Controls 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 Jharkhand Bijli Vitran Nigam Limited (“the Company”) as of 31st March, 2022 in conjunction with our audit of the consolidated Ind AS Financial Statements of the Company for the year ended on that date.

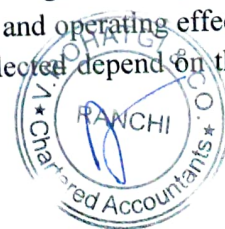
Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) 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 was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s



judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained & audit evidence obtained by other auditor of the company 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

- (a) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- (c) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Consolidated Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Basis of Adverse Opinion

According to the information and explanation given to us and based on our audit, the following material weaknesses (listed below) have been identified in the operating effectiveness of the Company's internal control systems:

1. Company has reported 33.18% Average Transmission and Commercial loss in the current financial year, while it has assured Jharkhand State Regulatory Commission to keep this loss under 15.00% for the year F.Y. 2021-22.
2. In our opinion, the Company does not have proper internal control of capitalization of assets and needs further improvement for ensuring timely capitalization of Fixed Assets through timely issuance of completion certificate.



3. In course of review of effectiveness of Internal Financial Controls in JBVNL it has been noticed that restrictions have been imposed in functioning of CFO as required under provisions of Companies Act and guidance notes issued by ICAI and CFO has been repeatedly appraising this fact to the notice of management. It has been noticed that CFO was not allowed to be involved in major financial decisions relating to Capital Expenditures, Power purchase expenditures, and key financial decisions and cash flow decisions. This has resulted in ineffective Internal Financial Controls. No corrective action taken by either management or concerned officials. Under such situation any noncompliance of statutory provisions will be the responsibility of management and concerned officials in this regard.
4. In our opinion the Company does have internal control systems, but needs further improvement for ensuring timely closure of capital contract with supplier and determination of final amount/ liquidated damages and cost overrun to be charged for delay.
5. In our opinion the Company does not have effective internal control systems for reconciliation of vendors/ contractors accounts pertaining to capital contract and Power purchase which could potentially result in some changes in Project cost reporting as well.
6. In central stores of the Company, on physical verification of store of the Company we have observed the following:
 - a) Gross delay in recording of the receipt and issue of inventories.
 - b) No proper accounting for scraps and rejects existing in the Company and further no provisioning is made on non-moving/discarded items.
 - c) No proper storage of material, material stored in the open area.
7. We have not been given the details of stage and status of the ongoing Turnkey Project under various schemes. Hence, we are unable to comment upon status of completion of projects.

Adverse Opinion

In our opinion, for matters described in “**Basis of Adverse Opinion paragraph**” the Company and its joint venture cannot be said to have an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting cannot be said to have been operating effectively as at 31st March 2022 based on the ‘internal control over financial reporting’ criteria established by the Company and its joint venture 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.



Other Matters

Our aforesaid report under section 143(3)(i) of the Act on adequacy and operating effectiveness of internal financial control over financial reporting with reference to these consolidated financial statements of the Holding Company in so far as relates to the subsidiary company, is based on corresponding reports of the auditors of such subsidiary.

Our report is not modified in respect of the above matters with respect to our reliance on the work done by and the reports of such other auditors.

For V. Rohatgi & Co.

Chartered Accountants

FRN: 000980C


CA Arun Kumar Mishra
(Partner)

M.No- 076038

UDIN: 23076038BGUVEF9771



Place: Ranchi

Date: 27th March, 2023