

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENT OF JHARKHAND BIJLI VITRAN NIGAM LIMITED, RANCHI FOR THE YEAR ENDED 31 MARCH 2015.

The preparation of Financial Statements of Jharkhand Bijli Vitran Nigam Limited for the year ended 31 March 2015 in accordance with financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The Statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is 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 Audit Report dated 31 December 2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143 (6) (a) of the Act of the financial statements of Jharkhand Bijli Vitran Nigam Limited for the year ended 31 March 2015. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the statutory auditors and Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report:

A. Comments on Profitability:

**PROFIT & LOSS STATEMENT
INCOME**

Revenue from Operations: ₹ 2786.64 crore

1. Excess billing of ₹ 6.93 crore on a disconnected user in June 2014 who was wrongly billed till March 2015 resulted in overstatement of Revenue and consequent understatement of Losses by ₹ 6.93 crore.

Other Income: ₹ 279.95 crore

2. Failure to account for supervision charges received of ₹ 13.96 Crore as income resulted in understatement of Other Income and overstatement of current year Losses by ₹ 13.96 Crore.

3. Excess charging of Delay Payment Surcharge to the Mineral Area Development Authority resulted in overstatement of revenue and consequent understatement of Loss by ₹ 29.34 crore.
4. Interest earned on un-utilised fund of Rajiv Gandhi Gramin Vidyutikaran Yojna scheme of ₹ 1.79 crore ,which was to be remitted to Ministry of Power, Govt. of India, should have been booked in Current Liabilities. Instead the same was accounted as income of the Company under the head Other Income. This resulted in understatement of Current Liabilities as well as over statement of Other Income and consequent understatement of loss of the company by ₹1.79 crore.
5. JBVNL provided depreciation on opening balance only but while reversing the depreciation on assets of deposit works, depreciation was calculated on the closing balance as on 31.03.15. This resulted in overstatement of Other Income and over statement of Current year Loss by ₹ 4.31 crore.

EXPENSES

Administrative expenses: ₹ 37.52 crore

6. Failure to account expenses for works of rural franchises by Electric Supply Circle, Chas has resulted in understatement of both Administrative expenses and current year Loss by ₹ 1.40 crore.

Purchase of Power and Transmission Charges: ₹ 4775.63 crore

7. Delayed Payment Surcharge claimed by Tenughat Vidyut Nigam Limited payable for the period of April 2014 to March 2015 amounted to ₹ 299.06 crore. Not providing for this liability has resulted in understatement of Other Current Liabilities as well as Expenses and consequent understatement of Losses by ₹ 299.06 crore.
8. Short-provision of power purchase charges in the year 2014-15 resulted in understatement of Other Current Liabilities as well as Expenses and consequent understatement of Losses by ₹ 50.67 crore.

B. Comments of Financial Position:

BALANCE SHEET

Other Current Liabilities: ₹ 90.59 crore

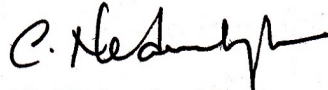
9. Excess provision of ₹ 1.00 crore towards audit fees in the year 2014-15 resulted into overstatement of Other Current Liabilities and consequent overstatement of Loss by the same amount.
10. Failure to account operation and maintenance expenses of ₹ 16.41 crore paid in the month of April and May 2015 related to the financial year 2014-15 resulted in understatement of Other Current Liabilities as well as Expenses and consequent understatement of Loss by the same amount.

C. General

11. Debt as per annual account was ₹ 4021.43 crore whereas Debt as per Revenue Accounts maintained by revenue section on the basis on consumer ledger was ₹ 4046.33 crore. Difference of ₹ 24.90 crore is required to be verified and reconciled.
12. The Company should transfer the provisional amount of Pension, Gratuity and Earned Leave on monthly basis at the time of monthly payment of salaries to the master trust. The company has not transferred these amounts to the master trust and not made provision of interest on the unpaid amount of Pension, Leave Encashment, Gratuity, GPF and GSS to Master Trust.
13. Significant Accounting Policies of the Company at S. No. - 13.3 states that 'All store items are issued at running weighted average issue rates that prevailed in the accounting units'. But Company has issued their stock materials as per cost data/last purchase price instead of weighted average method which contradicts the company's accounting policy. Thus, the company has not complied with accounting policy.

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

Place: Ranchi
Date: 30.05-2017


(C. Nedunchezian)
Accountant General (Audit)
Jharkhand, Ranchi