

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 2016.

The preparation of Financial Statements of Jharkhand Bijli Vitran Nigam Limited for the year ended 31 March 2016 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 06 March 2017.

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 2016. 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**

Other income: Rs.414.98 crore

- 1) Failure to account for supervision charges in respect of Electric Supply Circle, Ranchi of ₹ 1.94 Crore as income resulted in understatement of Other Income and overstatement of Loss by ₹ 1.94 Crore.
- 2) Interest earned on un-utilised fund of Rajiv Gandhi Gramin Vidyutikaran Yojna scheme of ₹ 2.16 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 ₹ 2.16 crore.
- 3) Company booked ₹ 1.60 crore towards interest on Power Finance Corporation (PFC) fund as income in the books of accounts instead of crediting work in progress interest paid and provided on PFC loan was debited to work in progress. This resulted in overstatement of income as well as work in progress by ₹ 1.60 crore and consequent understatement of losses by the same amount.

EXPENSES

Extraordinary Items (Prior Period Credits/Charges): ₹ 391.88 crore.

- 4) Non accountal of preliminary expenditure in the year 2015-16 has resulted in understatement of Prior Period expenditure and loss by ₹ 2.00 crore.

Purchase of Power and Transmission charges: Rs.5336.80 crore

- 5) The above does not include Delayed Payment Surcharge claimed by Tenughat Vidyut Nigam Limited payable for the period of April 2015 to March 2016 amounting to ₹ 327.60 crore. Not providing for this liability has resulted in understatement of Other Current Liabilities as well as Expenses and consequent understatement of Loss by ₹ 327.60 crore.
- 6) Short provision of power purchase charges in the year 2015-16 resulted in understatement of Other Current Liability as well as Expenses and consequent understatement of Loss by Rs. 24.54 crore.
- 7) Non accountal of the impact of the reconciliation on the power purchase cost and Delayed Payment Surcharge (DPS) with Damodar Valley Corporation (DVC) in the accounts pertaining to period from 2001 to September 2015 resulted into understatement of Other Current Liabilities by ₹ 1149.68 crore power purchase expenses by ₹ 12.66 crore and Restructuring account by ₹ 1137.02 crore.

B. Comments of Financial Position:

BALANCE SHEET

Other Current Liabilities: ₹ 472.10 crore

8) Failure to account operation and maintenance expenses of ₹ 3.79 crore paid in the month of April and May 2016 related to the financial year 2015-16 resulted in understatement of Other Current Liabilities as well as Expenses and consequent understatement of Loss by the same amount.

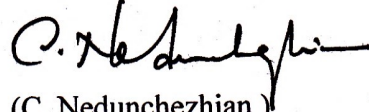
C. General

9) Debtors as per annual account were ₹ 4466.46 crore whereas Debtors as per Revenue Accounts maintained by Revenue Section on the basis on consumer ledger was ₹ 4320.46 crore. Thus difference of ₹ 146.00 crore is required to be verified and reconciled.

10) The Company should transfer the provisional amount of Pension, Gratuity and Earned Leave encashment 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.

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

Place: Ranchi
Date: 07-07-2017


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