B C DUTTA & CO
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Independent Auditor's Report

To,
The Members ,
Jharkhand Bijli Vitran Nigam Limited
Ranchi

Report on the Financial Statements

We have audited the accompanying financial statements of JHARKHAND BIJLI VITRAN NIGAM LIMITED ("the Company") which comprise the Balance Sheet as on March 31,2015 , the Statement of Profit and Loss and the cash flow statement for the year ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The management and Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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, design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate except for the matters referred to in the Basis for Disclaimer of opinion.

Basis of Disclaimer of Opinion

1. *This audit report for F.Y. 2014-15 is submitted subject to approval and adoption of annual accounts of the year ended 31st March,2014 and its report by the Annual General Meeting of the Company for the year ended 31st March 2014 and that reports of Board of Directors for the year ended 31st March,2014 and 31st March,2015 are not submitted. Further the management representation and parties confirmation of loans & advances, trade receivables/ payables, liabilities, investments etc. are not submitted. Therefore our report is subject to any impact of the same on the referred annual accounts particularly in respect of Fixed Deposits, interest and TDS thereon.*

2 -2.1 *The dismantling of Jharkhand State Electricity Board (JSEB) reportedly carried by Power Finance Corporation for transfer of Assets and Liabilities of JSEB as per direction of Holding Company and in consonance with provisions of Section 131 etc. of Electricity Act 2003, the assets and liabilities of JSEB were transferred to the respective new four independent corporations created under Companies Act 1956, namely Jharkhand Urja Vikash Nigam Ltd.(JUVNL)(Holding Company), Jharkhand Urja Sancharan Nigam Ltd.(JUSNL), Jharkhand Urja Utpadan Nigam Ltd.(JUUNL) and Jharkhand Bijli Vitran Nigam Ltd.(JBVNL) with a sum of approx Rs. 23,000 crores not transferred as reported in Para 8 of our 2013-14 audit report.*

There is no record of transaction from the date of incorporation/commissioning on 23rd October, 2013 to the date of financial operation on 6th January 2014 as informed.

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2.2 *The submission of two Journal Vouchers (with no enclosures as evidential support) by the holding company to JBVNL reveal that major financial transactions of JBVNL are defacto carried by the holding company ; which per section 188 and AS-18 "Related Party Disclosures" and other allied sections of Indian Companies Act 2013; need approval by* *resolution of the Board of Directors of the respective companies which were not provided to us.*

The details of the two Journal Vouchers of Rs. 21.18 crores and Rs. 13258.85 crores submitted to us, reveal as under;

(a)The financial operations are mostly carried by JUVNL and no supporting documents were produced to us in respect of said journal vouchers.

Therefore we cannot comment on the impact of the above amounts in Balance Sheet, Profit & Loss and Cash flow of the company for year ended 31st March 2015.

(b) The difference between the vouchers of JBVNL and aforesaid journal vouchers of JUVNL further reveal differences as under:-

	Per JUVNL	***Per JBVNL***
(i) Purchase of vehicle of Rs. 4.19 lacs by holding company for JBVNL.	*4.19 Lacs*	*NIL*
(ii) TDS on Interest on FDR	*2.09 Lacs*	*NIL*

(iii) (A) FDR

No details/ confirmation/ certificates were produced to us

Per JUVNL Fresh FDR in 2014-15	*286.99 lacs*
Per JBVNL (Item 46 of T.B.)	*271.23 lacs*

(B) Further, it is reported that JUVNL has raised overdraft from bank on FDR pledged and Interest on such O/D for 2014-15 is Rs. 5391.95 lacs charged in Profit & Loss of JBVNL and identification of FDR pledged, L/C taken from banks, its approval etc. are not submitted.

The letter dated 09-07-2014 of RE indicate further that interest of Rs 5.76 crores was paid to REC after deducting Rs 6.26 Lacs as TDS in respect of RGGVY projects fund not utilized.

(iv) Transmission charges per JBVNL for 2014-15	*Rs. 13031.03 lacs*
Per JUSNL for 2014-15	*Rs. 13852.88 lacs*
Difference	*Rs. 821.85 lacs*

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(v) *The following items continued to appear in the annual accounts of JBVNL with no explanation given for its static character.*

a) Assets taken over from pending valuation-earlier from 2012-13 of JSEB		*Absolute Rupees* 2,08,37,757/-
b) Item 103 of Trial Balance of JBVNL Cash found in excess for verification		4231/-
c) Cash in Transit (This is not yet taken Seriously with possibility of weakness In cash management as it may be there In JSEB)		35,38,91,470/-
d) Loans and Advances to Staff (From JSEB period)		7,18,237/-
e) TWC other (Stock)	*Credit*	1,60,495/-
f) Claims Receivable from GOJ (Aged years no adjustment in Accounts by Holding Company)	*Debit*	56,85,02,39,788/-
g) Advance against energy consumed by State Government	*Credit*	8,33,02,604/-

3. *The accounting of Retiral Benefit Management through a "Master Trust" and investment of employees fund for benefit of employees as per Transfer Scheme and notification No. 18 dated 06-01-2014 & No. 2917 dated 15-11-2015 through Master Trust under Holding Company is still awaited.*

As a result; the position of retiral benefits to JBVNL are not established.

4. *As per information the company owns leasehold and freehold land with no identification or value for each; the total amount shown in the account being Rs.114.29 lacs. There is no amortization of Leasehold land if any and the title of the lands, its possession, entry into books/registers of measurement are not maintained. This is a violation of Accounting Standard 19 "Leases".*

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5. **Reserve and Surplus (Authorised Capital of Rs 500 Crores)**

The Balance Sheet of the Company as at 31st March 2015, shows Reserve and Surplus at Rs. 418939.31 Lacs (Note 4) including Restructuring Account of Rs. 325149.25 Lacs (3251 Crores) and examination/ discussion revealed that defacto the said amount would have been created reportedly to tally the Balance Sheet of each company.

And that the holding company; may be considering that the GOJ will issue shares for the said amount quoting notification no 18 dated 06-01-2014. The authorized capital of JBVNL is Rs.500 Crores. If so how restructuring Amount of Rs. 3251 Crores as against an authorized capital Rs. 500 crores is proposed; and it is not in consonance with GAAP and schedule III of Indian Companies Act, 2013 and placed in reserves as per instruction of holding company.

6. *In respect of Terminal benefits to employees, gratuity, Pension and Leave Encashment are not accounted for on accrual basis for Actuarial valuation for accounting principle of the companies. Secondly; the functioning of Master Trust for Terminal benefit is yet to be reflected in the books for Provisions on Terminal Benefit and reported amount in the annual accounts are as under:*

1. EPF Employer	Rs. 286.98
2. EPF Employee	Rs. 26.01
3, GPF (Trustee)	Rs. 20.72
4, CPF (Trustee)	Rs. 4.18
5. GPF (HQ)	Rs. 165.37
6. CPF	Rs. 26.58
	Rs. 529.84

Significant accounting principle of the company; point 14.4, on actuarial valuation of gratuity, pension and leave encashment and non compliance to AS-15-"Employee Benefits" are to be noted.

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7. **Cash and Cash equivalents**

Confirmation or certificate from management for cash and bank balances (including cash in transit and imprest cash) have not been obtained. The physical verification of cash , cash in Transit, with circles etc. have not been submitted for all units . Bank Reconciliation Statement of a number of areas/circles not submitted. Therefore we cannot comment on total amount of stale cheques, cheques deposited but not credited *etc. and its impact on the annual accounts. Investment in Fixed deposits of Bank not confirmed nor certificate obtained. AS 13 "Accounting for investments" not complied.*

8. *Significant Accounting Policies are in place of the company as detailed in the Final Accounts. However following are the deviation witnessed:- few e.g (1) Ineffective use of estimates – as seen in Internal Audit Reports. (2) Fixed Assets- Transfer directly to Fixed Assets without routing through CWIP. (3)Large repairs/ renovation is not as per Para 3.7 e.g. repairs of lines/ cable Rs 4810 lacs (4) Computer Software not reflected as intangible assets as per AS 26 "Intangible Assets"*

The financial operation are to be reviewed in respect of accounting policies in place.

9. ***Capital Work in Progress (CWIP)***

The position of CWIP as on 31-03-2015 is stated as Rs. 64,781.88 lacs (Including Finance cost of Rs.8216.46 lacs)

The material at Capital sight is not shown	*Rs. 53,792.72 lacs*
As part of CWIP on 31.03.15	*Rs.1,18,574.60 lacs*

The transfer of Finance cost of Rs.10926.06 lacs is disproportionate with transfer of CWIP of Rs.25524.10 lacs. Rs.10926.06 lacs is stated to be of earlier years. The completion certificates for various projects were not shown to us.

The AS 6 "Depreciation Accounting" & AS 10 "Accounting for Fixed Assets" is not complied.

Tariff loss on account of projects commissioned in Dec 2007 to Feb 2014 but not transferred to Fixed Assets of Rs.418.32 lacs approx at Dhanbad ESC is not known.

The bifurcation of CWIP between RE, ADP, APDRP, RAPDRP etc. as per accounting policy is not submitted and are stated to be given in next year.

10. ***Fixed Assets**: There is no Fixed Assets Register and physical verification not carried from inception & tagging pending. Therefore we cannot comment on any damaged, obsolete items, scrap stock and its impact in annual account reference in invited to substantive value of damaged/ obsolete items in Internal Audit Reports of areas/ Circle. This is violation of AS-6 "Depreciation Accounting", AS-10 "Accounting for Fixed Assets" and AS-28 "Impairment of Assets". Details available in summarized*

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Internal Audit covered in our letter dated 29-11-2016 to the company. There is difference in deprecation amount as per P/L and as per note 12 and its impact on the financial statement to be determined.

11. ***Opening Balance :***

Preliminary study shows the individual opening Balance of each circle/area as per their Trial Balance if consolidated with Head Quarter do not tally as per annual accounts and the matter is receiving attention of the management for correction. The opening figures as per financial statement has been regrouped and reclassified by management.

12. *Details and justification of prior period, extra ordinary items of Rs 32077.79 Lacs debited in Profit and Loss Account is not submitted and are not in compliance with AS-5 "Prior Period Items". Prior period items treatment and its impact on financial statements not established. The compliance for the comments for Internal Audits for respective units have not been submitted to us. The documents for ROC compliances including charge creation in respect of different loans are not shown to us.*

13. ***Tax matters:***

The assessment of the tax matters is in poor shape and liability of tax etc. for each area/circle are indeterminable as per Internal Audit Reports.

The TAN, TIN No. etc. were in the name of JSEB during the audit period and not in the name of company. Assessment of income tax, TDS, Sales tax, Service Tax etc. not complete including prior years of JSEB and compliances under various statutes not shown to us. AS 22 "Accounting for Taxes on Income" not complied.

It is also reported in the said internal audit report that demands raised by different area/circles are pending for years. Few of the long outstanding are given below:/

Sl. No.	***Items***	***Rupees in Lacs*** ***2014-15***	***2013-14***
1	*Other tax payable (static)*	14.98	14.98
2	*Income tax deduction at sources and not paid*	16.43	12.72
3	*Sale Tax/Profession Tax/ Labour Cess (*	618.29	893.55
4	*Recoveries Electricity duty*	545.71	(1663.02)
5	*Liability for expenses (Static)*	17.25	17.25

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6	*Royalty Payable (it is a revenue items*	*5.54*	*4.44*
7	*Service tax/ TDS not deducted on Legal Charge of Rs.133.32 Lacs.*		

14. *The details of the following have not been provided:*

14.1 *Interest on PFC Loan outstanding (per B/S) Rs 96.68 Lacs*

Interest Per P&L Account of JBVNL Rs 509.24 Lacs

14.2 *Interest on State Government Loan as per holding company*

As per calculation provided 425.63 Lacs

Per P&L Account of JBVNL NIL

(Considered whole amount in CWIP as per management)

14.3 *Bank Charges Per P&L Account 321.07 Lacs*

(Details not given and stated to be mainly Bank Charges on L/C taken).

15. *Other liabilities Note 10 include Rs.2335.44 lacs (last year NIL) related to REC. But REC letter dated 07-04-2015 mention the loan is to the GOJ and not JBVNL as per REC letter dated 07-04-2015.*

16. *As we have not been provided all details regarding trade receivables & revenue as per Revenue Accounts maintained by revenue section on the basis of consumer ledger, we are unable to give any comment for verification of revenue & trade receivable.*

17. TDS & Advances to Authorities of Rs 14.51 Crores deposited to income tax department and Rs 4.96 Crores was deposited to commercial taxes in the financial year 2010-11 which was calculated on the value of work done by the various contractors under RE plan and same was transferred to the JBVNL as opening balance. Since tax was deposited to income tax/sales tax department in the year 2010-11 and nothing was collected from contractors till date.

18. ***Transmission Loss:***

The transmission loss as per statement (unsigned) is around 44% Details of purchase/ sale of power etc. subject to costing of each segment are not available to arrive at reasonable/ reliable loss.

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Authenticity Of power purchase, sale of energy including others (sale- swapping etc.) done by holding company should be established between statements of revenue and annual accounts.

19. **Contingent Liability and Commitments**

Provisions for contingent liability etc as per Company's Accounting policy No.15 and AS 29 "Provisions, Contingent Liabilities and Contingent Assets" are not complied. There is no methodology in the company to identify this important area e.g. terminal benefits of employees; court cases, dispute cases, letter of credits, all bank guarantees executed, encashed & invoked etc. are not evaluated nor reported, estimated amounts of contracts remaining to be executed on Capital Account and any Contingent Losses is shown as nil without being evaluated which in our opinion is not in accordance with Accounting Standard – 29 "Provisions, Contingent Liabilities and Contingent Assets."

20. **Compliances to MSME Act, 2006 to the Financial Statements**

The Company has not completed the process of collecting information relating the Small and Micro units rendering service or supplying goods to the Company. Hence we are unable to determine whether there was delay in making payment to such entities and the resultant effect for such delay in accounts as prescribed under MSME Act, 2006 and the impact on the loss or liabilities of the Company.

21. **Revenue recognition as per Accounting Principle '12' and AS '9'**

The guidelines of Revenue recognition per Accounting Principle no. '12' and AS '9' " Revenue Recognition" differs in respect of revenue revised on assumption basis where certainty of collection is not established. We cannot comment on the impact of any such revenue in the Profit/loss account and Balance sheet as per Regulatory Commission's guideline.

Benefit offered by JSERC require aggressive attention to maximize the tariff subsidy.

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22. **Inventory**

Compliance of AS '2' on valuation of Inventory is not followed. Physical verification of all inventory is not fully carried out ; Per Internal Audit reports, substantial damaged *inventory as well as damaged Fixed Assets are yet to be accounted for. Reference is drawn to our letter dated 29/11/2016 on the subject.*

As per company's Accounting Principle No.13 (for material Accounting) Stores at construction site is treated as Capital Store. But are not shown under CWIP and instead are shown as inventory under stock in Balance sheet thereby understating CWIP by identical amount of Rs.53792.72 lacs (2013-14 is Rs.20425.68 lacs)

23. Consumer Contribution and Government grant:

Assets acquired out of consumer contribution are not identified and amortization as per AS '12' "Accounting for Government Grants" is not done as per Company's significant Accounting Policy No.4 . Capital grant from government is taken to Reserve & surplus in support of which letter of GOJ not produced. Restructuring Accounts of Rs. 325149.25 lacs also shown under reserves and surplus without explanation and against GAAP.

24. Borrowing Cost:

No detail of apportionment of borrowing cost is submitted. It is a violation of AS-16 " Borrowing Costs".

25. Internal Audit, Cost Audit & Secretarial Audit

Internal Audit was carried after March 2016 for the year 2014-15 reported to be in all areas/ circle. It is defacto postmortem exercise but revealed many irregularities. Our comment are given in letter dated 29.11.2016 on areas studied on sample basis. Cost and Secretarial audits are pending.

26. Inter unit reconciliation

Inter unit reconciliation is not done. Large amount of difference in transfer of money, store, assets between arrears/HO etc. which are to be reconciled and attended. Returns from Branches of data have been revised several times and therefore correctness of consolidation in HO Accounts is not commented.

27. Accrual Accounting

Accrual Accounting as per Accounting Standard -1 – 'Disclosure of Accounting Policy' is not complied in totality.

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28. Internal Control

There is no effective control in any areas of operation. Internal Audit is not conducted concurrently and is much delayed, secretarial audit, cost audit are awaited for compliance. Secretarial and other statutory compliances are to be ensured.

29. ***Books of Accounts***

During the Audit , it was revealed that Books of Accounts are maintained as per JSEB and not as per Companies Act, 2013. There is absence of computerized accounts. Employee payroll details are not provided. The manual records and its volume do not assure required reflection in accounts.

Disclaimer Opinion :

In our opinion and to the best of our information and explanation given to us *except for the effects of the matter described in basis of disclaimer opinion section* , the Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:

a) In the case of the Balance Sheet of the state of affairs of the Company as at March 31,2015

b) In the case of Statement of Profit and Loss of the loss for the period ended on that date; and

c) In the case of the cash flow statement of the cash flows for the year ended on that date.

Other Matters :

1. Following Disclosure are to be made:-

   a) Advances /due of directors or remuneration of directors or any other amount receivable or payable to directors as per application of Companies Act are not furnished.

   b) Related Party Disclosures as per AS-18 not provided.

2. Record Updation

   As JSEB is dismantled, the lease of Head quarters of all corporations housed in the Engineering Building leased by HEC should be modified/ corrected and lease can be transferred to Holding Company, who in turn collect charges for services etc. from each corporation. All other documents in name of JSEB should be correctly updated in the name of the companies.

3. Disaster/ Waste Management/Cost Improvement

3.1 Disaster Management for any eventuality as practiced in all corporate bodies in India and the World also need attention. Proper backup system of Data and cyber safety also required.

3.2 Introduction of Waste Management also needs importance.

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4. Computerization : Computerization with Tally initiated but the progress is far from bringing transparency as there is no ERP in place.

5. Insurance: As no insurance coverage for assets of the company; cash/cash in transit and exposure of accidental prone risk of technical personnel in the field of highly hazardous electricity distribution; the company do not have insurance coverage for relevant areas.

6. Adverse effect on Tariff

a) Benefit of tariff from Jharkhand State Electricity Regulatory Commission (JSERC) are not fully availed. There should be a separate cell for JSERC.

b) Tariff claim is receivable from Jharkhand State Electricity Commission (JSERC) consisting of depreciation charge, interest on working capital, O & M etc. Average tariff claim come to say 23% of capital cost.

c) The estimated tariff loss for non capitalizing of fixed assets is not determined.

Report on other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section143 of the Act, we give in the Annexure a statement on the matters Specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act we further report that *subject to Disclaimer of Opinion section* of our report :

a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) in our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014;

e) as per information and explanation given to us, the sub-section (2) of section 164 of the Companies Act, 2013 is not applicable to this company;

f) In our opinion and to the best of our information and according to the explanations givento us, we report as under 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:

(i) The Company does not have any pending litigations which would impact its financial position.

(ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

(iii) There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.

For M/s B C Dutta & Co
Chartered Accountants
FRN No:004589C

B C Dutta

B C Dutta & Co
Ranchi
Chartered Accountants

CA BALAI CHANDRA DUTTA
(Partner)
Membership No.007146
Place: Ranchi
Date: 31.12.2016

The Annexure referred to in paragraph under the heading of Report on other legal and Regulatory Requirements of Our Report of even date to the members of Jharkhand Bijli Vitran Nigam Limited on the accounts of the company for the year ended 31st March, 2015.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that :-

1. A) The Company has *not maintained* proper records showing full particulars, including quantitative details and situation of fixed assets upto 31st March 2015.

   B) As informed to us, physical verification of the fixed assets *has not been carried* out during the year and *has not been reconciled* as Fixed Asset Register is not made.

   C) In the *absence of fixed assets register* and physical verification report of fixed assets we are *unable to comment* on disposal of fixed assets.

2. a) As explained to us, during the year inventories of the Company *have not been physically verified* by the company. However, policy should be framed for physical verification as regular interval.

   b) In our opinion the procedures of physicals verification of inventories needs to be expedited and the identification of slow moving/ non- moving and obsolete inventories is to be undertaken and any loss arising there in have to be booked.

   c) Proper records of *inventory are not maintained* at any of the units of the company visited by us or at HO. As explained to us, the discrepancies if noticed on verification prior to the period of audit between the physical stocks and the books records are material; the same are to be properly dealt with in the books of account after verification of inventory is undertaken.

   There are *amount of discrepancies* of high value in the books of accounts prior to the period of audit and continue to remain static.

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Chartered Accountants

3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has granted loans of Rs 452.52

crores (secured or unsecured), to companies, firms or other parties listed in the register required under section 189 of the Companies Act, 2013. *Confirmation pending.*

(b) The liability for power etc from associate JUUNL of Rs 30676.90 lacs and JUSNL Rs. 16170.89 lacs *are not confirmed; neither accounts for confirmation submitted.*

4. In our opinion and according to the information and explanations given to us, there is *inadequate internal control procedure* commensurate with the size of the company and the nature of its business. During the course of our audit, instances of continued effort to correct weaknesses in the internal controls has been noticed.

5. The Company has not accepted any deposits from the public covered under section 73 to section 76 of the Companies Act, 2013.

6. Maintenance of cost records has been prescribed by the Central Government under sub-section (1) of section 148 of the Act for this Company and are of the opinion that prima facie, the prescribed accounts and records *have not been made* and maintained. We have not however, carried out any detailed examination of such records and accounts in the absence of timely internal Audit or cost Audit as well as absence of any system of control mechanism.

7. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, cess to the extent applicable and any other statutory dues have generally been *not regularly* deposited with the appropriate authorities. According to the information and explanations given to us, there were outstanding statutory dues as on 31st of March, 2015 for a period of more than six months from the date they became payable but amount *cannot be determined.*

(b) According to the information and explanations given to us, the amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty , value added tax or cess which have not been deposited on account of any disputes *is not determinable.*

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(c) There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund.

8. The Company has accumulated losses at the end of the financial year and it has incurred cash losses in current financial year covered by our audit and in the immediately preceding financial year.

9. Based on our audit procedures and on the information given by the management, we report that the *company has availed term loans from financial Institution or Banks & has not issued debentures.*

10. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from a bank or financial institution during the year.

11. Based on our audit procedures and according to the information given by the management, the company *has raised term loans* during the year but their *application* in absence of internal control *can not* be commented.

12. According to information and explanation given to us and on the basis of our review, we note that *Company is susceptible to frauds* on the Company owing to power theft and such frauds have been noticed and reported during the year however considering the fact that such matters are Sub-Judice amount involved could not be adjudged independently. Further, no fraud by the Company has been reported during the year.

For M/s B C Dutta & Co
Chartered Accountants
FRN No:004589C

CA BALAI CHANDRA DUTTA
(Partner)
Membership No.007146
Place: Ranchi
Date: 31.12.2016