Annexure -A

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

सत्यमेव जयते

No. AG (Audit)/E&G-II/JUSNL A/cs/A-68/ 740 **Dated: 3 .01.2017**

To

The Managing Director
Jharkhand Urja Sancharan Nigam Ltd (JUSNL)
Engineering Building
Dhurwa, Ranchi-834004

Sub: Comments of the Comptroller and Auditor General of India under Section 619(4) of Companies Act, 1956 on the accounts of Jharkhand Urja Sancharan Nigam Ltd (JUSNL) for the year ended 31 March 2014.

Sir,

I am to send the comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the accounts of Jharkhand Urja Sancharan Nigam Ltd (JUSNL) for the year ended 31 March 2014.

The comments may be placed in the Annual General Meeting of the company and a copy of the minutes of the AGM may please be sent to this office. The Printed Annual Report (5 copies) of the company for the year 2013-14 may also be sent to this office.

Yours faithfully,

Encl: As stated

Sr. Dy. Accountant General (E&G)

ई-मेल : e-mail: agaujharkhand@cag.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF JHARKHAND URJA SANCHARAN NIGAM LTD, RANCHI FOR THE YEAR ENDED 31 MARCH 2014.

The preparation of financial statements of Jharkhand Urja Sancharan Nigam Ltd, Ranchi for the year ended 31 March 2014 in accordance with financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 08 July 2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619 (3) (b) of the Companies Act, 1956 of the financial statements of Jharkhand Urja Sancharan Nigam Ltd, Ranchi for the year ended 31 March 2014. 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 619(4) of the Companies Act, 1956 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: ₹ 1.98 crore

1. Above does not include supervision charge amounting to ₹ 50.85 lakh earned by Transmission Circle, Ranchi. This has resulted in overstatement of loss of the company by an equivalent amount.

B. Comments of Financial Position:

BALANCE SHEET

Other Current Liabilities: ₹ 13.49 crore

2. Opening balance of Other Current Liabilities as per Transfer Scheme of assets and liabilities of erstwhile JSEB was ₹ 194.59 crore whereas opening balance as per prepared accounts was taken as ₹ 193.17 crore. This has resulted in understatement of Other Current Liabilities of the company as well as overstatement of Restructuring Accounts pending adjustment by ₹ 1.42 crore.

C. General

3. Company should transfer the provision amount of Pension, Gratuity, Earned Leave, GPF and GSS to the Master Trust on monthly basis at the time of monthly payment of salaries. The company has not transferred these amounts to the Master Trust and also not made provision of interest on unpaid Pension, Leave Encashment, Gratuity as well as GPF and GSS to Master Trust.

4. As per transfer scheme of assets and liabilities of erstwhile JSEB all liabilities towards gratuity, pension, leave encashment, GSS and provident fund were not given to the company. During the period after formation of the company i.e. 05.01.2014 to 31.03.2014 total payment made on above head was debited to respective heads. This has resulted in overstatement of Other Current Assets of the company as well as understatement of Restructuring Account pending adjustment by ₹ 5.69 crore.

5. Compliance of AS-2 'Valuation of Inventory' was not made as net realisable value of inventory was not assessed. Obsolete store were not identified and written off. The Physical verification was also not carried out.

6. Rate of depreciation calculated as per the rate prescribed by the JSERC vide notification no.33 & 34 dated 27/12/10 and dated 01/11/2010, whereas it was mentioned in the "Notes Forming Part of the Financial Statements" that depreciation on fixed assets is calculated on Straight Line Method using the rates prescribed under the Schedule XIV

to the companies Act, 1956. Thus, the "Notes Forming Part of the Financial Statements" are incorrect to that extent.

7. There is no Fixed Assets Register maintained in the company and Fixed Assets verification was also not done.

8. Cash Book, was not maintained properly as neither Bank Reconciliation Statement was prepared nor monthly closing balance was signed/verified by the authorised officials.

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

Place: Ranchi
Date: 02-2017

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

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

No. AG (Audit)/E&G-II/JUSNL A/cs/A-78/ 2014-15/ 255 Dated: 7.07.2017

FE II

To

The Managing Director,
Jharkhand Urja Sancharan Nigam Limited
Ranchi.

10.7.2017

Sub: Comments of the Comptroller and Auditor General of India under section 143(6)(b) of the Companies Act, 2013 on the accounts of Jharkhand Urja Sancharan Nigam Ltd (JUSNL) for the year ended 31 March 2015.

Sir,

I am to send the comments of the Comptroller and Auditor General of India under section 143(6)(b) of the Companies Act,2013 on the accounts of Jharkhand Urja Sancharan Nigam Limited for the year ended 31 March 2015.

The comments may be placed in the Annual General Meeting of the company and a copy of the minutes of the AGM may please be sent to this office. The Printed Annual Report (5 copies) of the company for the year 2014-15 may also be sent to this office.

2263/FeA
10/07/17

Yours faithfully,

Encl: As stated

Sr. Deputy Accountant General (E&G)

Dy. G. M. (F&A)
10/07/017

Sri Mukesh
Sri Sulabh
12.07.17

MOST IMP
Sr. Mgr. (F&A)
Pl. put up immediately.
10/7/17

AO
12.07.17

दूरभाष / Telephone: 0651-2411670/2413690 फैक्स / Fax: 0651-2412517/ 2413701 ई-मेल / e-mail: agaujharkhand@cag.gov.in

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 URJA SANCHARAN NIGAM LIMITED, RANCHI FOR THE YEAR ENDED 31 MARCH 2015.

The preparation of Financial Statements of Jharkhand Urja Sancharan 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 3 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 Urja Sancharan 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

Other Income: ₹ 5.89 crore

1. Short accountal of supervision charges in respect of Transmission Zone, Jamshedpur as income in the company's accounts has resulted in understatement of other income and overstatement of loss by ₹ 1.86 crore.

EXPENSES

Extraordinary Items (Prior Period Credits/Charges): ₹ 6.63 crore

2. Failure to account preliminary expenditure in the year 2014-15 has resulted in understatement of Prior Period expenditure and loss by ₹ 2.00 crore.

Finance Costs: ₹ 17.10 crore

3. Short accountal of interest payable on State Govt. loan has resulted in understatement of current liabilities as well as losses for the year by ₹ 1.85 crore.

B. Comments on Financial Position:

BALANCE SHEET

Other Current Liabilities: ₹ 335.42 crore

4. The Company should transfer the provision amount of pension, gratuity, earned leave and Group Saving Scheme (GSS) 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 also did not make any provision of Interest on the unpaid amount of Pension, Earned Leave, Gratuity, General Provident Fund and GSS.

Other Current Assets: ₹ 28.29 crore

5. As per transfer scheme finalised at the time of reorganization of erstwhile Jharkhand State Electricity Board (JSEB) all liabilities towards gratuity, pension and GSS were not transferred to the company from JSEB. During the year 2014-15 total payment made on above head was debited to respective heads which resulted in overstatement of Other Current Assets of the company as well as Restructuring Accounts pending adjustment by ₹ 17.91 crore.

Fixed Assets: Capital Work in Progress: ₹ 328.59 crore

6. Non capitalisation of the assets which were commissioned in Transmission Circle, Dumka during February 2009 to August 2012 has resulted in

understatement of Prior Period expenses by ₹ 3.12 crore and current year depreciation by ₹ 1.29 crore due to not providing depreciation and overstatement of capital work in progress by ₹ 4.41 crore. Consequently loss was understated by ₹ 4.41 crore.

C. General

7. Rate of depreciation was calculated as per the rate prescribed by the Jharkhand State Electricity Regulatory Commission (JSERC), whereas it was mentioned in significant accounting policies that depreciation on fixed assets is calculated on Straight Line Method using the rates prescribed under the Schedule XIV to the companies Act, 1956.

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

Place: Ranchi
Date: 07 -07-2017

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