

Ref.: BA/564

AUDITORS' CERTIFICATE

We, the Statutory Auditors of **Jamshedpur Utilities And Services Company Limited** ("**Company**"), have examined the books of account and other relevant records maintained by the Company for the year ended March 31, 2016, on the basis of which financial information has been extracted, compiled and presented by the Management in the attached financial information of the Power Business Division ("**Annexures**"). This certification is issued in accordance with our engagement letter dated August 17, 2016.

Managements Responsibility for the Annexures

The Management of the Company is responsible for the preparation and presentation of the attached Annexures and maintenance of proper books of account as prescribed by applicable law which includes collecting, collating and validating data and designing, implementing and monitoring of internal control relevant to the preparation of the attached Annexures that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility, for the purpose of this certificate, is limited to examining whether the Annexures are in agreement with the separately identifiable cost center reports and other records pertaining to the Power Business Division of the Company. We conducted our verification in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes and Standards on Auditing issued by the Institute of Chartered Accountants of India which include the concept of test checks and materiality. The Guidance also requires that we comply with the code of ethical requirements of Code of Ethics issued by the Institute. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Our Opinion

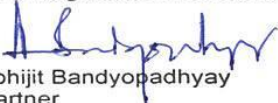
On the basis of our verification of such books of account and other relevant records and documents referred to above and according to the information and explanations and representations provided to us by the Management of the Company, we certify that the attached Annexures relating to Power Business Division of the Company, read with the notes thereon, have been extracted from and is consistent with the aforesaid books of account and other records maintained by the Company.



Restriction on Use

This certificate is issued at the request of the Management of the Company for submission to Jharkhand State Electricity Regulatory Commission and should not be used for any other purpose without our prior consent.

For Deloitte Haskins & Sells
Chartered Accountants
(ICAI Registration No. 302009E)


Abhijit Bandyopadhyay
Partner
Membership No. 054785



Kolkata, 28 June, 2017

| | Note No. | As at 31 March 2016 Rupees | As at 31 March 2015 Rupees |
|---|----------|-------------------------------|-------------------------------|
| (I) EQUITY AND LIABILITIES | | | |
| (1) Shareholders' funds | | | |
| (a) Capital Employed | | 3229,86,468 | 3255,85,683 |
| (b) Capital Contribution | 1 | 4695,40,897 | 4240,90,788 |
| (c) Inter Unit Current Account | | (3096,87,502) | (2909,99,467) |
| | | 4828,39,863 | 4586,77,004 |
| (2) Non-current liabilities | | | |
| (a) Other long-term liabilities | 2 | 5718,75,652 | 5034,62,929 |
| (b) Provisions for Employee benefits | | 170,90,067 | 110,64,572 |
| | | 5889,65,719 | 5145,27,501 |
| (3) Current liabilities | | | |
| (a) Trade payables | 2 | 3571,84,287 | 3652,87,898 |
| (b) Other current liabilities | 2 | 745,71,686 | 856,07,262 |
| (c) Provisions for Employee benefits | | 3,98,836 | 7,95,141 |
| | | 4321,54,809 | 4516,90,301 |
| TOTAL | | 15039,60,391 | 14248,94,806 |
| (II) ASSETS | | | |
| (1) Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 5 | 11759,42,908 | 9296,90,244 |
| (ii) Other Intangible assets | 5 | 54,51,325 | 62,58,303 |
| (iii) Capital work-in-progress | | 251,57,117 | 2992,19,370 |
| | | 12065,51,350 | 12351,67,917 |
| (b) Long-term loans and advances | 3 | 1,93,688 | 1,93,688 |
| | | 12067,45,038 | 12353,61,605 |
| (2) Current assets | | | |
| (a) Trade receivables | 4 | 2613,35,157 | 1750,89,562 |
| (b) Cash and cash equivalents | | 244,61,492 | 126,32,260 |
| (c) Inventory | | 114,18,704 | 18,11,379 |
| | | 2972,15,353 | 1895,33,201 |
| TOTAL | | 15039,60,391 | 14248,94,806 |
| See accompanying notes forming part of the financial statements | | | |

Referred to in Auditor's Certificate No. BA/564 dated June 28, 2017

For and on behalf of the Board
Jamshedpur Utilities and Services Company Limited

Ashish Mathur
Managing Director
DIN: 03508443
Jamshedpur June 28, 2017



JAMSHEDPUR UTILITIES AND SERVICES COMPANY LIMITED
POWER BUSINESS DIVISION
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 MARCH, 2016

Annexure II

| | Note No. | April - March 16 Rupees | April - March 15 Rupees |
|---|----------|----------------------------|----------------------------|
| I. Revenue from operations (Tariff Income) (Units sold 465,748,626 kwh, previous year 384,095,311 kwh) | | 24437,81,842 | 17906,69,577 |
| II. Other Income (Non Tariff Income) | 6 | 2,49,924 | 12,02,478 |
| III. TOTAL REVENUE (I+II) | | 24440,31,766 | 17918,72,055 |
| IV. Expenses : | | | |
| Operating Expenses | | | |
| (a) Purchase of Power | 7 | 24038,34,734 | 14715,64,660 |
| (b) Employee cost | 8 | 627,52,763 | 616,72,813 |
| (c) Interest expenses | | 434,80,112 | 424,76,241 |
| (d) Depreciation and amortisation expense | | | |
| Depreciation | | 922,12,087 | 731,72,170 |
| Less : Transfer from Contribution for Capital Expenditure | | 268,09,462 | 254,19,177 |
| Depreciation and amortisation expense | | 654,02,625 | 477,52,993 |
| (e) Repair and Maintenance | 9 | 348,45,801 | 306,51,146 |
| (f) Administrative and General Expenses | 10 | 257,29,643 | 199,88,066 |
| TOTAL EXPENSES | | 26360,45,678 | 16741,05,919 |
| V. PROFIT/(LOSS) BEFORE TAXES | | (1920,13,912) | 1177,66,136 |
| See accompanying notes forming part of the financial statements | | | |

For and on behalf of the Board
Jamshedpur Utilities and Services Company Limited

Ashish Mathur
Managing Director
DIN: 03508443
Jamshedpur June 28, 2017



| | As at March 31, 2016 (Rupees) | As at March 31, 2015 (Rupees) |
|---|-------------------------------------|-------------------------------------|
| Note 1 : CAPITAL CONTRIBUTION RESERVE | | |
| Opening Balance | 4240,90,788 | 4076,36,976 |
| Add : Contribution capitalised during the year. | 722,59,571 | 418,72,989 |
| | 4963,50,359 | 4495,09,965 |
| Less : Transfer to Profit and Loss Account (Depreciation) | 268,09,462 | 254,19,177 |
| Closing Balance | 4695,40,897 | 4240,90,788 |

| Note 2 - TRADE AND OTHER PAYABLES | As at March 31, 2016 (Rupees) | | | As at March 31, 2015 (Rupees) | | |
|---|-------------------------------|-------------|--------------|-------------------------------|-------------|-------------|
| | Non-current | Current | Total | Non-current | Current | Total |
| A. Trade Payables | | | | | | |
| (a) Dues to Micro, Small & Medium Enterprises | - | - | - | - | - | - |
| (b) Creditors for supplies/Services | - | 3491,99,014 | 3491,99,014 | - | 3580,39,649 | 3580,39,649 |
| (c) Renewable Power purchase liability | - | - | - | - | - | - |
| (d) Creditors for accrued wages and salaries | - | 79,85,273 | 79,85,273 | - | 72,48,249 | 72,48,249 |
| Sub-total | - | 3571,84,287 | 3571,84,287 | - | 3652,87,898 | 3652,87,898 |
| B. Other Payables | | | | | | |
| (a) Security Deposits | 5718,75,652 | - | 5718,75,652 | 5034,62,929 | - | 5034,62,929 |
| (b) Interest on security deposit (Net of TDS) | - | 386,46,071 | 386,46,071 | - | 377,32,272 | 377,32,272 |
| (c) Contribution for capital expenditure | - | 335,17,878 | 335,17,878 | - | 458,96,689 | 458,96,689 |
| (d) Others | - | 24,07,737 | 24,07,737 | - | 19,78,301 | 19,78,301 |
| Sub-total | 5718,75,652 | 745,71,686 | 6464,47,338 | 5034,62,929 | 856,07,262 | 5890,70,191 |
| Total (A+B) | 5718,75,652 | 4317,55,973 | 10036,31,625 | 5034,62,929 | 4508,95,160 | 9543,58,089 |

| Note 3 - LOANS AND ADVANCES | As at March 31, 2016 (Rupees) | | | As at March 31, 2015 (Rupees) | | |
|--|-------------------------------|---------|----------|-------------------------------|---------|----------|
| | Non-current | Current | Total | Non-current | Current | Total |
| (a) Capital advances | 1,93,688 | - | 1,93,688 | 1,93,688 | - | 1,93,688 |
| (b) Advance with public bodies | - | - | - | - | - | - |
| (c) Other loans and advances | - | - | - | - | - | - |
| Gross Loans and advances | 1,93,688 | - | 1,93,688 | 1,93,688 | - | 1,93,688 |
| Less: Provision for bad & doubtful loans & advances | - | - | - | - | - | - |
| Total Loans and advances | 1,93,688 | - | 1,93,688 | 1,93,688 | - | 1,93,688 |
| Classification of loans and advances | | | | | | |
| Secured, considered good | - | - | - | - | - | - |
| Unsecured, considered good | 1,93,688 | - | 1,93,688 | 1,93,688 | - | 1,93,688 |
| Doubtful | - | - | - | - | - | - |
| Gross Loans and advances | 1,93,688 | - | 1,93,688 | 1,93,688 | - | 1,93,688 |

| Note 4 TRADE AND OTHER RECEIVABLES | As at March 31, 2016 (Rupees) | | | As at March 31, 2015 (Rupees) | | |
|---|-------------------------------|-------------|-------------|-------------------------------|-------------|-------------|
| | Non-current | Current | Total | Non-current | Current | Total |
| A. Trade Receivables | | | | | | |
| (i) More than six months | - | 40,219 | 40,219 | - | - | - |
| (ii) Others | - | 2612,94,938 | 2612,94,938 | - | 1750,89,562 | 1750,89,562 |
| Gross Trade Receivables | - | 2613,35,157 | 2613,35,157 | - | 1750,89,562 | 1750,89,562 |
| Less: Provision for bad and doubtful debts | - | - | - | - | - | - |
| Net Trade Receivables | - | 2613,35,157 | 2613,35,157 | - | 1750,89,562 | 1750,89,562 |
| Classification of Trade Receivables | | | | | | |
| Secured, considered good | - | - | - | - | - | - |
| Unsecured, considered good | - | 2613,35,157 | 2613,35,157 | - | 1750,89,562 | 1750,89,562 |
| Doubtful | - | - | - | - | - | - |
| Total Trade Receivables | - | 2613,35,157 | 2613,35,157 | - | 1750,89,562 | 1750,89,562 |



JAMSHEDPUR UTILITIES AND SERVICES COMPANY LIMITED
POWER BUSINESS DIVISION
NOTE FORMING PART OF FINANCIAL STATEMENTS
Note -5 Fixed Assets

| Particulars | Gross Block | | | Accumulated Depreciation | | | Net block as at | | |
|---|--|--|----------------------|--|--|--|--|--|---|
| | As at April 1, 2015 | Additions during the period | Disposal/ adjustment | As at March 31, 2016 | As at April 1, 2015 | Depreciation/ Amortisation for the year | Depreciation or assets disposed / adjusted | As at March 31, 2016 | March 31, 2016 |
| | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees |
| Tangible Assets | | | | | | | | | |
| Land | 23,94,657 (23,94,657) | - | - | 23,94,657 (23,94,657) | - | - | - | - | 23,94,657 (23,94,657) |
| Buildings | 362,65,986 (362,65,986) | 15,68,227 | - | 378,34,213 (362,65,986) | 52,75,530 (42,59,837) | 10,35,437 (10,15,633) | - | 63,10,957 (52,75,530) | 315,23,256 (309,90,456) |
| Plant and Equipment | 12579,05,040 (11506,12,662) | 3360,89,546 (1072,92,378) | - | 15939,94,586 (12579,05,040) | 3623,21,080 (2911,15,800) | 902,30,277 (712,05,230) | - | 4525,51,357 (3623,21,080) | 11414,43,229 (8955,83,960) |
| Furniture & Fixtures and Office Equipment | 17,36,572 (17,36,572) | - | - | 17,36,572 (17,36,572) | 10,95,009 (9,50,790) | 1,39,435 (1,44,219) | - | 12,34,414 (10,95,009) | 5,02,158 (6,41,563) |
| Vehicles | 7,95,823 (7,95,823) | - | - | 7,95,823 (7,95,823) | 7,16,215 (7,16,215) | - | - | 7,16,215 (7,16,215) | 79,608 (79,608) |
| Total Tangible Assets | 12990,98,078 <i>(11918,05,700)</i> | 3376,57,773 <i>(1072,92,378)</i> | - | 16367,55,851 <i>(12990,98,078)</i> | 3694,07,834 <i>(2970,42,642)</i> | 914,05,139 <i>(723,65,132)</i> | - | 4608,12,943 <i>(3694,07,834)</i> | 11759,42,908 <i>(9296,90,244)</i> |
| Intangible Assets | | | | | | | | | |
| Licenses | 77,58,755 (77,58,755) | - | - | 77,58,755 (77,58,755) | 42,78,695 (38,23,256) | 4,55,439 (4,55,439) | - | 47,34,134 (42,78,695) | 30,24,621 (34,80,060) |
| Software | 66,52,688 (66,52,688) | - | - | 66,52,688 (66,52,688) | 38,74,445 (35,22,906) | 3,51,539 (3,51,539) | - | 42,25,984 (38,74,445) | 24,26,704 (27,78,243) |
| Total Intangible Assets | 144,11,443 <i>(144,11,443)</i> | - | - | 144,11,443 <i>(144,11,443)</i> | 81,53,140 <i>(73,46,162)</i> | 8,06,978 <i>(8,06,978)</i> | - | 89,60,118 <i>(81,53,140)</i> | 54,51,325 <i>(62,58,303)</i> |
| TOTAL | 13135,09,521 | 3376,57,773 | - | 16511,67,294 | 3775,60,974 | 922,12,087 | - | 4697,73,061 | 11813,94,233 |
| <i>Previous Year</i> | <i>(12062,17,143)</i> | <i>(1072,92,378)</i> | - | <i>(13135,09,521)</i> | <i>(3043,88,804)</i> | <i>(731,72,170)</i> | - | <i>(3775,60,974)</i> | <i>(9359,48,547)</i> |



Previous Year figures in Italics and Brackets

JAMSHEDPUR UTILITIES AND SERVICES COMPANY LIMITED
POWER BUSINESS DIVISION
NOTE FORMING PART OF FINANCIAL STATEMENTS

| | April - March 16 Rupees | April -March 15 Rupees |
|--|----------------------------|---------------------------|
| Note 6 : OTHER INCOME : | | |
| (a) Interest Income | 1,778 | 2,239 |
| (b) Miscellaneous Income | 2,48,146 | 12,00,239 |
| | <u>2,49,924</u> | <u>12,02,478</u> |
| Note 7 : PURCHASE OF POWER : | | |
| (a) Purchase from Tata Steel (Units purchased FY 2015-16 - 339,547,552 kwh, FY 2014-15- 284,934,332 kwh) | 13955,37,825 | 10047,04,274 |
| (b) Purchase from DVC (Units purchased FY 2015-16 131,760,422 kwh, FY 2014-15 - 102,481,400 kwh) | 6411,72,462 | 4668,60,386 |
| (c) Debit Note for past years. (Refer Note - j) | 3671,24,447 | - |
| | <u>24038,34,734</u> | <u>14715,64,660</u> |
| Note 8 : EMPLOYEE COST : | | |
| (a) Salaries and wages | 555,70,039 | 555,58,339 |
| (b) Contribution to provident and other funds | 34,43,852 | 40,33,524 |
| (c) Staff welfare expenses | 37,38,872 | 20,80,950 |
| | <u>627,52,763</u> | <u>616,72,813</u> |
| Note 9 : REPAIR AND MAINTENANCE: | | |
| (a) Cost of repairs | 210,12,660 | 194,90,683 |
| (b) Consumption of stores and spare parts | 131,21,930 | 102,13,029 |
| (c) Repairs to machinery | 7,11,211 | 9,47,434 |
| | <u>348,45,801</u> | <u>306,51,146</u> |
| Note 10 : ADMINISTRATION AND GENERAL EXPENSES | | |
| (a) Rent | 9,62,669 | 8,83,373 |
| (b) Insurance charges | 9,78,432 | 8,34,136 |
| (c) Consultancy Charges | 21,88,671 | 47,59,428 |
| (d) Travelling and Conveyance Expenses | 27,92,145 | 40,68,681 |
| (e) Advertisement & Promotional Expenses | 11,68,705 | 1,42,265 |
| (f) Bank Charges / Fees | 17,92,016 | 1,16,653 |
| (g) Software Charges | 20,93,858 | 14,07,565 |
| (h) Cost of Security services | 9,37,956 | 19,08,414 |
| (i) Hire Charges for Motor cars | 20,94,763 | 18,91,321 |
| (j) Auditor Fees | 1,54,642 | 1,75,000 |
| (k) Others | 105,65,786 | 38,01,230 |
| | <u>257,29,643</u> | <u>199,88,066</u> |



11. **Jamshedpur Utilities and Services Company Limited**
Power Business Division
Notes forming part of Statement of Affairs and Statement of Profit and Loss for the year ending March 31, 2016

a. **Basis for Accounting**

The financial statements are prepared under the historical cost convention on an accrual basis in accordance with the generally accepted principles, Accounting Standards issued by the Institute of Chartered Accountants of India, as applicable, and the relevant provisions of the Companies Act, 2013 ("the 2013 Act").

b. **Power Business Division**

Jamshedpur Utilities and Services Company Limited ("JUSCO") was incorporated on 25th August, 2003 under the provisions of the Companies Act, 1956 as a wholly owned subsidiary of Tata Steel. Under the provisions of Electricity Act 2003, JUSCO was granted a parallel distribution license in Dec' 2006 to distribute power by creating its own distribution network in the revenue district of Seraikela-Kharasawan. The Seraikela-Kharasawan district of Jharkhand is contiguous to Jamshedpur. JUSCO POWER BUSINESS DIVISION (PBD Division) purchases power from Tata Steel and Damodar Valley Corporation (DVC) and sells it to Domestic, industrial and commercial LT and HT consumers.

c. **Basis of Preparation**

The Financial statement are prepared from the records maintained in the SAP system of the Company, in which data relating to power business division are maintained in separate cost centers. Directly identifiable expenses are recorded in the specific cost centers.

Assets and liabilities related to power service division is taken from SAP using the business area of division. Tax Expenses and Liabilities have not been considered separately as the same is calculated for the organization as a whole.

d. **Revenue Recognition**

Income is recognized on accrual basis on rendering of services and excludes electricity duty.

e. **Contribution for capital expenditure**

Contributions received from consumers towards installation of assets pertaining to distribution of power are credited to capital reserve on capitalization of related assets.



11. **Jamshedpur Utilities and Services Company Limited**
Power Business Division
Notes forming part of Statement of Affairs and Statement of Profit and Loss for the year ending March 31, 2016

A portion of the capital reserve calculated by applying an average rate of depreciation on assets capitalized is transferred to the profit and loss account at the end of the year.

f. Depreciation / Amortisation

Depreciation on Plant and machinery is provided on straight line basis at the rates specified in Electricity Act, 2003. Intangible Assets are amortized on straight line basis over a period of 9 – 10 years

Assets valued below Rs. 5,000/-(Rupees Five Thousand Only) and Mobile Phones are depreciated over a period 1 year from the date of capitalization.

g. Fixed Assets

Fixed Assets are stated at cost of acquisition less accumulated depreciation and impairment loss (if any). Cost of acquisition includes duties (net of cenvat), taxes, incidental expenses, erection /commissioning expenses and financial charges up to the date the asset is ready for its intended use. Intangible assets are stated at cost less accumulated amortization. Advances given to suppliers for identified capital projects/expenditure are included in capital work in progress.

h. Normative Expenses

Normative Expenses such as interest on working capital, interest on Debt and Return on Equity has not been considered in the accounts.

i. Capital Employed

Capital employed represents an amount equivalent to 30 % of the capital investment (including the assets under construction) made by the Power Business Division of the Company net of capital contributions received from customers in respect of the capital investments as per the regulation.

j. Power Purchase Expenses

During the year, based on the tariff order of Tata Steel Limited by JSEBC dated 31st May 2015; Debit note for the year 2013-14 and 2014-15 amounting to Rs. 17.05 Cr and Rs. 19.66 Cr had been accounted for.



11. **Jamshedpur Utilities and Services Company Limited**
Power Business Division
Notes forming part of Statement of Affairs and Statement of Profit and Loss for the year ending March 31, 2016

k. The Company estimates no other significant items in the statement of profit and loss account and balance sheet other than those disclosed in the financial statement that can be fairly attributed to the power business division.

l. Previous year figures have been regrouped / re-arranged, where-ever necessary.

Signatory to Note 1 to 11
For and on behalf of the Board



Ashish Mathur
Managing Director
DIN No- 03508443

Jamshedpur, June 28, 2017

