# JHARKHAND BIJLI VITRAN NIGAM LIMITED

## STANDALONE FINANCIAL STATEMENTS

## 2020-2021

Regtd. Office: Engineering Building, H.E.C, Dhurwa, Ranchi- 834004

(CIN : U40108JH2013SGC001702)

Prakash Sachin & Co.

Chartered Accountants

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## INDEPENDENT AUDITOR'S REPORT

**To the Members of Jharkhand Bijli Vitran Nigam Limited**

**Report on the Audit of Standalone Ind AS Financial Statements**

### Adverse Opinion

We have audited the accompanying Standalone Ind AS financial Statement of Jharkhand Bijli Vitran Nigam Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2021 and the statement of Profit & Loss Account (including the Statement of Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year ended and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to explanations given to us, except for the matters described in Paragraph (a) of the Basis of Adverse opinion paragraph, the said standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and does not give true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2021 and its Profit/Loss, total comprehensive Income /Loss, its cash flows and the changes in equity for the year ended on that date.

### Basis of Adverse Opinion

We conducted our audit of the Ind AS financial statements in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion on the Ind AS financial statements.

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We draw attention to the matters described in **Annexure 'A'** the effect of which, individually or in aggregate, are material and pervasive to the Standalone Ind AS financial statement and matters where we are unable to obtain sufficient and appropriate audit evidence. The effects of matters described in said Annexure 'A' which could be reasonably determined quantified are given therein. Our opinion is adverse in respect of these matters.

**Emphasis of Matters**

We draw the attention towards the points of **Annexure 'B'** of our report regarding matters referred in Standalone Ind AS Financial Statements, which requires user's attention.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matter described in the Basis for Adverse Opinion section, we have determined that there are no other key audit matters to communicate in our audit report.

**Other Matters**

We draw the attention towards points of **"Annexure C"** of our report regarding the matters other than disclosed in Standalone Ind AS Financial Statements.

**Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in Board's Report including Annexure to Board's Report, Director's Responsibility Statement, Corporate Governance and Shareholder's Information, but does not include the Standalone Ind AS Financial statements and our auditor's report thereon. The other Information is expected to be made available to us after the date of this auditor's report.

Our opinion on the Standalone Ind AS Financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.



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When we read those documents including annexure, if any thereon, if we conclude that there is a material misstatement therein; we shall communicate the matter to those charged with governance. We hereby report nothing in this regard.

**Responsibilities of Management and those charged with Governance for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS Financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

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**Auditor's Responsibilities for the Audit of the Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the Standalone Ind AS financial statements, including the disclosures, and whether the Standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably - knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in:-

(i) planning the scope of our audit work and in evaluating the results of our work; and

(ii) To evaluate the effect of any identified misstatements in the Standalone Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Report on other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order"), as amended, issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the **"Annexure D"** a statement on the matters specified in paragraph 3 and 4 of the Order.

   As the Company is governed by Electricity Act, 2003, the provision of the said Act has prevailed wherever the provision of the Companies Act, 2013 are inconsistent with the Electricity Act, 2003.

   As required by section 143(5) of the Act, on the basis of such check of the books and record of the Company as we considered appropriate and according to the information and explanation given to us, we give in the **"Annexure E"** a statement on the directions and sub-directions issued by the Comptroller and Auditor General of India, for the Company.

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2. As required by Section 143(3) of the Act, we report that:

a) We have sought and obtained the all information and explanation except to the matters detailed in Annexure-A and Annexure-B, which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion, proper books of account as required by law have not been kept by the Company so far as appears from our examination of those books. The Books of Accounts have not been fully maintained under the accrual basis as required under section 128 of the Act.
The branches (units) of the Company have been audited by us only. Hence, this clause is not applicable on the Company.

c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Cash Flow Statement and the Changes in Equity dealt with by this Report are in agreement with the books of account;

d) In our opinion, and in terms of matters described in "Basis of Adverse Opinion paragraph", the accompanying standalone Ind AS Financial Statements do not comply with the Indian Accounting standards specified under Section 133 of the Act, read with Companies(Indian Accounting standard)Rules, 2015, as reported;
In our opinion, the matters described in basis of adverse opinion paragraph and matter described in basis of Emphasis of Paragraph may have adverse effects on the functioning of the Company.

e) The provision of this clause i.e., section 164(2) is not applicable upon Government Company vide notification No. GSR 463(E), dated 5-6-2015.

f) With respect to the adequacy of the Internal Financial Control over the Financial Reporting of the Company and the operating effectiveness of such control refer to our separate report in **"Annexure-F"** of this report.

g) In our opinion and to the best of our information and according to the explanation given to 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 has pending litigations w.r.t debtors as well as creditors, which have been disclosed in the Financial Statements. However, in the absence of information available to us, we are unable to comment upon the completeness of the same.

(ii) We are unable to comment on the adequacy of the provision made for the doubtful debts (Refer Para 6 of the Basis of Adverse opinion)

(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.

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## Annexure A – Referred in Our Report under "Basis of Adverse opinion Paragraph

1. **Maintenance of Proper Books of Accounts**
   In our opinion, the books of accounts maintained by Company is not satisfactory to give a true and fair view of the state of the affairs of the Company and such books so maintained is not fully on accrual basis as required under Section 128 of the Companies Act, 2013.

2. **Accounting policies inconsistent with Ind AS**
   In some cases, Accounting policies adopted by the Company are inconsistent with Ind AS. The cases have been properly dealt elsewhere at the appropriate place in the report.

3. **Property, Plant & Equipment (PPE) & Capital Work in Progress (Note – 3A,3B & 3C)**

(i) PPE

- Company does not maintain Fixed Assets Register, hence we are unable to comment upon the exact condition and location of the fixed asset The total value of Fixed Asset as on 31.03.2021 stood at Rs 11906.32 Cr. (P.Y. - Rs. 9888.58 Cr.)

- Land & Land Rights of Rs. 3.13 Cr. have been shown by the Company under PPE in Financial Statements. The same has not been segregated into Free and Leasehold Land which is violation of Ind AS-116. Leasehold Land needs to be amortized as per Ind AS-116 which has not been done by the Company in the absence of segregation.

- We have not been provided the details of Assets taken over from pending final valuation amounting to Rs 2.08 Cr. Further, the presentation of the same is not in line with the IND AS Schedule III. This asset has been recorded on the basis of transfer scheme and there has been no movement in this head.
- The Fixed Assets held by the Company has not been impaired on the reporting date as required under Ind AS-36.
- The disclosure regarding the carrying amount of temporarily idle property, plant and equipment were not made available as required under Ind AS – 16.

- The company has a policy to capitalize the expenses incurred under Annual Development Program (ADP), Deposit Head and Saubhagya head as and when incurred. Such amount is routed through CWIP and capitalized on the same date. No separate completion certificates are issued for the same. This is in contravention of requirements of Ind AS 16. The summary of

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such amount has been presented as follows:

| SL No | Assets Class | Head | Amount (In Crore) |
|---|---|---|---|
| 01. | Line & Cable Network | Deposit (Head) | 37.27 |
| 02. | Plant &Machinery | Deposit (Head) | 9.82 |
| 03. | Line & Cable Network | ADP (Head) | 39.06 |
| 04. | Plant &Machinery | ADP (Head) | 12.43 |
| 05. | Other Civil Works | ADP (Head) | 0.28 |
| 06. | Line & Cable Network | Saubhagya | 47.93 |
| 07. | Plant & Machinery | Saubhagya | 13.47 |
| | | **Total** | **160.27** |

- The company has capitalized the borrowing cost on proportionate basis. Such action of the company is in contravention of Ind AS-23. In the absence of Fixed Asset register, we are unable to ascertain the actual impact of the same. (Refer Note 3B of Balance Sheet)

- In case of ADP head, the company does not derecognize old assets replaced with a new one from block of assets, due to this, value of assets under ADP head has been overstated by the book value of old asset which needs to be derecognized. The details of the same was not readily available with the company therefore in the absence of proper details we are unable to ascertain the actual impact of the same on the financial statement.

- The company is bifurcating the cost of line and cables network and plant and machinery in 80:20 ratio in case of capitalization under Deposit & ADP head which is in contravention of Ind AS 16 which requires reliable measurement of the cost of the assets. However Capitalization of Rs 8.84 Cr is done, of which basis of bifurcation into Plant & Machinery and Lines & Cables was not provided to us.

- The company has capitalized assets under ADP head since the F.Y. 2014-15 till 2020-21. However, borrowing cost has been short capitalized by 25.19 Cr for assets capitalized till F.Y. 2017-18. The company capitalized Rs. 35.86 Cr. in the F.Y. 2020-21 which pertains to assets

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capitalized in the F.Y. 2020-21. This has resulted in understatement of the value of Fixed Assets with respect to assets capitalized till the F.Y. 2017-18. Total balance of interest expense under ADP head was Rs. 625.73 Cr. as on 31st March, 2021.

(ii) **CWIP**

- Out of total capital work in progress excluding interest & Finance charges as on 31.03.2021 amounting to Rs 4649.47 Cr. (P.Y. – Rs. 5050.49 Cr) we have not been provided the scheme wise bifurcation of CWIP of Rs 1441.39 Cr.

- Allocation of Employee Costs and other overheads towards the capital project work is not done in the absence of proper information.

- In case of Turnkey projects, the company does not make the provisions related to erection expenses on accrual basis, they only recognize the installation and assembly cost on the basis of the amount which has been furnished in Joint Measurement Certificate (JMC) after completion of project. Due to this carrying amount of CWIP in the financial statement are understated, in the absence of proper information we are unable to quantify the amount for same.

4. **Other Non-Current Assets (Note – 6)**

- **Capital Advances:** During the audit we observed that the company maintains the register of capital advances made to turnkey contractors. The closing balance was Rs. 381.82 Cr. (P.Y. Rs. 464.59 Cr.) .Such advances are made to supplier for carrying out turnkey projects under various schemes. Confirmations of balances are not available. The company has classified all advance amounts under non- current assets which is improper. Advances which are going to be adjusted within next 12 months from the date of balance sheet should be shown under the current assets, as per the requirement of Ind AS Schedule III. Due to lack of information, we are unable to quantify the amount for the same and due to these Non-Current assets are overstated by the same.

- Interest received on such mobilization advances are recognized on cash basis this is in contravention of Ind AS -1 which requires recognition of income on accrual basis. In the absence of information, we are unable to quantify the impact of this on the standalone financial statements.

- **Others:** Complete details /information of 'others receivable' of Rs. 11.85 Cr. (P.Y. - Rs. 13.29 Cr.) are not available with the company. It includes un-reconciled amount which is identified from 26AS, payment towards owing for License if Rs. 0.47 Cr. and Rs. 0.38 Cr. old claim which is brought forward since date of inception, which is remained unascertained till date. Hence, we cannot comment upon truthfulness & fairness of the balances and impact of the same is also not possible to quantify.

5. **Inventories and stores (Note - 7)**

- As per the explanation received from the Company, the company has conducted the physical verification of Inventories during the F.Y. 2020-21 in respect of all locations in which inventories are being maintained and accordingly physical verification report has been furnished to us. The year-end balance of inventories is Rs 199.89 Cr. (P.Y. – Rs. 246.88 Cr.). As per the explanation provided to us, the company has reconciled the stock value of books with the stores value based on the physical verification and identified a difference of stock amounting to Rs. 0.34 Cr. which has been booked under the head stock difference pending for verification.

- As per the policy of the management, Company has valued the inventories at cost, which is in contravention with Ind AS-2 "Inventories". As per Ind AS-2, inventory should be valued at cost or NRV, whichever is lower as per para 9 of the standard issued by ICAI.

- Inventory ageing and obsolete items have not been assessed by management and are being carried at same carrying amount in the financial statements. No provision has been made for obsolete/discarded inventories. As per JSERC guidelines, 100% provision shall be made for non-moving stock for more than 3 years and 50% for more than two years. Since exact value of same is not available with us, we are unable to quantify the impact of the same on the Ind AS financial statements.

- The company has not provided quantitative details as well as valuation of scrap as on 31.03.2021. In the absence of the same we are unable to quantify the impact of the same in the Ind AS financial statements.

- Rate wise quantitative details of the closing stock lying with electric supply area offices amounting to Rs. 13.95 Cr. have not been furnished to us.

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6. **Trade Receivables (Note – 8)**

- The Company has also not furnished the statement of age wise breakup of dues from customers particularly in respect of long outstanding dues from Government, LT and HT consumers. Further there is no proper system to review for identifying doubtful dues, specifically arising out of disputes and long pending cases before various judicial forums. Currently company has adopted the policy for making the provision for Bad and doubtful dues @ 1% on closing value of debtors. In the absence of above we are not in position to quantify the amount of provision which is required for irrecoverable or doubtful dues and consequential impact thereof on the financial statement.

- We have not received the balance confirmation letters from HT and LT consumers. The total receivable amount net of accumulated provisions which is Rs. 3231.03 Cr. (P.Y. - Rs. 3158.40 Cr.) of debtors including provisions for unbilled revenue stood at Rs. 4318.29 Cr (P.Y. - Rs. 4546.34 Cr.) In the absence of balance confirmations, so we are unable to comment on the truthfulness and fairness of such balances.

- This provision has neither been written off nor written back by the Company. If the Company continues making provision in this way, it will lead to accumulation of the provision in the Balance Sheet and the violation of Ind AS-37 which provides for write off or write back of provisions when the provisions meet their purpose.

- Presentation of Trade Receivables is not as per requirement of Ind AS schedule III, as per requirement of schedule the trade receivables should be sub-classified as- a) Secured Considered good b) Unsecured considered good c) Doubtful. But the company has not classified any amount in categories other than secured as per the Ind AS requirement.

7. **Cash & Cash Equivalents and Bank Balances other than Cash & Cash Equivalent (Note – 9 & 10)**
   **Bank Balances other than Cash and Cash Equivalents:**

- Fixed deposit of Rs. 2.46 Cr. of JBVNL could not be verified in the absence of availability of certificates of fixed deposits. In the absence of balance confirmations, we are unable to comment on the truthfulness and fairness of such balances. Further a bank account of JBVNL is still in the name of JUVNL.

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- Balances with schedule banks in current accounts include un-reconciled items and there are unidentified credits in the bank and cheques deposited but not credited which are under reconciliation. The impact of same on the Revenue Account, Assets and Liabilities could not be determined. The following discrepancies have been observed:

| Sl No | Circle/Area | Amount (in Rs) | Remarks |
|---|---|---|---|
| 01. | ESC/ESA, Sahibganj, Chas, Deoghar, Garwah & Daltanganj, Chaibasa | 32.97 Lacs | This amount has been credited /debited by the bank but the same has not been recorded in Company's Bank Book since long time. |
| 02. | ESC/ESA, Sahibganj,Ramgarh,Ranchi, Deoghar & Daltonganj, Garhwa | 9.02 Lacs | The amount has been not been debited by Bank but recorded in Company's Bank Book. |
| 03. | ESC/ESA, Sahibganj, Chas, Chaibasa ,Daltonganj | 75.76 Lacs | These are unreconciled balance which is coming from long time which has been REDUCED in BRS. The details of these amount were not provided so we cannot comment upon this |
| 04. | ESC/ESA, Ranchi, Daltonganj, Chas Chaibasa, Sahibganj | 7.67 Lacs | These are unreconciled balance which is coming from long time which has been ADDED in BRS. The details of these amount were not provided so we cannot comment upon this |

- We found that company has made investments against fund which are not taken in cash book as per BRS of amount Rs.7.01 Crores.

- Cash and Cash Equivalent balances consists of Imprest Cash of Rs 6.72 Cr. (P.Y.- Rs. 7.76 Cr.) with no major movement, for which the detailed breakup and reconciliation was not



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produced before us for verification. In the absence of details, we cannot comment on the accuracy of cash and cash equivalents to such extent. Therefore, the impact of the same cannot be determined.

- The State Government provides funds under various schemes in the form of loan and grant through PL Account with Government Treasury maintained at SBI Doranda, Ranchi. No balance confirmation from the treasury was provided by the company for same. In the absence of such confirmation letter, we are not able to comment upon the correctness of the amount of Rs. 2011.80 Cr. (P.Y. - Rs. 1569.16 Cr.) as shown in the Financial Statements and impact of the same also could not be determined.

- The Company has shown the Cash credit liability amounting to Rs. 871 Cr. under the head other current financial liabilities whereas as per requirement of Ind AS Schedule III same should be included as 'Borrowings' under Financial Liabilities. Therefore, the presentation of same is not in line.

8. **Other Current Assets (Note – 11)**

- **Advance to Employees:** We have not been provided the employees wise list of staff advances. Staff Advances lying in the accounts under various heads like pay advance, Marriage Advance, Medical Advance etc. in various units totaling to Rs. 4.77 Cr. (P.Y. Rs 5.02 Cr.) require reconciliation since such advancement have been made in respect of certain employees who have been seconded from one unit to another units. In the absence of proper reconciliation and adjustment we could not determine the correctness of the figures shown under the head and its consequential effect in the financial statement.

- **Advance to O & M Suppliers / Works:** Based on our audit observation, we are of the opinion that party wise ledger is not being maintained by the Company in respect of Advances made to O & M Suppliers /works; the year ended balance is Rs. 17.27 Cr. (P.Y.- Rs. 17.28 Cr.) of which opening balances are still unreconciled. However, party wise ledger is being maintained by the company since last year. In the absence of ageing and party wise details of advance to suppliers we are also unable to comment whether it will be recovered within one year and classify as current assets or it will be treated as non-current assets.
  Balance confirmations of advances made to O & M suppliers have not been provided to us. Thus, we are not able comment on the accuracy of the advances reflecting in the books of accounts.

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- **Taxes:** An amount of Rs. 14.95 Cr. (Note 5 of additional notes to accounts) was deposited as advance to income tax department in the F.Y. – 2010-11 and Rs 5.07 Cr. is deposited as advance to Commercial Taxes till 2019-20. These advances are lying unadjusted more than 10 years and there was no development during the year. As per IND AS schedule III the excess taxes paid which is not recovered /realized within one year from the balance sheet date, the same should be presented under non – current assets. Therefore, presentations under other current assets are improper and due to these current assets are over stated by Rs 20.02 Cr.

- **Master Trust:** As per the information and explanation received, contribution made by employer and employee for such retiral benefit is invested through a Master Trust. The year-end balance of Master Trust is Rs 1403.49 Cr. (P.Y. – Rs. 1678.65 Cr.). We have not been provided that the employee wise details towards the contribution in master trust and balances are yet to be reconciled. Further balance confirmation from Master Trust has also not been provided to us. In the absence of confirmation, we could not quantify the impact of same in the financial statement.

- **Inter Company Transactions:** Inter Company transaction includes the transaction between JBVNL and JUVNL and PTPS the year-end balance of which is Rs 215.17 Cr. (P.Y. – Rs. 217.92 Cr.) of which we have sought to provide the details related to reconciliation of Rs.206.47 Cr of PTPS, but the same has not been provided to us and company has not provided the balance confirmation and reconciliations of balance as on 31-03-2021 to us for verification. So, we cannot comment upon the truthfulness and fairness of figures and its impact on financial statement.

- **Inter Unit:** The Net Inter Unit Current Accounts amounting to Rs. 204.58 Cr. (P.Y. Rs. 206.92 Cr.) has been reconciled for the current year but old balances are unreconciled. In the absence of such reconciliation statement, we are unable to comment upon the correctness of such inter-unit Current Accounts balance. Therefore, the effect of reconciliation, if any, on the financial statement is not determined. (Refer to Note 11 of Financial Statement)

- **Officer Welfare Fund:** We have sought for details and information for this head but employee wise breakup has not been provided to us. The year-end balance of this account is Rs 2.02 Cr. (P.Y. – Rs. 2.02 Cr.). They have classified it under the 'other current assets and ledger is showing a debit balance. Therefore, in the absence of proper information and explanation we are unable to comment upon the correctness of figure and also unable to quantify the impact



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of the same on the financial statements.

9. **Consumer Security Deposit (Note - 16)**

We have not been provided the details of consumer wise security deposits and interest payable thereon. The year-end balance of the same is Rs. 1127.01 Cr. (P.Y. – Rs. 1062.60 Cr.). Further Interest on consumer security deposit of Rs. 0.85 Cr. out of total interest of Rs 47.64 Cr. has been recognized on average basis on the total amount received during the year instead of actual date of receipts. During the year, the company has adjusted such interest in the bills of HT consumers only and no such adjustment has been made to the bills of LT consumers. Out of total balances of Rs 1127.01 Cr., Rs 8.63 Cr. on account of security deposit and Rs 5.49 Cr. on account of Interest payable are unexplained. Therefore, in the absence of proper information we are unable to comment on correctness of balances and impact of the same on the financial statement is also not quantified. Further, no explanation has been received about the security deposit of the consumers disconnected during the year that whether the security deposit has been refunded or not.

10. **Trade Payables (Note – 19)**

- In respect of the trade payables towards power purchase of Rs 8100.93 Cr. (P.Y. – Rs. 8525.89 Cr.) we have received the balance confirmation of Rs. 555.56 Cr. only. No balance confirmation or reconciliation was provided for the remaining amount of Rs 7545.37 Cr. This balance of Rs.7545.37 Cr includes balance of DVC of Rs. 2824.25 Cr.

  Refer to note no – 30.10(b) regarding the dispute with DVC, company has performed the reconciliation till the financial year 2017-18 but final reconciliation is still under process. JBVNL has recognized the DPS in F.Y. 2017-18 amounting to Rs. 352.82 Cr. towards DVC liabilities. DPS for the F.Y. 2018-19, 2019-20 & 2020-21 have not been accounted till date. The yearend balance of DVC is Rs. 2824.25 Cr. In the absence of joint reconciliation, we are unable to quantify the impact of same in financial statement.

- We have received the reconciliation statement from PTC for the F.Y. 2020-21, but there is a difference in closing balances of Rs 74.27 Cr. between PTC and JBVNL reason of difference has not been furnished to us.

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**11. Other Current Financial Liabilities (Note – 20)**

- **Consumer Contribution, Electrification, and Service Connection:** The deposit received from consumers for creating infrastructure to provide the electric connection is credited to this account. The year-end balance of the same is Rs. 366.69 Cr. (P.Y. - Rs. 353.26 Cr.) of which Rs. 151.18 Cr of past year opening is unreconciled.

- **Advance for Deposit Work:** This head includes the amount for unfinished work which has been received under the deposit head and credited to Consumer, Electrification & Service Connection Rs. 179.04 Cr. (P.Y. - Rs. 164.13 Cr.).

- **Liabilities for Establishment:** Out of total liabilities for Establishment of Rs. 40.04 Cr. (P.Y. – Rs. 25.62 Cr.), Rs 1.53 Cr liabilities relates to earlier years which is still pending for reversal. The details of which was not readily available with the company, due to these liabilities are overstated and losses are overstated by Rs 1.53 Cr.

- **Keep Back Deposits:** We have not been provided party wise details with ageing of keep back deposit amounting to Rs. 783.62 Cr. (P.Y. – Rs. 881.81 Cr.)

- **Others:** Details of Liabilities for Suppliers/Works (O & M) & liability for suppliers/works (capital) of Rs. 1240.38 Cr. are not furnished to us. Further Company has not provided the balance confirmation for the year-end balance of Rs. 3761.17 Cr. Hence, we are unable to comment on truth and fairness of such balances. As per terms of REC the Interest earned from investment made from the Grant fund received from REC is payable to them on demand. The liability so booked as on 31.03.2021 amounting to Rs. 37.55 Cr. (P.Y. – Rs. 44.14 Cr.).

**12. Other Current Liabilities (Note – 21)**

**Tax Payable**

(i) We are unable to comment upon the tax assessment of Income Tax, Sales Tax, service tax, GST and Electricity Duty because the Company has not provided the details and copies of the same.

(ii) Most of circles and area offices of Company have not taken registration under The Jharkhand State Tax on Professions, Trades, Callings and Employment Act, 2011 for collection and

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deposition of professional tax.

(iii) During the year company has the paid interest on security deposit amounting to Rs. 47.64 Cr. for HT, LT and other consumers but in the absence of customer wise liability of interest on security deposit, we are unable to verify that whether TDS under section 194A on which is required to be deducted on not.

(iv) The Company has not furnished the total value of exempted outward supply during the year in the respective table in their GST returns (GSTR 3B & GSTR 1).

(v) The details and date of subsequent payment of the following liabilities as 31st March 2021 could not furnished to us:

| Sl. No | Particulars | Amount (In Cr.) | Remarks |
|---|---|---|---|
| 01. | Sales Tax/Professional Tax/Labour cess | Rs 24.96 | Details and payments are not available. |
| 02 | Income Tax Deducted at source | Rs. 5.05 | Amount deposited but reconciliation is under process |
| 03. | Electricity Duties Recoveries | Rs 311.75 | Company has paid only Rs. 68 Cr. during the year against the total liability of Rs 379.75 Cr. |
| 04. | Royalty Payable | Rs 0.30 | Details and payment details not available. |

(vi) Further, as per section 206C(1h) company was required to collect TCS from the buyers, who has purchased goods exceeding Rs. 50 lakhs from JBVNL during the year but the company has not collected TCS which leads to contravention of section 206C(1h).

**13. Provision for Employee Benefits (Note -22)**

(i) The Company has deducted but not deposited the statutory dues such as PF, ESIC, and PLI & LIP etc. on regular basis. In some of the circles & areas the opening liabilities have not been fully deposited in the current year. Further, there is failure on deduction part also in some cases. Hence, we are unable to quantify the amount of such default in the absence of information in the manner so required.

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(ii) During the year company has made the provision of Leave Encashment, Gratuity & Pension liability on the basis of actuarial valuation done up to March 2018.

**14. Revenue from Operation (Note – 23)**

a) During the F.Y. 2020-21 company has booked an amount of Rs. 7.93 Cr. as prior period adjustments and detailed working and calculations has not been provided to us.

**15. Power Purchase& Transmission Charges (Note – 25)**

a) The company has recognized the DPS against the delay payment of power purchase on cash basis which is in contravention of IND AS – 1 and accounting policy of the Company.

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16. <u>Non compliances of other Secretarial requirements:</u>

a. **Non-Filing of Annual Accounts (AOC-4) and Annual Return (MGT-7) with ROC leads to violation of section 137 of Companies Act 2013:** As per section 137 of the Companies Act, 2013, the Company is required to file a copy of Financials statements (including consolidated financial statement) duly adopted at the annual general meeting of the company with the Registrar within 30 days of the date of annual general meeting. The Company has not filed the annual accounts and annual return with ROC due to non-adoption of books of accounts in AGM for F.Y. 2016-17, 2017-18, 2018-19 & 2019-20.

b. **Consolidation of accounts:** As per Section 129(3) of the Companies Act, 2013, a Company having subsidiary/Joint Venture(s) have to prepare consolidated financial statement of all the subsidiary/Joint Venture in the same form and manner as that of its own and to lay such consolidated financial statement before the Annual General Meeting of the company for adoption. JBVNL has one Joint Venture namely PUVNL but yet CBS has not been adopted in AGM for F.Y. 2016-17, 2017-18, 2018-19 & 2019-20 and related filing of AOC 4 (CBS) is also pending.

c. **Appointment of Internal Auditor not as per requirement of section 138 of the companies Act, 2013:** On the basis of direction issued by board in F.Y. – 2017-18 vide item no – 33-05 for appointment of internal auditors for the F.Y. 2018-19 to 2020-21, during the F.Y. 2020-21 the company has appointed the internal auditor and passed the necessary Board resolution for the appointment & fixing the remuneration of an internal auditor. However necessary certified copy of board resolution approving the appointment of an internal auditor has not been filed with registrar in Form MGT 14 which leads to violation of section 138 of the Companies Act.

d. **Status of Company Active Non - Compliant:** Every Company which is incorporated on or before the 31st December, 2017 is required to file the particulars of the company and its registered office, in e-Form ACTIVE (Active Company Tagging Identities and Verification) INC -22A. In case Company does not intimate they said particulars to the ROC then company shall be marked as Active-Non-Compliant on or after 26th April 2019 and shall be liable for action under sub section (9) of section 12 of the Act. Till the date of Audit, Company has not filed the E form INC 22A and status of the company is showing as ACTIVE- Non- Compliant in MCA records. Further Since company has not filed the INC 22A and annual accounts due to this Company is not able to file the E Forms DIR- 12, regarding the change of directorship, SH-07 related to change in authorized share capital and PAS -03 regarding the change in paid up share capital till the default continues.



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e. **Non-Maintenance of MBP 4:** The Company has not maintained register in form MBP – 4 for related party transaction as required under section 189 of Companies Act, 2013.

f. **Violation of section 180(1)(a) of the Companies Act, by borrowing more amount than approved by resolution at AGM:** As per the minutes of the proceedings of the first AGM held on 22nd December, 2014, JBVNL had passed a resolution for borrowing up to Rs. 2500 Cr., however, JBVNL has exceeded the approved amount which has resulted in violation of the said section.

The Company had total borrowing of Rs. 10529.55 Cr. including an amount of Rs. 6136.37 Cr. received under UDAY Scheme, at the beginning of F.Y. 2019-20, which was more than the limit as prescribed in the special resolution in terms of section 180. As stated by the company and the MOU between Government of Jharkhand, Government of India and JBVNL and thereafter the correspondence by the company the amount of Rs.6136.37 Cr. will be converted into grant and Equity under UDAY Scheme for the financial turnaround of the Company. Further, it has borrowed a sum of Rs. 2563.35 Cr. during the year. Thus, these additional borrowings above the limit prescribed in the special resolution has not been supported by passing any other special resolution at the General Meeting as required under section 180(1)(a) of the Act.

**Annexure B – referred in our report under "Emphasis of Matter paragraph**

1. Attention invited to Note 13 in the Financial Statements which indicates that the Company has accumulated losses Rs. 8461.37 Cr. (P.Y. Rs. 6261.37 Cr.) and its Net worth has become negative. The Company has incurred a net loss during the current year of Rs 2200 Cr. (P.Y. Rs 1131.54 Cr.) and the Company's current liabilities exceeded its current assets as at the balance sheet date by Rs. 7377.01 Cr. We are of the opinion that the Company needs continuous Government assistance in the form of grants and more autonomy, absence of which casts significant doubts on the Company's ability to continue *as going concern entity*. The Ind AS Financial Statements of the Company for this F.Y. have been prepared on a going concern basis.

2. During the year company has not provided the reconciliation of Form 26AS with books of accounts for the F.Y. 2020-21 therefore we are unable to comment upon the correctness and truthfulness of TDS receivable as reported on financial statements.

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3. Out of total government loan amounting to Rs. 11956.36 Cr. (P.Y. – Rs. 9726.85 Cr.)Note 14 includes the deemed loan of Rs. 136.85 Cr. from State Government related to Investment made in PVUNL. We have sought to provide the confirmation and relevant papers regarding this but same has not been provided to us. Therefore, the closing balance of deemed loan is subject to confirmation from state government.

**Annexure C – referred in our report under "Other Matters paragraph"**

1. We have not received Board Reports for the F.Y. 2016-17, 2017-18, 2018-19, 2019-20 and the initial report of 2020-21. We are therefore not able to comment on the Management's future plan of actions on the operation of the Company.

2. The accounting policies as followed by the Company were inconsistent to the accounting policies mentioned in the "Accounting policy" stated in the Notes of Accounts. Some inconsistency has been removed and accounting policies have been redrafted to match with the accounting policies followed.

3. The Annual Accounts for the F.Y. 2013-14 to 2015-16 have been passed in the Annual General Meeting (AGM) held on 24th September, 2019 as per the minutes of the AGM. The 4thAGM for the F.Y. 2016-17, which was held on 19th September, 2017, is still in an adjourned state. The 5th& 6thAGM for F.Y. - 2017-18 and F.Y. - 2018-19 had been called on 24th September 2018 and 24th September 2019 respectively which are also in adjourned state on the date of reporting. The 7thAGM was called on 23rd September 2020 which is also at the adjourned state on the date of reporting. The 8thAGM for the current financial year was called on 23rd September 2021 which is also at the adjourned state.

4. The Management Representation letter as received, states that corrective actions are being taken by the Company in terms of the "Order on Approval of Business Plan and ARR for Jharkhand Bijli Vitran Nigam Limited (JBVNL) issued by the Jharkhand State Electricity Regulatory Commission (JSERC). Such compliance is being closely monitored by the Company and necessary actions are being taken for the improvement like reduction of AT&C Loss, collection & billing efficiency, payment/adjustment of interest of consumer securities.

5. The Company has constituted a CSR committee; however, it has not convened any meeting since its creation. As explained and informed by the Company, the meetings were not held as it has losses and hence have no requirements to contribute towards CSR.

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6. Technical Audit of operation is desirable to reduce losses and for improvement of efficiencies.

7. Dues under the MSME Act 2006 have not been disclosed; we have sought but not received details of outstanding from MSME Vendors. In absence of such information, no interests have been calculated and provided for in the F.Y. 2020-21, wherever it was applicable.

8. The information provided in the Additional Note -30 related to additional notes to the financial statement, following is not properly disclosed:
    a. The Company has disclosed the total consolidated amount paid to KMP of Rs. 70.37 Lacs during the F.Y. - 2020-21 while as per the requirements of IND AS -24. An entity shall disclose the key managerial compensation in total and each of the following categories.
        1. Short Term Employee Benefit
        2. Post-Employment benefits
        3. Other Long-term benefits
        4. Termination Benefits and
        5. Share based Payment (in any)

9. During the year company has made the prior period adjustments through the retained earnings but details related to those adjustments have not been furnished to us. Therefore, we are unable to quantify the impact of same in the financial statement. Further as per Paragraph 49 of Ind AS 8 the proper disclosure is required for adjustment and the nature of prior period error but the Company has not disclosed the same properly which leads to violation of Ind AS- 8.

**"Annexure D" to the Independent Auditor's Report for the Financial Year 2020-21**

Based on the Audit Procedures performed for the purpose of reporting a true and fair view on the Ind AS Financial Statements of the Company and taking into consideration the information and explanations given to us, the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

I. In our opinion, according to the information and explanations given to us,

a) The Company has not maintained the proper records showing full particulars including quantitative details, identification, location field and situation of Fixed Assets. The Company does not maintain the fixed asset register.

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b) The Fixed Assets has not been physically verified by the management so we are unable to comment about material discrepancy and its treatment in Books of Accounts.

c) The title deeds of the immovable property have not been provided to us so we are unable to comment whether it is in the name of the Company or not.

II. In our opinion, according to the information and explanation given to us,

a) Rate wise quantitative details of closing stocks lying with electricity supply area offices amounting to Rs. 13.95 Cr were not furnished to us.

b) The company has not provided quantitative details as well as valuation of scrap as on 31.3.2021. In the absence of the same we are unable to quantify the impact of the same.

III. As per information and explanation provided to us, the Company has not granted any loan, secured or unsecured to companies, firm, LLPs and other parties covered in the register maintained under Section 189 of the Companies Act, 2013, consequently paragraph (iii)(a), (b) & (c) of Order is not applicable.

IV. According to the information and explanations given to us, the Company has not granted any loan, securities and guarantees in favor of its directors or to any other person in whom the directors are interested and had not made any investment for which the compliance of provision of section 185 and 186 of Companies Act, 2013 is to be done. Hence, this clause of the order is not applicable.

V. According to the information and explanations given to us, the Company has not accepted any deposits from the public and does not have any unclaimed deposit as on 31.03.2021 therefore the directives issued by the Reserve bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

VI. We have broadly reviewed that the cost records maintained by the company pursuant to the provision of sub-section (1) of the section 148 of the Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been maintained. We have however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.



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VII. (a) According to the information and explanation given to us and based on the records of the Company examined by us, the Company is not regular in depositing undisputed statutory dues, including Income Tax, Sales Tax, and other statutory dues as applicable with the appropriate authorities in India. In certain cases, mentioned below, there has been delay in deposit of PF, ESI, and TDS. The extent of outstanding of such statutory dues for a period of more than six months cannot be determined in the absence of proper record and information. The arrear of above-mentioned statutory dues as on the last day of Financial Year concerned have been indicated as below: -

| **Particulars** | **Amount Outstanding (Rs. In Cr.)** |
|---|---|
| Employee Provident Fund | 4.57 |
| Employee State Insurance | 1.38 |
| TDS | 5.05 |
| Sales Tax | 24.96 |
| Electricity Duty | 311.75 |

(b) In our opinion, the amount payable in respect of Provident Fund, ESIC, Income Tax, Sales Tax, GST, Service Tax, Excise Duty, Custom Duty and Value Added Tax which has not been deposited on account of any dispute is not determinable in the absence of any information.

VIII. The Company has defaulted in repayment of loan to State Government. It already had opening loan outstanding amounting to Rs. 9034.15 Cr. borrowed from State Government (which includes Rs.6136.37 Cr. received under UDAY Scheme). As explained to us this amount of Rs.6136.37 Cr is to be converted into grant and equity which is pending from the State Government side. During the Financial Year, the company has borrowed an added deemed loan from State Government amounting to Rs. 136.85 Cr. Out of total loan, Rs. 970.76 Cr. (P.Y. – Rs. 500.07 Cr.) and interest of Rs. 1555.65 Cr. (P.Y. – Rs. 945.64 Cr.) have become due for payment as on 31st March 2021.

IX. Based upon the Audit Procedure performed, information and explanation given to us, the Company has not raised any money from initial public offer or further public offer and term loans, consequently paragraph (ix) of Order is not applicable.

X. Based upon the audit procedures performed, we report that, no fraud on the Company by its officers/ employees has been noticed or reported during the course of audit for the year ended

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31st March, 2021. ***But as there is weakness in Internal Control, the Company is significantly susceptible to such fraud.***

XI. The provisions of section 197 are not applicable upon a Government Company vide notification number GSR 463(E), dated 5-6-2015.

XII. As the Company is not a Nidhi Company, paragraph (xii) of the order is not applicable.

XIII. Based upon the audit procedure performed, the information and explanation provided by the Company, it has made not Preferential Allotment. Therefore, the provisions of this clause of the order are not applicable to the Company and hence we have no comment there upon.

XIV. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.

XV. Based upon the audit procedures performed and information and explanations given by the management, Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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**Adverse Opinion**

In our opinion and to the best of our information and according to the explanations given to us, on the basis of adverse opinion explained herein before, we are not able to state that the accompanying standalone Ind AS financial statements give the information required by the Act in the manner so required and that, they give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affair of the Company, as at 31 March, 2021, of its Loss and other comprehensive income, changes in equity and its cash flows for the year then ended.

**For Prakash Sachin & Co**
**Chartered Accountants**
**F.R.N: 012513C**

Prakash Sachin & Co. * Jharkhand * Chartered Accountants

**CA Sachin Sinha**
**Partner**
**M. No. - 504063**
**Date: 30.12.2021**
**Place: Ranchi**
**UDIN: 22504063AASVIM7558**

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**"Annexure E" to the Independent Auditor's Report**

**Report on the Directions of the Comptroller and Auditor General of India required under sub section 5 of Section 143 of the Companies Act, 2013 ("the Act")**

**Sub-Annexure-I**

**1: Whether the Company has the clear title/ lease deeds for freehold and leasehold respectively. If not, please state the area of freehold and leasehold land for which the title/ lease deeds are not available.**

As per the management, the Company holds the title deed of all the Fixed Assets that do physically exist; we have sought for the title documents but have not been provided to us. Hence, we are not able to comment. Further, the Company does not maintain register of Fixed Assets. Therefore, in the absence of required document and records/register, we are unable to comment further on this.

**2: Whether there are any cases of waiver/write off debits/loans/interest etc., if yes, the reason thereof and amount involved.**

There was no case of waiver/write off debits/loans /Interest etc.as informed to us.

**3: Whether proper records are maintained for inventories lying with third parties & assets received as gifts/grants(s) from the Govt. or other Authorities.**

As per information and explanation received from Company, it does not have any inventory lying with any third party. In the absence of details regarding owned and leased land, we are unable to comment on whether the company has received any land as grant for creations of assets or not.

**Sub-Annexure-II**

**1. Whether the Company has taken the adequate measure to prevent encroachment of idle land owned by it, whether any land of the Company is encroached, under litigation, not put to use or declared surplus? Details may be provided.**

We have sought but neither provided with the details of encroachment of idle land owned by the Company nor the litigation pertaining to such encroachment, hence we are unable to



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comment on this. However, the Company through its management representation letter has stated that it has no such type of cases.

2. **Whether system in vogue for identification of projects to be taken up under the public private Partnership is in line with the guideline /Policies of the Government? Comment on deviation if any.**

   According to the information and explanation given to us, there are no projects that have been taken up under the public private partnership as on 31st March, 2021.

3. **Whether system for monitoring the execution of works vis-à-vis the milestone stipulated in the agreement is in existence and the impact of cost escalation. If any, revenue/losses from contractors, etc, have been properly account for in the books.**

   During the process of audit, we have found that the consultants have been appointed by Company for monitoring of the ongoing turnkey projects. We have also found that the Company has deducted penalty/LD when work does not meet the condition of the agreement.

   The nature of the project is such that it requires specific technical knowledge to access the various reports of the consultants give details of milestone of the project. Further, in respect of cost escalation the impact of the cost can be analyzed at the time of actual payments only.

4. **Whether fund received/ receivable for specific scheme from Centre/State agencies were properly accounted for/utilized? List the case of deviation.**
   As per information and explanation received from Company and details provided to us, we have verified the transaction on test basis and found no deviation on those cases. (Refer Note no. 5 of Annexure-A)

5. **Whether the bank guarantee have been revalidated in time.**
   Yes, the bank guarantees have been revalidated.

6. **Comment on the confirmation of balances of trade receivable, Trade payable, term deposit, bank account and cash obtained.**
   We have not received the confirmation/reconciliation of Trade payable for some vendors as reported in point 11 of Annexure A. In case of Trade Receivables, we have not received the confirmation from LT and HT consumers. We have obtained the confirmation certificate in



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case of Term deposit, Bank account and Cash except for fixed deposits as reported in point 7 of Annexure A.

7. **The cost incurred on abandoned projects may be quantified and the amount actually written –off shall be mentioned.**
   As per information and explanation received from Company does not have any abandoned projects and hence no separate register is maintained.

**For Prakash Sachin & Co**
**Chartered Accountants**
**F.R.N: 012513C**

**CA Sachin Sinha**
**Partner**
**M. No. -504063**
**Date: 30.12.2021**
**Place: Ranchi**
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**"Annexure F"–to the Auditors' Report on the Internal Financial Controls under Clause (I) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Jharkhand Bijli Vitran Nigam Limited ("the Company") as of 31st March, 2021 in conjunction with our audit of the standalone Ind AS Financial Statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the 'internal control over financial reporting' criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Prakash Sachin & Co. Jharkhand Chartered Accountants

Prakash Sachin & Co.

Chartered Accountants

C/o Ram Chandra Prasad
Court Road, Jamtara
Jharkhand-815351
Phone-9891315840/9818295840
Sachin@psc.co.in
website –www.psc.co.in

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting

**Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that

(a) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

(c) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Financial Statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Material misstatements due to error or fraud may occur and not be detected because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in



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conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Basis of Adverse Opinion**

According to the information and explanation given to us and based on our audit, the following material weaknesses (listed below) have been identified in the operating effectiveness of the Company's internal control systems:

1. Company has reported 41.21%% Average Transmission and Commercial loss in the current financial year, while it has assured Jharkhand State Regulatory Commission to keep this loss under 15.00% for the year F.Y. 2020-21.
2. In our opinion, the Company does not have proper internal control of capitalization of assets and needs further improvement for ensuring timely capitalization of Fixed Assets through timely issuance of completion certificate.
3. In course of review of effectiveness of Internal Financial Controls in JBVNL it has been noticed that restrictions have been imposed in functioning of CFO as required under provisions of Companies Act and guidance notes issued by ICAI and CFO has been repeatedly appraising this fact to the notice of management. It has been noticed that CFO was not allowed to be involved in major financial decisions relating to Capital Expenditures, Power purchase expenditures, and key financial decisions and cash flow decisions. This has resulted in ineffective Internal Financial Controls. This issue was raised by AG (Audit) during the F.Y. 2018-19 and we have also reported in Statutory Audit report of F.Y. 2018-19 but no corrective action taken by either management or concerned officials. Under such situation any noncompliance of statutory provisions will be responsibilities of management and concerned officials in this regard.
4. In our opinion the Company does have internal control systems, but needs further improvement for ensuring timely closure of capital contract with supplier and determination of final amount/ liquidated damages and cost overrun to be charged for delay.
5. In our opinion the Company does not have effective internal control systems for reconciliation of vendors/contractors accounts pertaining to capital contract and Power purchase which could potentially result in some changes in Project cost reporting as well.

Prakash Sachin & Co. Jharkhand Chartered Accountants

Prakash Sachin & Co.

Chartered Accountants

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## Adverse Opinion

In our opinion, for matters described in **"Basis of Adverse Opinion paragraph"** the Company cannot be said to have an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting cannot be said to have been operating effectively as at 31st March 2021 based on the 'internal control over financial reporting' criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Prakash Sachin & Co**
**Chartered Accountants**
**F.R.N: 012513C**

Prakash Sachin & Co. Jharkhand Chartered Accountants

**CA Sachin Sinha**
**Partner**
**M. No. - 504063**
**Date: 30.12.2021**
**Place: Ranchi**
**UDIN: 22504063AASVIM7558**

JHARKHAND BIJLI VITRAN NIGAM LIMITED

Regtd. Office: Engineering Building, H.E.C, Dhurwa, Ranchi- 834004

(CIN : U40108JH2013SGC001702)

# Balance Sheet as at 31st March 2021

*in r lakh*

| | Particulars | Notes | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|---|---|
| I. | ASSETS | | | |
| 1 | **Non-current assets** | | | |
| | Fixed assets | | | |
| | Property, Plant & Equipment | 3A | 11,90,632.65 | 9,88,857.63 |
| | Capital work-in-progress | 3B | 5,19,401.55 | 5,72,475.09 |
| | Intangible assets | 3C | 104.24 | 1.28 |
| | Financial Assets | | | |
| | Non-current investments | 4 | 31,186.79 | 17,501.65 |
| | Others | 5 | 44,888.44 | 39,184.37 |
| | Other non-current assets | 6 | 6,07,916.96 | 6,16,336.92 |
| 2 | **Current assets** | | | |
| | Inventories | 7 | 19,988.67 | 24,688.02 |
| | Financial Assets | | | |
| | Trade receivables | 8 | 4,31,829.33 | 4,54,634.22 |
| | Cash and cash equivalents | 9 | 2,41,675.87 | 1,95,217.77 |
| | Bank Balances Other Than Cash & Cash Equivalent | 10 | 37,219.47 | 28,817.52 |
| | Other current assets | 11 | 2,23,031.47 | 2,18,986.35 |
| | TOTAL ASSETS | | **33,47,875.43** | **31,56,700.81** |
| II. | EQUITY AND LIABILITIES | | | |
| 1 | **Equity** | | | |
| | Equity Share capital | 12 | 3,10,893.00 | 3,10,893.00 |
| | Other Equity | 13 | (9,49,981.83) | (7,29,981.53) |
| | **Liabilities** | | | |
| 2 | **Non-current liabilities** | | | |
| | Financial Liabilities | | | |
| | Borrowings | 14 | 12,25,899.30 | 10,02,947.92 |
| | Consumers' Security Deposit | 16 | 1,12,701.52 | 1,06,259.73 |
| | Government Grants | 17 | 7,44,494.73 | 7,07,704.09 |
| | Other Non-Current liabilities | 18 | 2,12,422.65 | 2,05,166.14 |
| 3 | **Current liabilities** | | | |
| | Financial Liabilities | | | |
| | Borrowings | 15 | 97,075.89 | 50,006.77 |
| | Trade payables | 19 | 8,10,092.66 | 8,52,589.32 |
| | Others | 20 | 6,83,542.81 | 5,45,832.71 |
| | Other current liabilities | 21 | 34,518.84 | 25,864.85 |
| | Provisions | 22 | 66,215.88 | 79,417.83 |
| | TOTAL | | **33,47,875.43** | **31,56,700.81** |

*The accompanying notes from 1 to 30.13 form an integral part of the financial statements*

As per our report of even date

For and Behalf of
Prakash Sachin & Co.
Chartered Accountants
FRN:-012513C

CA Sachin Sinha
Partner
MN:-504063
UDIN:-22504063AASVIM7558
Date:- 30.12.2021

(Nimesh Anand)
Company Secretary
(M.No. A27073)

(Umesh Kumar)
Chief Financial Officer

(K.K. Verma)
Director (Operations)
(DIN: 06403350)

(Avinash Kumar)
Managing Director
(DIN: 03555587)

**JHARKHAND BIJLI VITRAN NIGAM LIMITED**

**Regtd. Office: Engineering Building, H.E.C, Dhurwa, Ranchi- 834004**

**(CIN : U40108JH2013SGC001702)**

**Profit and loss statement for the period ended 31st March 2021**

*in r lakh, except share and per equity share data*

| | Particulars | Note | For the period ended 31st March 2021 | For the period ended 31st March 2020 |
|---|---|---|---|---|
| I. | Revenue From Operations | 23 | 4,76,954.03 | 5,28,952.31 |
| | | | 4,76,954.03 | 5,28,952.31 |
| II. | Other income | | | |
| | Revenue Grant from Govt. | 24 | - | 60,000.00 |
| | Others | 25 | 1,12,752.03 | 1,02,066.06 |
| | | | 1,12,752.03 | 1,62,066.06 |
| III. | **Total Revenue (I + II)** | | **5,89,706.06** | **6,91,018.37** |
| IV. | Expenses: | | | |
| | Purchases of Power and Transmission charges | 26 | 5,95,473.71 | 6,20,599.35 |
| | Employee benefits expense | 27 | 27,113.44 | 24,169.59 |
| | Finance costs | 28 | 42,641.97 | 34,632.01 |
| | Depreciation and amortization expense | 3A | 1,08,977.29 | 88,267.24 |
| | Other expenses | 29 | 35,499.96 | 36,504.12 |
| | **Total expenses** | | **8,09,706.36** | **8,04,172.31** |
| V. | **Profit/(Loss) before exceptional items and tax (III-IV)** | | **(2,20,000.30)** | **(1,13,153.94)** |
| VI. | Exceptional items | | - | - |
| VII. | **Profit/(Loss) before tax (V - VI)** | | **(2,20,000.30)** | **(1,13,153.94)** |
| VIII. | **Tax expense:** | | | |
| | (1) Current tax | | - | - |
| | (2) Deferred tax | | - | - |
| IX. | **Profit/(Loss) to be transferred to Other Equity** | | **(2,20,000.30)** | **(1,13,153.94)** |
| X. | **EARNINGS PER EQUITY SHARE:** | | | |
| | Equity shares of par value r 10/- each | | | |
| | (1) Basic | | **(7.08)** | **(3.64)** |
| | (2) Diluted | | **(7.08)** | **(3.64)** |

*The accompanying notes from 1 to 30.13 form an integral part of the financial statements*

As per our report of even date

For and Behalf of
Prakash Sachin & Co.
Chartered Accountants
FRN:-012513C

Prakash Sachin & Co. Jharkhand Chartered Accountants

CA Sachin Sinha
Partner
MN:-504063
UDIN:-22504063AASVIM7558
Date:- 30.12.2021

(Nimesh Anand)
Company Secretary
(M.No. A27073 )

(Umesh Kumar)
Chief Financial Officer

(K.K. Verma)
Director (Operations)
(DIN: 06403350 )

(Avinash Kumar)
Managing Director
(DIN: 03555587 )

JHARKHAND BIJLI VITRAN NIGAM LIMITED

Regtd. Office: Engineering Building, H.E.C, Dhurwa, Ranchi- 834004

(CIN : U40108JH2013SGC001702)

# Statement of Cash Flows

*in r lakh*

| Particulars | As at 31st March 2021 | | As at 31st March 2020 | |
|---|---|---|---|---|
| | Amount(Rs.) | Amount(Rs.) | Amount(Rs.) | Amount(Rs.) |
| **Cash flows from operating activities** | | | | |
| Profit before taxation | | (2,20,000.30) | | (1,13,153.94) |
| ***Adjustments for:*** | | | | |
| Depreciation & ammortisation | 1,08,977.29 | | 88,267.24 | |
| Ammortisation of Grants, Contribution, Subsidies charged to P&L A/c | (59,201.39) | | (44,160.41) | |
| Provision for Doubtful Debts | 7,263.40 | | 7,180.17 | |
| Investment income | (1,589.55) | | (2,580.50) | |
| Profit / (Loss) on the sale of property, plant & equipment | - | 55,449.75 | - | 48,706.50 |
| **Working capital changes:** | | | | |
| Decrease/(Increase) in inventories | 4,699.35 | | 515.30 | |
| [illegible]rease in trade and other receivables | 5,799.26 | | (97,210.31) | |
| Increase in trade and other payables | 1,04,374.83 | 1,14,873.44 | 2,41,946.34 | 1,45,251.33 |
| **Cash generated from operations** | | (49,677.12) | | 80,803.90 |
| Interest paid | 42,636.73 | | 34,562.91 | |
| Income taxes paid | - | | - | |
| Dividends paid | - | 42,636.73 | - | 34,562.91 |
| **Net cash from operating activities** | | **(7,040.38)** | | **1,15,366.81** |
| **Cash flows from investing activities** | | | | |
| Purchase of Property, Plant & Equipment | | (3,10,855.27) | | (3,21,185.63) |
| Addition/Capitalisation of CWIP | | 53,073.54 | | (45,722.13) |
| Interest Income on Investments | | 1,589.55 | | 2,580.50 |
| (Increase)/Decrease of Investment | | (13,685.14) | | (9,275.68) |
| **Net cash from investing activities** | | **(2,69,877.32)** | | **(3,73,602.94)** |
| **Cash flows from financing activities** | | | | |
| Proceeds from State & Government Grant | | 92,992.27 | | 1,12,701.88 |
| Proceeds from State Government Loan | | 2,65,960.47 | | 9,275.68 |
| Proceeds from PFC & REC Loans | | 4,060.03 | | 30,297.00 |
| Receipt/(Adjustment) from Consumer for Capital works & Others | | 2,999.76 | | (4,178.03) |
| [illegible]erest paid | | (42,636.73) | | (34,562.91) |
| **Net cash from financing activities** | | **3,23,375.80** | | **1,13,533.61** |
| **Net increase in cash and cash equivalents** | | **46,458.10** | | **(1,44,702.52)** |
| **Cash and cash equivalents at beginning of period** | | **1,95,217.77** | | **3,39,920.29** |
| **Cash and cash equivalents at end of period** | | **2,41,675.87** | | **1,95,217.77** |

*The accompanying notes from 1 to 30.13 form an integral part of the financial statements*

As per our report of even date
For and Behalf of
Prakash Sachin & Co.
Chartered Accountants
FRN:-012513C

Prakash Sachin & Co. Jharkhand Chartered Accountants

CA Sachin Sinha
Partner
MN:-504063
UDIN:-22504063AASVIM7558
Date:- 30.12.2021

(Nimesh Anand)
Company Secretary
(M.No. A27073 )

(Umesh Kumar)
Chief Financial Officer

(K.K. Verma)
Director (Operations)
(DIN:06403350 )

(Avinash Kumar)
Managing Director
(DIN: 03555587 )

JHARKHAND BIJLI VITRAN NIGAM LIMITED

Regtd. Office: Engineering Building, H.E.C, Dhurwa, Ranchi- 834004

(CIN : U40108JH2013SGC001702)

**Statement of Changes in Equity**

**A. Equity Share Capital**

*in r lakh*

**For the year ended 31st March, 2021**

| Particulars | Amount |
|---|---|
| **Balance at the beginning of period as at 1st April, 2020** | 3,10,893.00 |
| Changes in equity share capital during the year | - |
| **Shares outstanding at the end of the year as at 31st March, 2021** | **3,10,893.00** |

**For the year ended 31st March, 2020**

*in r lakh*

| Particulars | Amount |
|---|---|
| **Balance at the beginning of period as at 1st April, 2019** | 3,10,893.00 |
| Changes in equity share capital during the year | - |
| **Shares outstanding at the end of the year as at 31st March, 2020** | **3,10,893.00** |

**B. Other Equity**

*in r lakh*

| Particulars | Others | Retained Earnings | Total |
|---|---|---|---|
| Balance as at 1st April, 2020 | (1,03,844.63) | (6,25,805.26) | (7,29,649.89) |
| Adjustments for: | | | |
| Prior Period adjutments | | (331.64) | (331.64) |
| Profit/(Loss) for the year | | (2,20,000.30) | (2,20,000.30) |
| Adjustments: | - | | - |
| **Total Comprehensive Income for the year** | - | **(2,20,331.94)** | **(2,20,331.94)** |
| Others | - | - | - |
| **Balance as at 31st March, 2021** | **(1,03,844.63)** | **(8,46,137.20)** | **(9,49,981.83)** |

*This is the statement of changes in Equiy refered to in our Report of even date*

(Nimesh Anand)
Company Secretary
(M.No. A27073

(Umesh Kumar)
Chief Financial Officer

(K.K. Verma)
Director (Operations)
(DIN: 06403350)

(Avinash Kumar)
Managing Director
(DIN: 03555587 )

Prakash Sachin & Co. Chartered Accountants Jharkhand

## Notes to the Standalone Financial Statements

## Significant Accounting Policies

1. **1A Corporate Information**
**Jharkhand Bijli Vitran Nigam Limited (JBVNL)**

Jharkhand Bijli Vitran Nigam Limited (The Company), a Limited Company, incorporated under the Companies Act, 1956, came into existence October 23, 2013 (CIN U40108JH2013SGC0-01702) as a result of the unbundling of the erstwhile Jharkhand State Electricity Board (JSEB) into four companies. The Company is a wholly owned subsidiary company of "Jharkhand Urja Vikas Nigam Ltd (The Holding Company).

The main objective of the Company is distribution of reliable and quality supply of electricity at reasonable and competitive tariff so as to boost agriculture, industrial and overall economic growth and development of Jharkhand. In order to achieve the main objective, the company has undertaken the activities of distribution to all consumers irrespective of the voltage, provision, supply, wheeling, purchase, sale, import, export and trading of electricity, introduce open access in distribution as per the Jharkhand Electricity Regulatory Commission directives. The tariff of the company is regulated by the Jharkhand Electricity Regulatory Commission.

The registered office of the Company is located at Engineering Building, HEC, Dhurwa Ranchi - 834004, in the State of Jharkhand. JBVNL is a state-owned public-sector company engaged in the business of electricity distribution. The company is involved in distribution of electricity to different categories of consumers like HT, LTIS, DS, NDS, IAS, etc. in 7 electric supply areas, viz. Ranchi, Dhanbad, Singhbhum, Hazaribagh, Giridih, Dumka and Medininagar.

**1B Statement of Compliance**

The Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with section 133 of the Companies Act, 2013 (as amended from time to time).

2. **Basis of preparation and presentation**

The Financial Statements have been prepared on historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the Accounting Policies below.

As the operating cycle cannot be identified in normal course due to the special nature of industry, the same has been assumed to have duration of 12 months. Accordingly, all assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Ind AS-1 'Presentation of Financial Statements" and Schedule III to the Companies Act, 2013.

The financial statements have been prepared on an accrual basis except in the following cases, where cash basis accounting have been adopted:

- Grant received from Government
- Interest recognition on mobilization advances
- Supervision charges received from consumers

Prakash Sachin & Co. Jharkhand Chartered Accountants

### 2.1 Use of Estimates and Judgments

In the application of the Company's accounting policies, management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The area involving critical estimates or judgements are:

a. Employee benefits-Defined benefit Obligations
b. Provisions, Contingencies

Estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

### 2.2 Other Significant Accounting Policies

### 1. Property, Plant and Equipment ("PPE")

- Property, plant and equipment are initially measured at acquisition or production cost, including interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use, estimated decommissioning or restoration cost and other incidental expenses incurred up to that date. After recognition, the Property, Plant and Equipment are measured on Cost model for each class of assets as provided in Ind AS 16.

- JBVNL has the following classes of assets:

| S No. | Assets Class |
|---|---|
| 1. | Land & Land Rights |
| 2. | Buildings |
| 3. | Civil Works |
| 4. | Plant and Machinery |
| 5. | Lines & Cable Network |
| 6. | Vehicles |
| 7. | Furniture and Fixtures |
| 8. | Office equipment |
| 9. | Spare Units/Service Units |
| 10. | Assets taken over from pending final valuation |

Metering equipment has been included in Plant & Machinery.

- Consumer Contribution or Government Grants do not reduce the acquisition of the respective assets; they are reported on the Balance Sheet as deferred income. Government Grants have been reported separately under Note 17-

Prakash Sachin & Co. Jharkhand Chartered Accountants

Government Grants and Consumer Contribution has been reported under Note 20 - Other Current Financial Liabilities.

- Subsequent costs arising, for example, from additional or replacement capital expenditure are only recognized as part of the acquisition cost of the asset, or as a separate asset if it is probable that JBVNL will receive a future economic benefit and the cost can be determined reliably.
- Repair and maintenance costs that do not constitute significant replacement capital expenditure are expensed as incurred.
- Payments made towards compensation and other expenses relatable to land are treated as cost of land.
- Machinery spares are recognized as a separate asset, if it is probable that JBVNL will receive a future economic benefit and the cost can be determined reliably.
- Expenditure incurred under Annual Development Program (ADP) and Deposit Head (Assets constructed from consumer contribution) are capitalised as and when incurred.

### 1.2 Depreciation

- Depreciation on property, plant and equipment has been calculated at rate prescribed in JSERC MYT Regulations, 2015, vide notification no. 33 &34, dated 27th October 2010, notification no.35 dated 1st November 2010 and notification no. 46 dated 10th November, 2015.
- Depreciation rate for different class of assets are provided in below-mentioned table:

| S No. | Assets Class | Depreciation Rates |
|---|---|---|
| 1. | Land & Land Rights | 0% |
| 2. | Buildings | 3.02% |
| 3. | Civil Works | 3.02% |
| 4. | Plant and Machinery | 7.84% |
| 5. | Lines & Cable Network | 7.84% |
| 6. | Vehicles | 33.40% |
| 7. | Furniture and Fixtures | 12.77% |
| 8. | Office equipment | 12.77% |

- Depreciation commences when the assets are ready for their intended use.

### 1.3 Capital work-in-progress

- Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.
- Interest and inspection charges incidental to the construction of Fixed assets are capitalized with the assets
- Interests earned on funds received under loan or mobilisation advances are reduced from the interest cost charged to capital work in progress.

### 1.4 Intangible assets

- Intangible assets are initially measured at cost. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

Prakash Sachin & Co. Chartered Accountants Jharkhand

- After recognition, each classes of Intangible assets are measured on cost as provided in Ind AS 38.
- Subsequent expenditure on an intangible asset after its purchase / completion is recognized as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.
- The intangible asset is amortized on straight-line method in line with the rate of Office equipment

**1.5 Government grants, subsidies and Consumer Contribution**

- Government grants and subsidies are recognized when there is reasonable assurance that JBVNL will comply with the conditions attached to them and the grant / subsidy will be received.
- Government grants whose primary condition is that JBVNL should purchase, construct or otherwise acquire capital assets are treated as deferred income and charged to the profit and loss account in proportion to depreciation over the useful life of the assets. The acquired or constructed assets from government grants are recognized at cost and depreciated over the useful life of the asset.
- Non- monitory grants, assets given at concessional rate are recognized at fair value by setting up the grant as deferred income. The deferred income is charged into profit and loss in proportion to depreciation over the useful life of the asset.
- Forgivable loans are recognized as a government grant when there is a reasonable assurance that JBVNL will meet the terms of forgiveness of the loan.
- Loans receive at a concessional rate are recorded at fair value and the benefits of concessional rate of interest are recognized as government grant
- Other government grants and subsidies received as revenue, are recognized as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.
- Interest earned on grants received from Central Government which are required to be repaid are shown as liability.
- Consumer contribution are recognised as advances and supervision charges received are recognised immediately in profit & loss statement on receipt basis. Once the assets are put to use, such consumer contribution are amortised in proportion to depreciation and the remaining amount are shown as deferred income.
- Subsidy received against the tariff to be passed on to consumers are recognised as receivables from the State Government as an asset.

**1.6 Financial Instruments**

- A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
- Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.
- Financial assets and financial liabilities have been recognised at cost. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the cost of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities measured at cost through profit or loss are recognised immediately in the statement of profit and loss.

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### 1.6.1 Investment in Subsidiaries, Jointly Controlled Entities and Associates

Investment in subsidiaries, jointly controlled entities and associates are measured at cost less impairment as per Ind AS 27 - Separate Financial Statements.

The Company reviews its carrying value of investments carried at cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted in the statement of profit and loss.

### 1.6.2 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## 1.7 Revenue

The company is in the business of electricity distribution operations and it earns revenue primarily from sale of power. Revenue from others comprises interest from banks, surcharges received, supervision charges, etc.

**Sale of Power - Distribution**

Revenue is recognized net of cash discount over time for each unit of electricity delivered at the pre-determined tariff rate. Revenue from sale of energy is accounted for based on tariff rates approved by the JSERC. Beneficiaries are billed on a periodic and regular basis. As at each reporting date, revenue from sale of energy includes an accrual for sales delivered to beneficiaries but not yet billed i.e. unbilled revenue. Revenue from contracts with customers for sale of power is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Income from services like supervision charges are recognized as and when (amounts are received).

**Delayed Payment Surcharge:** Delayed payment charges on delayed payments are recognized, on grounds of prudence and when accrued.

**Interest Income**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

**Amortisation of Consumer Contribution, Government Grants**

Contributions by consumers, grants provided by Government/Government agencies (Central/State) towards items of property, plant and equipment, which require an obligation to provide electricity connection to the consumers, are recognised as a credit to deferred revenue. Such revenue is recognized/amortised in profit and loss statement in proportion to the depreciation charged on the property, plant and equipment created out of such grants/consumer contributions.

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### 1.8 Power Purchase

The power purchased from the generation company falling under the jurisdiction of CERC / JSERC is recorded at the tariff rate decided by the respective regulator and incorporated in power purchase agreements. Any supplementary bill due to change in Tariff ad power purchase rebates given by the supplier also form part of the cost of purchase of Power in the year such supplementary bills become due.

### 1.9 Inventories

Inventories have been valued at the lower of cost (on weighted average basis).

### 1.10 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

### 1.11 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of JBVNL are segregated based on the available information.

### 1.12 Current vs. Non-Current

JBVNL presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

JBVNL classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. JBVNL has identified twelve months as its operating cycle.

### 1.13 Employee benefits

Employee benefits include provident fund, pension fund, superannuation fund, gratuity fund, compensated absences, long service awards and other post-employment benefits.

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### Post-retirement Benefits

- **Defined contribution plan** - Payment to defined contribution retirement benefits plans are recognized as an expense when employee have rendered service entitling them to the contribution. The Company has a defined contribution plan for provident fund which is administered through a separate trust.
- **Defined benefit plan** - The liability or asset recognised in the Balance Sheet in respect of defined benefit gratuity and pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The year's liability is estimated on the basis of actuarial valuation made using the Projected Unit Credit Method and is charged to the Statement of Profit and Loss. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income and in the Balance Sheet. The Company has a defined contribution plan for Gratuity and Pension fund which is administered through a separate trust.
- **Other Long-Term Employee Benefits** - Other Long Term Employee Benefits comprise of leave encashment. The leave benefits are recognized based on the present value of defined obligation and the year's liability is estimated on the basis of actuarial valuations using the Projected Unit Credit Method and is charged to the Statement of Profit and Loss.

### Short-term employee benefits

- A liability is recognized for benefits accruing to employees in respect of wages and salaries, leaves in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.
- Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

## 1.14 Borrowing costs

Borrowing costs include interest, amortization of ancillary costs incurred and exchange differences arising from foreign currency borrowings as applicable, to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment and on Mobilization advances of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization

Borrowing costs incurred after the assets are ready to use are recognized in statement of profit and loss in the period in which they are incurred.

## 1.15 Segment Reporting

Since the Company has only one integrated business, i.e. Distribution of power, it has no reportable segment.

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**1.16 Earnings per share**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

**1.17 Taxes on income**

The tax expenses for the year comprises current and deferred tax. Tax expenses are recognized in the income statement only to the extent it relates to the items recognized in profit and loss. Taxes on items recognized in other comprehensive income and directly to equity, are also recognized in other comprehensive income and directly in equity.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

**Minimum Alternate Tax**

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that JBVNL will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to JBVNL.

**Deferred Tax**

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in JBVNL' s financial statements. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred tax assets in respect of carry forward unused losses and tax credit are recognised only to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilized. If JBVNL has a history of tax losses, deferred tax assets is recognized to the extent that JBVNL has sufficient temporary differences or there is convincing other evidence that sufficient taxable profit will be available.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and JBVNL has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realizability.

The carrying amount of deferred tax assets and liabilities are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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### 1.18 Provisions and contingencies

Provisions are recognized when JBVNL has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount.

A contingent liability has been disclosed where the existence of an obligation has been confirmed by future events or where the amount of the obligation cannot be measured reliably. Contingent assets are not recognized, but are disclosed where an inflow of economic benefits is probable.

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**Note 3A: Property, Plant & Equipment**

*in r lakh*

| Fixed Assets | Gross Block | | | Accumulated Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|
| | Balance as at 1st Apr 2020 | Additions/ (Disposals) | Balance as at 31st March 2021 | Balance as at 1st Apr 2020 | Depreciation charge for the year | On disposals/ reversals | Balance as at 31st March 2021 | Balance as at 31st March 2021 | Balance as at 31st March 2020 |
| | Amount | Amount | Amount | Amount | Amount | Amount | Amount | Amount | Amount |
| Land and land rights | 312.87 | - | 312.87 | - | - | - | - | 312.87 | 312.87 |
| Building | 7,508.01 | 1,254.63 | 8,762.65 | 1,774.21 | 231.45 | - | 2,005.66 | 6,756.99 | 5,733.80 |
| Plant and Machinery | 2,56,209.76 | 82,289.66 | 3,38,499.42 | 58,432.05 | 21,837.30 | | 80,269.35 | 2,58,230.07 | 1,97,777.71 |
| Lines and Cable Network | 10,66,143.99 | 2,18,557.14 | 12,84,701.12 | 2,92,774.34 | 86,383.78 | | 3,79,158.13 | 9,05,542.99 | 7,73,369.64 |
| Vehicles | 305.57 | 14.21 | 319.77 | 260.14 | 8.25 | - | 268.39 | 51.38 | 45.42 |
| Furniture and Fixture | 235.42 | 7.68 | 243.10 | 174.13 | 13.08 | - | 187.21 | 55.89 | 61.29 |
| Office Equipments | 733.23 | 15.62 | 748.86 | 323.46 | 80.18 | | 403.64 | 345.21 | 409.77 |
| Spare Units/Service Units | 2,620.89 | - | 2,620.89 | 1,983.13 | 46.65 | - | 2,029.78 | 591.12 | 637.76 |
| Assets taken over from pending final valuation | 208.38 | - | 208.38 | 187.54 | - | - | 187.54 | 20.83 | 20.83 |
| Others Civil Works (Roads, Boundry walls etc.) | 11,048.27 | 8,613.11 | 19,661.39 | 559.76 | 376.33 | - | 936.09 | 18,725.29 | 10,488.52 |
| Total | 13,45,326.39 | 3,10,752.05 | 16,56,078.44 | 3,56,468.77 | 1,08,977.03 | - | 4,65,445.79 | 11,90,632.65 | 9,88,857.63 |

**Note 3B: Capital Work In Progress**

*in r lakh*

| | Balance as at 1st Apr 2020 | Additions/ (Disposals) | Balance as at 31st March 2021 |
|---|---|---|---|
| | Amount | Amount | Amount |
| Capital Work-in-progress | 5,05,049.26 | (40,101.80) | 4,64,947.45 |
| Capital Work-in-progress (Interest & Finance Charges) | 67,425.83 | (12,971.74) | 54,454.09 |
| Total | 5,72,475.09 | (53,073.54) | 5,19,401.55 |

**Note 3C: Intangible Asset**

in r lakh

| Intangible Asset | Gross Block | | | Accumulated Ammortisation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|
| | Balance as at 1st Apr 2020 | Additions/ (Disposals) | Balance as at 31st March 2021 | Balance as at 1st Apr 2020 | Depreciation charge for the year | On disposals/ reversals | Balance as at 31st March 2021 | Balance as at 31st March 2021 | Balance as at 31st March 2020 |
| | Amount | Amount | Amount | Amount | Amount | Amount | Amount | Amount | Amount |
| License and software | 1.79 | 103.22 | 105.01 | 0.51 | 0.26 | - | 0.77 | 104.24 | 1.28 |
| Total | 1.79 | 103.22 | 105.01 | 0.51 | 0.26 | - | 0.77 | 104.24 | 1.28 |

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Note 4: Financial Asset-Non-Current Investments

*in r lakh*

| S.No. | Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|---|
| | | Amount | Amount |
| A | Trade Investments | | |
| | (a) Investment in equity intrument | 31,186.79 | 13,461.11 |
| | i) of Joint Venture Company- Patratu Vidyut Utpadan Nigam Limited | | |
| | Fully Paid up euity 311867882 shares @ 10 each, P.Y. 134611130 shares @ 10 each | 31,186.79 | 13,461.11 |
| | (b) Share Application Money | - | 4,040.54 |
| B | Other Investments | | |
| | | | - |
| | Grand Total (A + B) | 31,186.79 | 17,501.65 |
| | Less : Provision for dimunition in the value of Investments | - | - |
| | Total | 31,186.79 | 17,501.65 |

Note 5: Non Current- Other Financial Asset

*in r lakh*

| S.No. | Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|---|
| | | Amount | Amount |
| a. | Bank Deposits | 44,888.44 | 39,184.37 |
| | Total | 44,888.44 | 39,184.37 |

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Note 6: Other Non-Current Assets

*in r lakh*

| Particulars | As at 31st March 2021 Amount | As at 31st March 2020 Amount |
|---|---|---|
| | | |
| **a. Capital Advances** | | |
| Capital Advances | 38,182.83 | 46,458.70 |
| | 38,182.83 | 46,458.70 |
| **b. Others** | | |
| Claim Receivable from GOJ | 5,68,502.40 | 5,68,502.40 |
| Other receivable | 1,184.75 | 1,328.84 |
| Amount owing from Licensees | 46.98 | 46.98 |
| | **5,69,734.13** | **5,69,878.22** |
| | | |
| Total | **6,07,916.96** | **6,16,336.92** |

Note 7: Inventories

*in r lakh*

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **a. Raw Materials and components** | | |
| Stock of Materials (Capital) | 15,859.85 | 20,558.36 |
| Stock of Materials (O&M) | 4,128.82 | 4,129.65 |
| | | |
| Total | **19,988.67** | **24,688.02** |

Note 8: Trade Receivables

*in r lakh*

| Particulars | As at 31st March 2021 Amount | As at 31st March 2020 Amount |
|---|---|---|
| **Provision for Unbilled Revenue** | | |
| Secured, considered good | 24,415.58 | 51,955.68 |
| Unsecured, considered good | - | - |
| Unsecured, considered doubtful | - | - |
| Less: Provision for doubtful debts | - | - |
| | 24,415.58 | 51,955.68 |
| Secured, considered good | 7,30,516.75 | 7,18,518.13 |
| Unsecured, considered good | - | - |
| Unsecured, considered doubtful | - | - |
| | 7,30,516.75 | 7,18,518.13 |
| Less: Provision for doubtful debts | 3,23,102.99 | 3,15,839.59 |
| | **4,07,413.75** | **4,02,678.54** |
| | | |
| Total | **4,31,829.33** | **4,54,634.22** |

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## Note 9: Cash and Cash Equivalents

*in r lakh*

| Particulars | As at 31st March 2021 | | As at 31st March 2020 | |
|---|---|---|---|---|
| | Amount | Amount | Amount | Amount |
| a. Balances with banks | 2,40,984.91 | 2,40,984.91 | 1,94,418.41 | 1,94,418.41 |
| b. Cash in hand | 18.82 | | 23.37 | |
| Imprest Cash | 672.14 | 690.96 | 775.99 | 799.36 |
| **Total** | | **2,41,675.87** | | **1,95,217.77** |

## Note 10: Bank Balances Other Than Cash & Cash Equivalent

*in r lakh*

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| | Amount | Amount |
| Bank Deposits | 37,219.47 | 28,817.52 |
| **Total** | **37,219.47** | **28,817.52** |

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Note 11: Other Current Assets

*in r lakh*

| Particulars | As at 31st March 2021 Amount | As at 31st March 2020 Amount |
|---|---|---|
| **i) Advances Other Than Capital Advances** | | |
| 1 **Others** | | |
| Others Suppliers | 1,644.12 | 1,652.86 |
| Contractors | 82.83 | 74.81 |
| | 1,726.94 | 1,727.67 |
| **2. Advances to Employees:** | | |
| Advances to Staff | 26.99 | 26.99 |
| TA/Conveyance Advance | 96.82 | 101.59 |
| Festival | 13.70 | 15.14 |
| Car/Marriage Advance | 0.22 | 16.86 |
| Motor Cycle Advance | 0.93 | 0.93 |
| Cycle Advance | 0.18 | 0.18 |
| House Building/Pay Advance | 13.43 | 5.40 |
| Medical Advance | 39.72 | 38.86 |
| Arrear Pay in Advance | 46.12 | 62.20 |
| Temporary Advance | 183.79 | 183.91 |
| Other Advance | 55.17 | 50.10 |
| Computer Advance | (0.18) | (0.18) |
| | 476.91 | 501.98 |
| 3. **Taxes**: | | |
| TDS & Advances to Authorities | 1,796.05 | 2,253.42 |
| Advance to Commercial taxes | 506.62 | 506.62 |
| | 2,302.67 | 2,760.03 |
| 4. **Others:** | | |
| GBI Claim From IREDA reeceivable | 1,074.65 | 466.12 |
| Subsidy Receivable from GoJ | 31,445.28 | - |
| Advance to Home Guard | 0.25 | 0.25 |
| | 32,520.18 | 466.37 |
| **Grand Total - i)** | **37,026.70** | **5,456.06** |
| **ii) Others** | | |
| **1. Inter-Unit balances:** | 20,458.13 | 20,692.12 |
| **2. Inter-Company Transactions** | | |
| JUVNL | 870.12 | 1,151.94 |
| PTPS | 20,647.31 | 20,639.65 |
| | 21,517.43 | 21,791.59 |
| **3. Retiral benefits** | | |
| Officers Welfare Fund | 202.21 | 202.81 |
| C.P.F | 327.40 | 364.06 |
| G.P.F | 2,016.10 | 1,676.64 |
| Group Saving Scheme | 1,131.99 | 936.10 |
| Group Insurance (Board) | 2.29 | 1.79 |
| Master Trust | 1,40,349.20 | 1,67,865.18 |
| | 1,44,029.21 | 1,71,046.58 |
| **Grand Total - ii)** | **1,86,004.76** | **2,13,530.29** |
| **Grand Total - i) + ii)** | **2,23,031.47** | **2,18,986.35** |

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Note 12: Equity Share Capital

a. Details of Share Capital

*in r lakh*

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| | Amount | Amount |
| | | |
| **Authorised**<br>(Opening: 3108930000 Equity Shares, addition during the year NIL, closing 3108930000 of r 10/- each) | 3,10,893.00 | 3,10,893.00 |
| **Issued**<br>(Opening: 3108930000 Equity Shares, addition during the year NIL, closing 3108930000 of r 10/-) | 3,10,893.00 | 3,10,893.00 |
| **Subscribed & fully Paid up**<br>(Opening: 3108930000 Equity Shares, addition during the year NIL, closing 3108930000 of r 10/-) | 3,10,893.00 | 3,10,893.00 |

b. Reconciliation of the shares outstanding at the beginning and at the end of the period *in r lakh*

| Particulars | Equity Shares | | | |
|---|---|---|---|---|
| | As at 31st March 2021 | | As at 31st March 2020 | |
| | Number | Amount | Number | Amount |
| Shares outstanding at the beginning of the year | 3,10,89,30,000 | 3,10,893.00 | 3,10,89,30,000 | 3,10,893.00 |
| Shares Issued during the year | - | - | - | - |
| Shares bought back during the year | - | - | - | - |
| Any other movement | - | - | - | - |
| Shares outstanding at the end of the year | **3,10,89,30,000** | **3,10,893.00** | **3,10,89,30,000** | **3,10,893.00** |

c. Out of Equity shares issued by the Company, shares held by its holding company, ultimate holding company and their subsidiaries/ associates are as below: *in r lakh*

| Particulars | Nature of Relationship | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|---|
| Equity Shares | | | |
| Jharkhand Urja Vikas Nigam Ltd | Holding Company | 3,10,892.94 | 3,10,892.94 |
| | | | |

d. Details of Shareholding in the Company

| Name of Shareholder | Equity Shares | | | |
|---|---|---|---|---|
| | As at 31st March 2021 | | As at 31st March 2020 | |
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Jharkhand Urja Vikas Nigam Ltd | 3,10,89,29,400 | 99.99998% | 3,10,89,29,400 | 99.99998% |
| Principal Secretary/ Secretary, Power, GoJ | 100 | 0.00000% | 100 | 0.0000% |
| Principal Secretary/ Secretary, Finance, GoJ | 100 | 0.00000% | 100 | 0.0000% |
| Principal Secretary/ Secretary, Planning & Development, GoJ | 100 | 0.00000% | 100 | 0.0000% |
| Principal Secretary/ Secretary, Water Resource, GoJ | 100 | 0.00000% | 100 | 0.0000% |
| Principal Secretary/ Secretary, Mines & Natural Resources, GoJ | 100 | 0.00000% | 100 | 0.0000% |
| Principal Secretary/ Secretary, Forest & Environment, GoJ | 100 | 0.00000% | 100 | 0.0000% |
| Total | 3,10,89,30,000 | 100.00% | 3,10,89,30,000 | 100.00% |

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Note 13: Other Equity

*in r lakh*

| Particulars | As at 31st March 2021 Amount | As at 31st March 2020 Amount |
|---|---|---|
| a. Capital Redemption Reserve | - | - |
| b. Debenture Redemption Reserve | - | - |
| e. Shares Options Outstanding Amount | - | - |
| g. Other Reserves | | |
| Restructuring Account (Equity Portion) | 210.00 | 210.00 |
| (as per GoJ notified "The Jharkhand State Electricity Reform Revised Transfer Scheme 2015" vide Notification no. 2917, Ranchi dated 20.11.2015) | | |
| Restructuring Account (Additional ) | (1,04,054.63) | (1,04,054.63) |
| | **(1,03,844.63)** | **(1,03,844.63)** |
| ii) Retained Earnings | | |
| Opening balance | (6,26,136.90) | (5,12,651.32) |
| Adjustments for | | |
| Prior Period adjutments | - | (331.64) |
| **Adjusted Retained Earnings** | **(6,26,136.90)** | **(5,12,982.96)** |
| (+) Net Profit/(Net Loss) For the current year | (2,20,000.30) | (1,13,153.94) |
| (+) Transfer from Reserves | - | - |
| (-) Proposed Dividends | - | - |
| (-) Interim Dividends | - | - |
| (-) Transfer to Reserves | - | - |
| Closing Balance | **(8,46,137.20)** | **(6,26,136.90)** |
| Total | **(9,49,981.83)** | **(7,29,981.53)** |

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Note 14: Borrowings- Financial Liability

*in r lakh*

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| | Amount | Amount |
| | | |
| Secured | | |
| Term loans | - | - |
| Loan from PFC | 30,263.00 | 30,263.00 |
| | **30,263.00** | **30,263.00** |
| Unsecured | | |
| Term loans | | |
| Loan from Government | 11,95,636.30 | 9,72,684.92 |
| | **11,95,636.30** | **9,72,684.92** |
| **Total** | **12,25,899.30** | **10,02,947.92** |

Note 15: Borrowings- Current Financial Liability

*in r lakh*

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| | Amount | Amount |
| | | |
| Secured | | |
| Loans repayable on demand | | |
| Loan from PFC | | |
| Loan from Government | 97,075.89 | 50,006.77 |
| **Total** | **97,075.89** | **50,006.77** |

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## Note 16: Consumers' Security Deposit

*in r lakh*

| Particulars | As at 31st March 2021 Amount | As at 31st March 2020 Amount |
|---|---|---|
| Consumers' Security Deposit | | |
| Security deposits from Consumer | 65,572.33 | 63,238.39 |
| Interest payable on Consumers deposits | 47,129.19 | 43,021.34 |
| Total | **1,12,701.52** | **1,06,259.73** |

## Note 17: Government Grants

*in r lakh*

| Particulars | As at 31st March 2021 Amount | As at 31st March 2020 Amount |
|---|---|---|
| Opening Grant | 7,07,704.09 | 6,36,653.23 |
| Add: Movement during the year | 36,790.64 | 71,050.85 |
| Total | **7,44,494.73** | **7,07,704.09** |

## Note 18: Other Non Current Liabilities

*in r lakh*

| Particulars | As at 31st March 2021 Amount | As at 31st March 2020 Amount |
|---|---|---|
| Security Deposit from Contractors | 7,890.60 | 7,743.41 |
| Keep Back deposit | 78,420.83 | 88,177.59 |
| Penalty Keep Back | 7,088.99 | 3,829.25 |
| Retention Money for Suppliers /Contractors | 1,16,621.80 | 1,03,861.55 |
| Penalty for Contractors | 212.03 | 151.84 |
| Earnest Money Deposite | 2,188.41 | 1,402.50 |
| Total | **2,12,422.65** | **2,05,166.14** |

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Note 19: Trade Payables

*in r lakh*

| Particulars | As at 31st March 2021 Amount | As at 31st March 2020 Amount |
|---|---|---|
| | | |
| a. Related Parties | 93,606.17 | 83,702.54 |
| b. Others | 7,16,486.49 | 7,68,886.78 |
| **Total** | **8,10,092.66** | **8,52,589.32** |

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Note 20: Other Current Financial Liabilities

*in r lakh*

| Particulars | As at 31st March 2021 Amount | As at 31st March 2020 Amount |
|---|---|---|
| a. Receipts under Deposit Head | | |
| (a) Receipts from Consumers- Deposit works, Consumer Contribution, Electrification, Service, Connection | 36,669.01 | 35,326.16 |
| (b) Advance for Deposit Work | 17,904.03 | 16,413.87 |
| | 54,573.03 | 51,740.03 |
| **b. Interest Payable** | | |
| Interest on Government Loan | 1,51,535.02 | 92,580.11 |
| Interest on Other FI loans | 4,024.27 | 1,984.24 |
| | **1,55,559.29** | **94,564.35** |
| **c. Overdraft/CC facility** | **87,099.95** | **46,133.64** |
| c. Others | | |
| Liabilities for Establishment | 4,004.25 | 2,562.52 |
| Salary Payable | 1,546.62 | 2,045.48 |
| Other Liabilities | 183.78 | 4,545.32 |
| Other Payable | 0.29 | 0.30 |
| Security Deposit from Staff | 2.90 | 2.78 |
| Other Deposit | 2.68 | 2.68 |
| Statutory Audit, Internal Audit & Tax Audit | 32.68 | 15.98 |
| Other Liabilites (REC) | 3,754.81 | 4,413.75 |
| Sundry Creditors(Purchase) | 665.21 | 858.61 |
| Liability for Capital Suppliers/Works | 3,54,404.94 | 3,17,998.20 |
| Liabilities for O.M.Suppliers/Works | 21,712.37 | 20,949.08 |
| | **3,86,310.53** | **3,53,394.69** |
| Total | **6,83,542.81** | **5,45,832.71** |

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## Note 21: Other Current Liabilities

*in r lakh*

| Particulars | As at 31st March 2021 Amount | As at 31st March 2020 Amount |
|---|---|---|
| | | |
| (a) Tax Payable: | | |
| Other tax payable | - | - |
| Income Tax deducted at source | 504.84 | 255.56 |
| Sales Tax/ Professional Tax/ Labour Cess payable | 2,495.77 | 1,838.02 |
| TDS deducted on CGST | 137.96 | 15.18 |
| TDS deducted on SGST | 137.96 | 15.18 |
| TDS deducted on IGST | 11.29 | 1.75 |
| (b) Others: | | |
| Electricity Duty Recoveries | 31,175.06 | 23,695.00 |
| Royalty Payable | 30.40 | 34.25 |
| Public Works Department | 0.25 | 0.25 |
| GST Liability | 25.31 | 9.67 |
| **Total** | **34,518.84** | **25,864.85** |

## Note 22: Provisions- Current

*in r lakh*

| Particulars | As at 31st March 2021 Amount | As at 31st March 2020 Amount |
|---|---|---|
| Leave Encashment | 3,780.21 | 4,121.62 |
| Gratuity Reserve | 1,357.23 | 2,064.75 |
| New Pension Scheme | 220.08 | 242.22 |
| Pension Reserve | 60,228.51 | 72,353.24 |
| Contribution to CPF | 13.26 | 15.88 |
| EPF(Employers) | 255.98 | 251.51 |
| EPF(Employees) | 201.24 | 213.53 |
| ESI(Employers) | 84.34 | 83.85 |
| ESI(Employees) | 53.91 | 53.91 |
| PLI & LIP | 21.12 | 17.32 |
| **Total** | **66,215.88** | **79,417.83** |

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## Note 23: Revenue From Operations

*in r lakh*

| Particulars | As at 31st March 2021 Amount | As at 31st March 2020 Amount |
|---|---|---|
| a. Sale of Energy | | |
| Domestic | 2,53,636.70 | 2,52,476.95 |
| Commercial | 43,199.24 | 53,813.10 |
| Public Lighting | 2,650.03 | 2,914.86 |
| Irrigation | 3,573.76 | 4,013.21 |
| Public Water Works | - | - |
| Industrial LT | 19,147.67 | 25,375.07 |
| Industrial HT | 1,31,618.82 | 1,55,021.21 |
| Railway | 8,631.31 | 9,623.96 |
| | **4,62,457.52** | **5,03,238.36** |
| b. Other Operating Revenue | | |
| Meter Rent | 3,619.93 | 4,140.27 |
| Wheeling Charges / Fuel surcharge/Outside Sale | 13,077.91 | 20,695.98 |
| Receipt from Consumers for capital works | 2,999.76 | 2,509.39 |
| Miscellaneous Charges from Consumers | 5.17 | 9.41 |
| | **19,702.77** | **27,355.04** |
| Less: | | |
| c. Rebate allowed to Consumers | 5,206.27 | 1,641.09 |
| **Total** | **4,76,954.03** | **5,28,952.31** |

## Note 24: Other Income - Revenue Grant from Govt.

*in r lakh*

| Particulars | As at 31st March 2021 Amount | As at 31st March 2020 Amount |
|---|---|---|
| Grants-in-aid for debt services | - | 60,000.00 |
| **Total** | - | **60,000.00** |

## Note 25: Other Income-Others

*in r lakh*

| Particulars | As at 31st March 2021 Amount | As at 31st March 2020 Amount |
|---|---|---|
| Ammortisation of Grants, Contribution, Subsidies | 56,201.64 | 41,651.02 |
| Interest Income from Investment in Fixed Deposits | 897.88 | 1,604.14 |
| D.P.S from Consumer | 50,694.59 | 57,359.17 |
| Interest from Bank (Other than FD) | 691.67 | 976.36 |
| Supervision Charges | 447.61 | 266.40 |
| Miscellaneous Receipt | 556.53 | 208.96 |
| Rebate on Power Purchase | 3,262.13 | - |
| **Total** | **1,12,752.03** | **1,02,066.06** |

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## Note 26: Purchase of Power and Transmission Charges

*in r lakh*

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| | Amount | Amount |
| Inventory at the beginning of the year | | |
| Add: Purchases of Power | 5,95,473.71 | 6,20,599.35 |
| Add: Transfer to internal department X | - | - |
| | **5,95,473.71** | **6,20,599.35** |
| Less: Inventory at the end of the year | - | - |
| Less: Abnormal Losses during the year | - | - |
| Less: Transfer from Internal Department Y | - | - |
| Cost of raw material *consumed* | **5,95,473.71** | **6,20,599.35** |
| Packing Material ( if considered as part of Raw Material) | - | - |
| Other materials ( purchased intermediates and components) | - | - |
| Total | **5,95,473.71** | **6,20,599.35** |

## Note 27: Employee Benefits Expense

*in r lakh*

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| | Amount | Amount |
| (a) Salaries and incentives | 21,154.08 | 21,815.51 |
| (b) Contributions to - | | |
| (i) Provident and other fund | 885.96 | 823.56 |
| (ii) Pension Fund | 4,477.18 | 988.42 |
| (c) Gratuity fund contributions | 543.18 | 431.29 |
| (d) Staff welfare expenses | 53.04 | 110.80 |
| Total | **27,113.44** | **24,169.59** |

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## Note 26: Purchase of Power and Transmission Charges

*in r lakh*

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| | Amount | Amount |
| Inventory at the beginning of the year | | |
| Add: Purchases of Power | 5,95,473.71 | 6,20,599.35 |
| Add: Transfer to internal department X | - | - |
| | **5,95,473.71** | **6,20,599.35** |
| Less: Inventory at the end of the year | - | - |
| Less: Abnormal Losses during the year | - | - |
| Less: Transfer from Internal Department Y | - | - |
| Cost of raw material consumed | **5,95,473.71** | **6,20,599.35** |
| Packing Material ( if considered as part of Raw Material) | - | - |
| Other materials ( purchased intermediates and components) | - | - |
| Total | **5,95,473.71** | **6,20,599.35** |

## Note 27: Employee Benefits Expense

*in r lakh*

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| | Amount | Amount |
| (a) Salaries and incentives | 21,154.08 | 21,815.51 |
| (b) Contributions to - | | |
| (i) Provident and other fund | 885.96 | 823.56 |
| (ii) Pension Fund | 4,477.18 | 988.42 |
| (c) Gratuity fund contributions | 543.18 | 431.29 |
| (d) Staff welfare expenses | 53.04 | 110.80 |
| Total | **27,113.44** | **24,169.59** |

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Note 28: Finance Costs

*in r lakh*

| Particulars | As at 31st March 2021 Amount | As at 31st March 2020 Amount |
|---|---|---|
| **Interest expense:** | | |
| i) Interest on Bank Loan | 5,240.63 | 5,062.79 |
| ii) Interest on term loan | 35,100.12 | 29,500.12 |
| ii) Others | 2,295.99 | 64.44 |
| Bank Charges | 5.24 | 4.66 |
| Total | **42,641.97** | **34,632.01** |

Note 29: Other Expenses - Administrative Expenses

*in r lakh*

| Particulars | As at 31st March 2021 Amount | As at 31st March 2020 Amount |
|---|---|---|
| Rent Rates & Taxes | 52.56 | 65.59 |
| Insurance | 27.30 | 13.60 |
| Telephone Charges,Postage,telegram & Telex chgs | 318.32 | 454.12 |
| Legal Charges | 96.02 | 133.45 |
| Consultancy Charges | 1,079.15 | 1,299.74 |
| Technical Fees | 16.00 | 16.00 |
| Other Professional Charges/ Collection and Remittance charge | 52.08 | 53.22 |
| Traveling Expenses & Conveyance | 134.88 | 229.56 |
| Vehicle Running Expenses Petrol & Oil) | 294.63 | 397.30 |
| Hired Vehicles | 632.60 | 634.13 |
| Fees & Subscription | 83.41 | 79.86 |
| Books & Periodicals | 0.75 | 1.04 |
| Printing & Stationary | 97.93 | 67.74 |
| Advertisements | 3.33 | 10.01 |
| Water Charges | 1.51 | 2.40 |
| Electric Charges | 1,244.09 | 919.27 |
| Entertainment Charges | 10.50 | 17.16 |
| Miscellaneous Expenses | 57.70 | 57.38 |
| Home Guard | 455.52 | 483.60 |
| Computer Billing | 3,505.19 | 3,741.14 |
| Bills Distribution | 158.65 | 231.29 |
| Others | 1,134.89 | 1,679.76 |
| Other Freight | 77.76 | 65.38 |
| Vehicle Running Trucks/Delivery | 0.48 | 0.66 |
| Vehicle Running exps-Trucks/vehicles | - | 1.99 |
| Vehicle License & Reg. Fees | - | - |
| Incidental Stores Expenses | 16.20 | 5.60 |
| Interest on Consumers Deposits | 4,913.12 | 5,503.21 |
| Provision for Doubtful Debts | 7,263.40 | 7,180.17 |
| Supervision Charges-Exp | - | - |
| Other Compensation | 26.61 | 36.28 |
| Training & Orientation Programme | 1.03 | 208.19 |
| Audit Fees: | | |
| a) Statutory, tax Audit & certifications | 20.24 | 13.57 |
| Total | **21,775.84** | **23,602.39** |

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## Note 29: Other Expenses - Repairs & Maintenance

*in r lakh*

| Particulars | As at 31st March 2021 Amount | As at 31st March 2020 Amount |
|---|---|---|
| Plant and Machinery | 674.56 | 589.23 |
| Building | 89.00 | 144.66 |
| Civil Works | 184.39 | 399.36 |
| Line Cable Net Works | 12,755.20 | 11,730.42 |
| Vehicles | 1.38 | 4.12 |
| Furniture and Fixtures | 2.32 | 4.13 |
| Office Equipment | 17.28 | 29.80 |
| **Total** | **13,724.12** | **12,901.73** |

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## 30. ADDITIONAL NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 30.1 Share Capital

The Company has only one class of equity shares having par value of Rs 10 per share. As at 31st March, 2021, the total value of Equity share is Rs. 3108.93 Cr. *(Refer Note 12: Equity Share Capital)*

### 30.2 Property Plant & Equipment (PPE), Depreciation

1. **Addition:** Out of total net addition to Gross Block of Rs 3,107.52 Cr. (P.Y: Rs 3,211.86 Cr.), Rs. 141.60 Cr. (P.Y: 261.17 Cr.) has been added under ADP and Deposit heads which are capitalized as and when expenditures are made considering their nature.

*(Refer Note 3A: Property Plant, Equipment)*

2. **Depreciation:** Depreciation charged during the year includes Rs. 562.01 Cr. (P.Y: Rs 416.51 Cr.) towards assets funded by government grants under various schemes and Rs 29.99 Cr. (P.Y: Rs 25.09 Cr.) towards assets funded under Deposit head. An equal amount of depreciation on grant funded assets has been amortized under the head of "Other Income" and for the Deposit Head, equal amount is shown under the head Revenue From Operations as "Receipt from Consumers for capital works".

*(Refer Note 3A: Property Plant, Equipment, Note 23: Revenue From Operations and Note 25: Other Income-Others)*

### 30.3 Grants and Subsidy

i) During the financial year 2020-21, JBVNL received a total of Rs 929.92 Cr. (P.Y: Rs. 1127.02 Cr.) as capital grant; Rs. 429.92 Cr. (P.Y: Rs. 611.74 Cr.) from Central Government and 500.00 Cr. (P.Y: Rs. 515.28 Cr.) from State Government) for various projects under different schemes and amortized capital grant by 562.01 Cr. (P.Y: Rs 416.51 Cr.) during the said period resulting in net positive movement during the year of Rs. 367.91 Cr. (P.Y: Rs 710.51 Cr.) *(Refer Note 17: Government Grant and Note 25: Other Income -Others)*

ii) During the financial year 2020-21, JBVNL received a total of Rs NIL (P.Y: Rs. 600 Cr.) as revenue grant. *(Refer Note 25: Other Income -Others)*

iii) The Government of Jharkhand provides subsidy to certain specified categories of consumers. Such subsidy is passed on to such consumers as a deduction in the energy bills towards net payable amount. The company accounts for such subsidy amount as Subsidy Receivable from Government of Jharkhand and the amount received are adjusted against the same. During the financial year 2020-21, the total amount of subsidy passed on to consumers which were receivable from Government of Jharkhand was Rs. 1356.16 Cr. The total amount received towards such subsidy during the same period from Government of Jharkhand is Rs. 1000 Cr. The total amount receivable from Government of Jharkhand net of current year collections and previous year balance as at 31st March 2021 is Rs 314.45 Cr. (P.Y. -41.71 Cr.) *(Refer Note 11.i.4: Other Current Assets)*

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## 30.4 Investment in Joint Venture (JV)

Amount in Rs. Cr.

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Equity Shares fully Paid-up | | |
| **a. Investment in Joint Venture** | | |
| Joint Venture Company- Patratu Vidyut Utpadan Nigam Limited<br>Fully Paid-up equity 311867882 shares @ 10 each, P.Y. 134611130 shares @ 10 each | 311.87 | 134.61 |
| **b. Share application money** | - | 40.41 |

1. The Company has an investment of Rs. 311.87 Cr. (P.Y: Rs 134.61 Cr.) as at 31st March, 2021 in the equity shares of Patratu Vidyut Utpadan Nigam Limited (PVUNL), a joint venture of the Company with NTPC. Interest of the JV partners in the project are as follow:
   JBVNL : 26%
   NTPC : 74%
   The JV, has been formed to develop coal based thermal power plant in phases of 3x800MW and 2x800MW totalling to 4000MW.
2. Investment in Joint venture has been carried at cost only. Consolidation has been done separately as per IND AS 28.
3. PVUNL is yet to start its operations of generating power as the construction work of the Power Plant at Patratu is going on. During the F.Y 2020-21, the company incurred a loss of Rs. 0.21 Cr. (P.Y: loss of Rs. 0.41 Cr.). Its accumulated losses as on 31.3.2021 was Rs. 2.04 Cr. (P.Y: Rs 1.83 Cr.).

*(Refer Note 4: Financial Asset-Non-Current Investments)*

## 30.5 Capital Advances and other non-current assets

JBVNL has made capital advances of Rs 381.83 (P.Y: Rs 464.59 Cr.) as at 31st March, 2021 to vendors/suppliers for various capital projects running under different schemes.

Other non-current asset includes an item of Rs 5,685.02 Cr. (P.Y: Rs 5,685.02 Cr.) which is receivable from Government of Jharkhand as stipulated in "The Jharkhand State Electricity Reform Revised Transfer Scheme 2015" vide Notification no. 2917, Ranchi dated 20.11.2015. *(Refer Note 6: Other-Non-Current Assets)*

## 30.6 Inventories

Inventories of Rs. 199.89 Cr. (P.Y: Rs 246.88 Cr.) are materials and spare parts held for the purpose of both capital work as well as repair and maintenance work of capital assets like Transformers and Lines & Cable Network. *(Refer Note 7: Inventories)*

## 30.7 Other Reserves and Retained earnings

Negative other reserves of Rs. 1038.45 Cr. (P.Y: Rs. 1038.45 Cr.) includes remaining amount of Rs 2.10 Cr. (P.Y: Rs 2.10 Cr.) to be issued as equity under the Revised Transfer Scheme. In addition, restructuring (additional) account having a negative balance of Rs 1040.54 Cr.

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(P.Y: Rs 1040.54 Cr.) is towards adjustments for period before 6.1.2014. *(Refer Note 13: Other Equity)*

The incomes/expenses of previous year have been booked under Retained Earnings in line with IND AS 8. The net effect of such adjustment is a charge on retained earnings by Rs. 3.32 Cr. (P.Y: Rs 145.62 Cr.).

**30.8 Borrowings**

(a) During the F.Y 2020-21, JBVNL received a total of Rs 2563.35 Cr. (P.Y: Rs 302.97 Cr.) of loans towards various capital projects from Central/State Government. In addition, the company has recognized a deemed loan from Government of Jharkhand towards the cost of investment in the joint venture in PVUNL of Rs. 136.85 Cr. (P.Y: Rs 92.76 Cr.). The company repaid NIL amount towards the loan received from state government. The Total amount of Loan as at 31st March, 2021 was Rs. 13,229.75 Cr. (P.Y: Rs 10,529.55 Cr.) which includes Rs 6136.37 Cr. (P.Y: Rs 6136.37 Cr.) received under UDAY Scheme and Rs 2131.50 Cr. towards repayment of DVC dues by State Government through invocation of TPA by Central Government (Refer Note 30.10.b).

(b) The company received an amount of Rs 6136.37 Cr. in the F.Y 2015-16 under Uday Scheme for the financial turnaround of the company. The amount so received has been recognized as loan in the books. The same, however, will be converted into Grant (75%) and Equity (25%) as per the MOU signed between Ministry of Power, Government of India, Government of Jharkhand and Jharkhand Bijli Vitran Nigam Limited on 25th September, 2015. All the necessary steps are being taken to convert the same into grant and equity in line with the MOU. Accordingly, no interest has been provided on the said amount.

(c) Of the total loan of Rs 13,229.75 Cr., Rs 970.76 Cr. has become due for payment as at 31st March, 2021 and Rs 1555.65 Cr (P.Y: 945.64 Cr) were payable as interest on such loan as at 31st March, 2021.

(d) The company has made long term borrowings against the hypothecation of its fixed assets. State Government has extended a guarantee of Rs 450 Cr. (P.Y: Rs 450 Cr.) to obtain credit limits for obtaining both fund-based and non-fund-based credit limits at concessional rates. Further, the short-term borrowings are against the hypothecation of stores/receivables/fixed assets.

(e) The company has borrowed long term loan from State Government at 13% p.a. and the same from other financial institutions vary from 9% to 10.75%.

*(Refer Note 14: Borrowings-Financial Liability, Note 15: Borrowings- Current Financial Liability and Note 20: Other Current Financial Liabilities)*

**30.9 Revenue from Operations**

Revenue from Operations of Rs 4769.54 Cr. (P.Y: Rs 5289.52 Cr.) represents mainly the sale of energy to various categories of consumers made during the year. The amount also includes Rs 30.00 Cr (P.Y: Rs 25.09 Cr.) towards amortization of consumer contributions received for capital works/service connections. The revenue has declined mainly in the categories of HT, LT and Commercial consumers wherein the combined decline is of appx. 17% resulting in fall of revenue. Such decline has been contributed largely by the outbreak of COVID-19 resulting

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in nationwide lockdown in the financial year 2020-21 for a longer period of time during which most of the commercial activities were closed. This largely impacted the mentioned consumer categories. *(Refer Note 23: Revenue from Operations and Note 30.13.8: Disclosures)*

### 30.10 Power Purchase

a. During the current financial year 2020-21, JBVNL has made net purchase of 13,290.15 MU of Power. The breakup of power purchase amount is provided in the table below *(Refer Note 26: Purchase of Power and Transmission Charges)*:

| | | in r Cr |
|---|---|---|
| **Particulars** | **Amount** | **Amount** |
| Power Purchase and DPS | 5,499.45 | 6,009.02 |
| ***Add:*** | | |
| Transmission Charges of JUSNL & PGCIL | 476.60 | 216.68 |
| **Total** | 5,976.05 | 6,225.69 |
| **Less**: GBI Claim from GoJ & others | 21.32 | 19.70 |
| **Net Power Purchase Cost** | **5,954.73** | **6,205.99** |

#Supplementary bills have been recognized as current year cost.
#Rebate on power purchase in the current year of Rs 32.62 Cr. has been accounted separately and shown as other income. (Refer Note 25: Other Income-Others)

b. The company performed a reconciliation with DVC, to determine the actual liabilities. During the course of reconciliation, we referred to the JSERC Order on True-Up for FY 2015-16 and Tariff determination of F.Y. 2016-17 for DVC Command Area, Jharkhand in the month of May, 2018.

The Order contained the amount of cumulative surplus duly approved by JSERC, which were charged in excess by DVC to its consumer up to the period of F.Y. 2016-17. Total amount of such surplus was Rs. 2456.27 Cr. Accordingly, the company revised its reconciliation in the month of December, 2018 and adjusted its share of surplus of Rs 1152.34 Cr. from the energy bills and recalculated its liability including both principal amount and the delayed surcharge payment. The same was contested by DVC as the matter of release of surplus is with APTEL and no decision has yet been received on the same. Subsequently, DVC approached Central Government for arranging payments and adjusted the outstanding liability as per the provisions of the TPA. Accordingly, R.B.I debited State Government's account by Rs. 1417.50 Cr on 27th October, 2020 on the instruction of Central Government. Further, the matter of unadjusted surplus was highlighted to the Central Government by the company and the injustice made to the people of Jharkhand on account of such debit without taking into account the above surplus adjustment. Accordingly, the Central Government considered the facts of unadjusted surplus and thereby reduced the next deduction to Rs 714 Cr in January, 2021.

The company has already recognized a DPS of Rs 352.82 Cr in the year 2017-18 towards DVC liabilities and awaiting the final reconciliation.

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**30.11 Finance Cost**

During the year JBVNL charged Rs 426.42 Cr (P.Y: Rs 346.32 Cr.) as finance charge in the P&L which is towards the interest cost and other charges on loan and working capital funding in the form of OD/CC/LC and bank charges. (Refer Note 28: Finance Costs)

The gross interest amount of Rs 267.03 Cr. (P.Y: Rs 199.12 Cr.) on the loans for various capital projects have been capitalized during the year under CWIP and Rs 415.37 Cr. (P.Y: Rs 133.08 Cr.) have been capitalized to PPE *(Refer Note 3B: Capita Work in progress and Refer Note 3A: PPE)*

**30.12 Administrative Expenses**

Administrative expenses of Rs 217.76 Cr (P.Y: Rs 236.02 Cr.) includes:

i) Rs 49.13 Cr (P.Y: Rs 550.03 Cr.) towards interest on consumer security deposits provided at SBI base rate of 7.40% as on 1st April, 2020 on the security deposits received from consumers including unpaid interest thereon. Average rate of interest has been used for the amount collected during the year.

ii) Rs 72.63 Cr. (P.Y: Rs 71.80 Cr.) towards provision on doubtful debts, provided at 1% on the closing book debts excluding the amount of Unbilled Revenue. *(Refer Note 29: Other Expenses-Administrative Expenses)*

iii) Rs 0.20 Cr. (P.Y. Rs 0.14 Cr.) towards provision of Statutory audit fees for the standalone accounts and tax audit and certifications of the F.Y. 2020-21; and consolidated accounts from the F.Y. 2016-17 till 2020-21.

**30.13 Other Disclosures**

1. Amount stated in the financial statements are in Indian Rupees and have been rounded off to the nearest rupee. The figures reported are in Rupees Lacs, stated otherwise.

2. Related Party Disclosure: The Company has entered into related party transactions during the year and the summary of the same is given below:

A. Transactions with Related Parties during the year ended 31st March, 2021:

| Name of the Company | Amount in Rs Cr. |
|---|---|
| Jharkhand Urja Vikas Nigam Limited (JUVNL) | 2.82 |
| Jharkhand Urja Utpadan Nigam Limited (JUUNL) (For Purchase of Power) | 10.63 |
| Jharkhand Urja Sancharan Nigam Limited (JUSNL) (For Transmission of Power) | 220.61 |
| Patratu Vidyut Utpadan Nigam Limited (For investment in shares & share application money) | 136.85 |

B. Holding Company and Joint venture

| Name of the Company | Relation | Holding % |
|---|---|---|
| Jharkhand Urja Vikas Nigam Limited (JUVNL) | Holding Company | - |
| Patratu Vidyut Utpadan Nigam Limited (PVUNL) | Joint-Venture | 26% |

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C. Key Managerial Persons

| Key Managerial Persons | Designation/Position | Remarks |
|---|---|---|
| Shri Avinash Kumar, IAS | Managing Director | From 07.09.2020 to till date |
| Shri Arun Kumar Ekka, IAS | Managing Director | upto to 04.09.2020 |
| Shri K.K Verma | Director (Operations) | From 08.10.20 to till date |
| Shri Umesh Kumar | CFO | |
| Shri Nimesh Anand | Company Secretary | |

Total payment to Key Managerial person during the year is Rs 70.37 lacs. (P.Y: Rs 40.25 lacs.)

3. **AT&C Loss for F.Y 2020-21**

Computation of AT&C Loss for the F.Y 2020-21 on the basis of the new guideline from CEA

| Sl No. | Particulars | Formula | Figures in Lacs |
|---|---|---|---|
| A | Gross Energy Purchased (KWH) | | 132,902 |
| B | Transmission Losses (KWH) | | 10,514 |
| C | Transmission Losses % | | 7.91% |
| D | Net Input Energy (KWH) | | 122,388 |
| E | Total Units Sold (KWH) | | 79,134.05 |
| F | Total Revenue from Sale of Energy including subsidy booked- Rs. 1356.61 Cr (INR) | | 524,497.61 |
| G | Adjusted Revenue - (Adjustment of Revenue Grant-NIL, Subsidy booked Rs. 1356.16 Cr, Subsidy received Rs 1000 Cr) (INR)* | | 488,881.95 |
| H | Opening Debtor for Sale of Energy - (INR) | | 718,518.13 |
| i) | Closing Debtor for Sale of Energy - (INR) | | 730,516.75 |
| ii) | Any write off - (INR) | | - |
| I | Adjusted Closing Debtor - (INR) | (i + ii ) | 730,516.75 |
| J | Collection Efficiency (%) | (G+H-I)/F | 90.92% |
| K | Units Realised (KWH) | (E*J) | 71,950.21 |
| L | Units Unrealised (KWH) | D-K | 50,437.79 |
| M | AT & C Loss (%) | L/D | 41.21% |
| N | *AT & C Loss (%) (considering 100% receipt of Subsidy) | | 36.82% |

4. **Financial risk management and Capital Management**

The Company's operations of distribution of electricity are governed by the provisions of the Electricity Act 2003 and Regulations framed thereunder by the Jharkhand Electricity Regulatory Commission and accordingly the Company, being a licensee under the said statute, is subject to regulatory provisions/ guidelines and issues evolving therefrom, having a bearing on the Company's liquidity, earning, expenditure and profitability, based on efficiency parameters provided therein including timing of disposal by the authority.

The Company has been managing the operations keeping in view minimization of losses and liquidity in terms of the above regulations. In order to manage the credit risk arising from sale of electricity, multipronged approach is followed like maintenance of security deposit, precipitation of action against defaulting consumers and obtaining support of the

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administrative authority. Availability of capital and liquidity is also managed, in consonance with the applicable regulatory provisions.

While managing the capital, the Company ensures to take adequate precaution for providing returns to the shareholders and benefit for other stakeholders, including protecting and strengthening the balance sheet.

### 5. Other Current Assets

#### Tax Advances to Income Tax Authorities

An amount of Rs 14.95 Cr was deposited to Income Tax Department as TDS on the works of various turnkey contractors. The amount so deposited remained unutilized. Necessary steps have been taken to get the refund of the said amount and a case to this effect has also been filed with the High Court. The amount is shown in Note 11: Other Current Assets under "TDS & Advances to Authorities "under Taxes.

### 6. Deferred Tax

The company has not recognized deferred tax asset on a prudent ground which will arise on account of accumulated losses net of deferred tax liability arising out of timing difference in case of Depreciation on PPE between the computation as per Companies Act and Income Tax Act.

### 7. Contingent Liabilities and provisions

Provisions are recognized when JBVNL has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount.

A contingent liability has been disclosed where the existence of an obligation has been confirmed by future events or where the amount of the obligation cannot be measured reliably. Contingent assets are not recognized, but are disclosed where an inflow of economic benefits is probable.

A. List of cases of disputes other than with the consumers/vendors/statutory bodies are listed below:

| | | | | | |
|---|---|---|---|---|---|
| **Sl. No.** | **Year** | **Case No./ Reference of dispute** | **Details of Litigation/disputes** | **Name of company /firms Employees having litigation /disputes with JBVNL** | **Money involved/ Expected liabilities**<br>**Rs. In Cr** |
| **1** | **2** | **3** | **4** | **5** | **6** |
| 1 | 2016 | Arbitration | IVRCL was awarded the work of Rural Electrification of Latehar, Garhwa & Palamu | IVRCL (Note-1) | ₹653.00 +Interest. |

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| | | | | | |
|---|---|---|---|---|---|
| | | | district in year 2006. IVRCL left the work in midway & terminated in year 2015. | | |
| 2 | | WP (C) No. 147 of 2014 | | M/s Omec Engineers | ₹18.03 |
| 3 | | WP (C) No. 83/2017 | | M/s MN Electrical | ₹8.00 |
| 4 | | WP (C) No. 986/2011 & AA No. 72 of 2015 | | M/s Jaybee Enterprises | ₹0.33 |
| 5 | | SLPC No. 1005-06 of 2012 and execution case no. 09/2010 | | M/s RPCL | ₹6.48 + Penalty Charge |
| 6 | | AA No. 11 of 2011 | | M/s SMPL Infra | ₹ 8.71 |
| 7 | | WP (C) No. 1237 of 2010 | | M/s Power Tech | ₹25.56 |
| 8 | | WP (C) No. 1827 of 2016 | | M/s NCC Ltd. | ₹13.41 |
| 9 | | Request for payment at JBVNL | | M/s GE & TD, India | ₹12.71 + Penalty |
| | | | | **Total (A) =** | **₹ 746.23** |
| 10 | 2011 | AA.11/2011 | -do- | M/s SMPL V/s JBVNL | ₹35.18 |
| | | | | **Total (B) =** | **₹ 35.18** |
| **S&P (i)List of pending disputes taken over from JSEB i.e. upto 05.01.14** | | | | | |
| | | | | | |

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| | | | | | |
|---|---|---|---|---|---|
| 11 | 2013 | JHMSEFC-04/2013 | Claim for pending payment & its interest | M/s Gilloram Gourishankar, Deoghar | ₹ 0.56 |
| 12 | 2018 | MKTG/MSEFC/06/18/861 | Claim for pending payment & its interest | M/s P.P. Industries Pvt. Ltd., Bhatinda, Punjab | ₹10.29 |
| 13 | 2018 | RJ17B0023745/S/ 00010 | Claim for pending payment & its interest | M/s Rajasthan Transformers & Switchgears, Jaipur | ₹ 0.17 |
| | | | | **Total (C) =** | ₹ **11.02** |
| | | | | | |
| **S&P (ii)List of pending disputes from 06.01.14 To 31.03.2021** | | | | | |
| | | | | | |
| 14 | 2014 | JHMSEFC-08/2014 | Claim for pending payment & its interest | M/s Shiva Prints Pvt. Ltd., Hindpiri, Ranchi. | ₹ 0.75 |
| 15 | 2016 | JHMSEFC-19/2016 | Claim for pending payment & its interest | M/s Anvil Cables Pvt. Ltd. Gamhariya, Saraikela-Kharsawan, Jharkhand | ₹7.48 |
| 16 | 2018 | JH/22/S/00094 | Claim for pending payment & its interest | M/s Anvil Cables Pvt. Ltd. Gamhariya, Saraikela-Kharsawan, Jharkhand | ₹0.63 |
| | | | | **Total (D) =** | ₹ 8.86 |
| 17 | | | ESA,Jamshedpur | **Total (E) =** | ₹ **4 .93** |
| | | | | | |
| **CASES RELATED TO IBC 2016 FILED BEFORE NCLT** | | | | | |

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| | | | | | |
|---|---|---|---|---|---|
| 18 | | | | M/s Tayo Rolls Pvt. Ltd. (HJAP-25) (Note-2) | ₹ 440.53 |
| 19 | | | | M/s Maa Tara Ispat (Indus) P. Ltd. (DVM-6) (Note-3) | ₹ 71.79 |
| 20 | | | | M/s Divine Alloys & Power Co. Ltd. (HT3F) | ₹ 19.57 |
| | | | | **Total (F)** | **₹ 531.9** |
| Total = (A) + (B) + (C) + (D) + (E) + (F) = | | | | | **₹ 1338.12** |

Note:

1. The company had invoked the bank guarantee of IVCRL and placed the amount so received under Fixed Deposit (FD). The amount of FD as on 31st March 2021 including interest accrued was Rs 220.84 Cr. The company has earned interest till 31st March 2021 of Rs 78.83. on such FD which has been shown as liability. *(Refer Note 5: Non-Current- Other Financial Asset and Note 20: Other Current Financial Liabilities)*

2. The Resolution Professional of Tayo Rolls Limited has admitted a claim of Rs 366.30 Cr. of the company. Subsequently the Resolution Professional of Tayo Rolls Limited published the FORM G relating to submission of Resolution Plan on 24th December, 2019. The company submitted its resolution plan within the due date of 19th February, 2020. The resolution plan so submitted was approved by the Committee of Creditors (CoC) of Tayo Rolls Limited. Thereafter the Application for Approval of Resolution Plan, on 24th February, 2020 was filed by the Resolution Professional with Honorable NCLT Kolkata for its approval. The same is still awaited.

3. M/s Maa Tara Ispat (Indus) P. Ltd. is under liquidation wherein the company has also filed its claim. The outcome of the liquidation is still awaited.

B. The company was obtaining services of IL&FS for execution of contracts under DDUGJY NEW scheme and IPDS Scheme. Because of worsening condition of IL&FS and subsequent insolvency, the company determined the unexecuted/left-over portion of work and reappropriated the work through fresh tenders to other contractors withing the pre-approved budgets. This has resulted in delay in completion of work.

C. In addition to above, the company had filed an appeal against a demand from Income Tax Department of Rs 9.79 Cr towards non tax deduction on purchase of goods in the year 2017-18. The company has deposited a sum of Rs 1.96 Cr. for proceeding for appeal.

The company has not made any provisions against the above-mentioned disputed cases as on 31st March 2021.

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D. The Government of Jharkhand issued a guarantee on behalf of the company in 2018 till 31.03.2020 for Rs 450 Cr. which was renewed in 2021 till 31.3.2022. The guarantee was issued for raising short-term working capital loan in the form of CC/OD etc. to meet the liabilities of trade payables.

8. Due to outbreak of COVID-19 globally and in India, the company is sensitive about the impact of the Pandemic, not only on the human life but on businesses and industrial activity across the globe, which will be realized and ascertained only over next few months. The Company has been monitoring the situation closely and has taken proactive measures to comply with various directions / regulations / guidelines issued by Government and local bodies to ensure safety of workforce across all its plants and offices. The Company has made initial assessment of the likely adverse impact on economic environment in general and operational and financial risks on account of COVID-l9. Vide notification dated March 24,2020 issued by Ministry of Home Affairs, a nation-wide lockdown was announced to contain COVID-19 outbreak and same has been extended later. However, Power distribution units, being essential services, were allowed to continue operation during the period of lockdown. The Company has made every possible effort to sustain its power availability for all consumers. The Power Ministry has also clarified on April 6, 2020 that Discoms will have to comply with the obligation to pay fixed capacity charges as per PPA. Further, the Reserve Bank of India has granted relief to borrowers by way of moratorium of interest and principal installments falling due to Indian banks and financial institutions. The extent to which the COVID-19 pandemic will impact the Company's results will depend on future developments, which are highly uncertain, including, among Other things, any new information concerning the severity of the COVID-19 pandemic; any action to contain its spread or mitigate impact whether government-mandated and further evolving impact on in terms of demand for electricity, consumption mix, resultant average tariff realization, bill collections from consumers and support from respective State Governments and banks & financial institutions, including those focused on power sector financing. The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues, tangible and intangible assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information on the expected future performance of the Company. The company did not get impacted with further financial burden on account of ongoing capital projects as it is fully funded by Govt. Grants/Govt. loans though the time line of completion may be deferred. Such prolonged period of business disruption has resulted in serious working capital crisis in DISCOMS on pan-India basis on account of drop in energy sales and collection and also caused delay in other critical activities resulting in delay in preparation of financial statements as well.

9. The figures of previous years have been regrouped or reclassified, wherever it was felt necessary for the True and Fair presentation of Financial Statement.

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