

एवं लेखा
080नि0लि0. रँची

प्रधान महालेखाकार (लेखापरीक्षा)
झारखण्ड का कार्यालय, राँची - 834002



OFFICE OF THE
PRINCIPAL ACCOUNTANT GENERAL (AUDIT),
JHARKHAND, RANCHI - 834002

दिनांक/Date 08.09.2021

संख्या:म.ते.(ले.प.)/AMG-1/JUUNI/A/cs/A-157/2017-19/ 340,

शेता गें,

प्रबंध निदेशक

झारखण्ड उर्जा उत्पादन निगम लिमिटेड

अभियंत्रण भवन, एच.ई.सी

धुर्वा, राँची - 834004

विषय: 31 मार्च 2018 एवं 31 मार्च 2019 को समाप्त वर्ष के लिए झारखण्ड उर्जा उत्पादन निगम लिमिटेड के वित्तीय विवरणी (Financial Statement) तथा समेकित वित्तीय विवरणी (Consolidated Financial Statement) पर कंपनी अधिनियम 2013 की धारा 143 (6)(b) के तहत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ।

महोदय,

इस पत्र के साथ झारखण्ड उर्जा उत्पादन निगम लिमिटेड के वर्ष 31 मार्च 2018 एवं 31 मार्च 2019 को समाप्त वित्तीय विवरणी (Financial Statement) तथा समेकित वित्तीय विवरणी (Consolidated Financial Statement) पर कंपनी अधिनियम 2013 की धारा 143 (6)(b) के तहत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ संलग्न हैं।

इस पत्र की पावती की अभिलेखीकृति वांछित है।

संलग्नक: यथोपस्थित

३-३ अगस्त

(इन्दु अग्रवाल)

प्रधान महालेखाकार (लेखापरीक्षा)

झारखंड, राँची

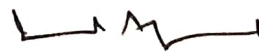
COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143 (6)(b) OF THE COMPANIES ACT, 2013 ON THE
CONSOLIDATED FINANCIAL STATEMENT OF JHARKHAND URJA UTPADAN
NIGAM LIMITED, RANCHI FOR THE YEAR ENDED 31 MARCH 2019.

The preparation of consolidated financial statements of Jharkhand Urja Utpadan Nigam Limited, Ranchi for the year ended 31 March 2019 in accordance with financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act is responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit report dated 25 August 2021 which supersedes their earlier Audit Report dated 9 March 2021.

I, on behalf of the Comptroller and Auditor General of India, have conducted the supplementary audit of the consolidated financial statements of Jharkhand Urja Utpadan Nigam Limited for the year ended 31 March 2019 under section 143(6)(a) read with section 129(4) of the Act. We conducted a supplementary audit of the financial statements of Patratu Energy Limited, Jharbihar Colliery Limited and Karanpura Energy Limited for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

In view of the revisions made in the statutory auditor's report, to give effect to some of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to the statutory auditor's report under section 143(6)(b) read with section 129(4) of the Act.

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



(Indu Agrawal)

Principal Accountant General (Audit)
Jharkhand, Ranchi

Place: Ranchi

Date: 07-09-2021

REVISED INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

To the Members of Jharkhand Urja Utpadan Nigam Limited
Report on the Consolidated Financial Statements

The revised independent Auditor's report is being issued at the instance of the Comptroller & Auditor General of India through the office of the principal accountant General (Audit), Jharkhand and is in suppression of our earlier Independent Audit Report dated 09.03.2021. The revised report is being issued in view of making the report more precise, transparent and informative for the stakeholders. We further confirm that none of the figures has undergone any change in the Financial Statements of the Company as at 31st March, 2019 as known to us.

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of **Jharkhand Urja Utpadan Nigam Limited** (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance sheet as at 31st March, 2019, the consolidated Statement of Profit and Loss, and the consolidated Cash Flow Statement for the year then ended, and notes to the consolidated Financial Statements, including a summary of significant accounting policies and other explanatory statements (hereinafter referred to as the consolidated financial statements).

We do not express an opinion on the accompanying consolidated financial statements of the entity. Because of significance of matters described in the basis for Disclaimer of opinion section of our Report, We have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

Basis for Disclaimer of Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement 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 consolidated financial statements under the provisions of the Companies Act, 2013. We believe that information which was not provided by the management were material due to which we are unable to form an opinion and thus provides a basis for our disclaimer opinion. These material information due to which we are unable to form an opinion are mentioned hereunder:-

Relevant matters on the basis of which report on financial statement has been disclaimed:

1. In Note 2.3 Share Capital Details, percentage of shares held by Jharkhand Urja Vikas Nigam Limited is incorrect.
2. In Note 2.4 Share Capital Detail, percentage of shares held by shareholder holding more than 5% shares is incorrect.(Note 6).
3. As informed, 3,59,30,000 shares have been allotted to Jharkhand Urja Vitran Nigam Limited amounted to Rs. 3,593 Lakhs. Though the shares have been allotted as fully paid up, an amount of Rs. 5.13 Lakhs is still due from Jharkhand Urja Vitran Nigam Limited towards this allotment.
4. Sundry Creditors have been classified as Liabilities for O.M Suppliers /work under Other Current Liabilities which is incorrect.(Note 7)
Remittance from Jharkhand Urja Vitran Nigam Limited/JBVNL Rs. 63,314.35 lakhs under Note 7 Other Current Liabilities, as informed includes remittance by Jharkhand Urja Vitran Nigam Limited/JBVNL on behalf of JBVNL towards Energy Sales to JBVNL. Correspondingly in the other side Trade Receivables is Rs.9,425.98 lakhs.

H.O.: 301, COMMERCE TOWER, MAIN ROAD, RANCHI – 834001
B.O.: RANCHI – PATNA – HAZARIBAGH - KOLKATA



As Debtors are not being adjusted with receipts, other Current Liabilities and Trade Receivables are overstated and the consequential disclosures are incorrect.

6. Other Claims and Receivable from PTPS has been classified under Other Current assets Note 15. The amount of Rs. 62,641.73 lakh relates to receivables pending from November 2015 onwards, and hence the classification should have been under 'Non-Current Assets'
7. Attention is drawn to the explanatory note in Note No. 16 Revenue from operation as per which the impact of energy bill raised during the years 2013-14 to 2018-19 has not been considered in its entirety. Total bills raised during the FY 2013-14 to FY 2018-19 was Rs. 11,528 Lakhs while amount accounted for in the financial statements for these years was Rs. 9,426 Lakhs only.
8. The company has not disclosed Contingent liabilities for:-
 - a. Guarantees given by the Company and the status thereof.
 - b. Claims against the company not acknowledged as debts.
9. The company has not complied with the requirement of preparing annual financial statements as per IND AS which is Non Compliance of the provision of the Companies Act 2013
10. Detail of Land and Land rights amounting to Rs 32.78 Lakhs as per Note 8 Fixed Assets was not available. HO informed us that the deeds are available with SRHP (A unit of JUUNL), but no such document was produced before us for verification.

Further the company has leased certain pieces of land to others, details of which has not been disclosed.
11. Provision for Gratuity Liability, Leave encashment liability and Pension Liability has not been made in the accounts as per actuarial valuation, liability for this is pending since years.
12. The Company had claimed a sum of Rs. 7,297.89 Lakhs from Patratu Vidyut Utpadan Nigam Limited (PVUNL) being expenses incurred by the company towards the Banhardi Coal Mines which mines were transferred to PVUNL. The Company against the claim of Rs. 7,297.89 Lakhs has as at 31.03.2019 received a sum of Rs 7,219 Lakhs from Patratu Vidyut Utpadan Nigam Limited.

However the receipt of this amount has not been set off with the expenses incurred because of which the Revenue heads of Expenses and Income stand impacted.
13. Interest on State Government Loans Rs 650 Lakhs has been charged off as an expense instead of being debited to Capital Work in Progress.

Further Bank Charges w.r.t performance bank guarantee amounting to Rs. 154.23 Lakhs has been charged off as an expense instead of being debited to Capital work in Progress.

Also Income from fixed deposit pledged against the Bank guarantee amounting to Rs. 169.44 Lakhs should have been credited to the Capital Work in Progress.

Consequently the profit is understated due to all the above and also arising Income Tax liability if any has not been provided for.
14. There is no mention of previous year's figures being regrouped.
15. The Accounts primarily have been maintained in Microsoft Excel worksheets.

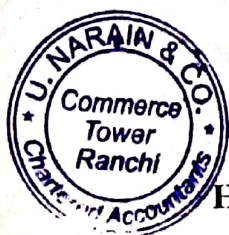


H.O.: 301, COMMERCE TOWER, MAIN ROAD, RANCHI – 834001
B.O.: RANCHI – PATNA – HAZARIBAGH - KOLKATA

U. NARAIN & CO.
CHARTERED ACCOUNTANTS

301, COMMERCE TOWER,
Opp. G.E.L. Church Complex,
Main Road, Ranchi – 834 001.
PH. NO. : 0651-2330305, 2331814
Fax No. 0651-2330305
Mobile – 9431115338
E-mail : unarainco_ac@yahoo.com

16. The Bank Reconciliation Statement includes Stale & Time Barred Cheques which had not been reversed till 31.03.2019 amounting to Rs.1,21,420
17. Interest Income of Rs. 5,08,39,680 has been accounted for but as per the statement of interest income should have been Rs. 4,78,64,890 only. This resulted in overstatement of Interest Income by Rs. 29,74,790. Further, Interest credited in books of accounts does not match with 26AS.
On Enquiry, it has been reported to us that Interest is being recorded on receipt basis which is found to be in contradiction with the accounting policies of the company.
18. Fixed Assets purchase bills, pertaining to FY 2017-18 amounting to Rs. 1,97,971 were accounted in FY 2018-2019.
19. Royalty of Rs. 4,10,807.00, deducted from contractors has not been paid.
20. No method of valuation of inventories has been defined in the accounting policies.
21. There is an old balance in temporary imprest to the tune of Rs. 2,80,588 (PY- Rs. 2,90,657) which is appearing in the balance sheet, for which no details has been provided and till date the same has not been adjusted.
22. There are balances under the head penalty for the contractors amounting to Rs 3,32,176 (PY- Rs. 3,20,677.00) which could not be verified due to non-availability of nature of penalty details (i.e. refundable or non-refundable). If non-refundable, it should have been transferred to Statement of Profit & Loss.
23. Non-Current Investment of Rs. 1,807.34 Lakhs (PY- Rs. 1,807.34 Lakhs) has been shown in the Consolidated Balance Sheet. As per the information provided by the management it is the investment in companies namely Patratu Energy Limited (100% shares), Karanpura Energy Limited (100% shares) and Jharbihar Colliery Limited (67.5%). But complete information/ bifurcation of investments have not been shown and also no consolidation has been done which is not in compliance with section 129(3) of the Companies Act, 2013. It has been transferred from JSEB to the company as per the transfer scheme. But no shares certificate in the name of company has been found.
24. Contract of Sikidri Hydel Power Project with BHEL is in dispute. For the same, there is a contingent liability which should have been provided for in the financial statements. It has been informed to us that all the details are with Jharkhand Urja Vitran Nigam Limited so we were not able to check and quantify the same.
25. There is irregular balance in SBI Loan head amounting to Rs. 40,305 (PY-Rs. 40,305). As explained by management, it is employee related which has not been adjusted till date.
26. Details of opening & closing materials stock has not been disclosed in the consolidated financial statements quantity wise & name wise.
27. There are various opening balances which are continuing from 06/01/2014 from transfer scheme for which complete details has not been provided to us.
28. As per the information received, there is PLA balance with Doranda Treasury. As per the management this PLA is for patratu and as per the second transfer scheme it has not been transferred to the Company. But the same is still appearing in Doranda Treasury in the name of the Company.
29. No fixed assets register has been maintained by the company. There are various assets with the company as shown in the balance sheet but no register for the same has been



H.O.: 301, COMMERCE TOWER, MAIN ROAD, RANCHI – 834001

B.O.: RANCHI – PATNA – HAZARIBAGH - KOLKATA

maintained. As per the resolution no. 9 passed in the second Board meeting held on 08/01/2014 fixed assets register should have been maintained along with the details of area and copy of basic records of title, etc.

30. No physical verification of inventories has been done as informed.
31. Provision for deferred tax as per AS-22 has not been made in the financial statement.
32. No bifurcation has been made regarding Prepaid Insurance and Current year Insurance which is contradictory to the accounting policies of the company.
33. Provident Fund amounting to Rs 3,600 and ESIC amounting to Rs 1,217 of Contractual Drivers for the month of August 2018 duly deducted was not deposited till the date of audit.
34. TDS deducted by Bank of India on Flexi Deposits amounting to Rs. 47.42 lakhs has been charged to Profit & Loss A/c as an expense. Consequently the profit is understated and also Income Tax liability might arise. The same should have been booked as receivable under the head 'Other Current Assets'.
35. Under the head 'Travelling Expenses', there exists a bill amounting to Rs.3,32,556 pertaining to FY 2017-18 booked in FY 2018-19
36. There is an old balance in 'T.A Advance' (SRHP) to the tune of Rs. 1,82,764 (PY- Rs. 1,81,764.00) which is appearing in the balance sheet, for which no detail has been provided and till date the same has not been adjusted.
37. While going through the Bank Reconciliation Statement (SRHP), we observed that there is an amount of Rs. 6510.20 shown as "Excess found in Bank" coming from previous years for which no explanation was given to us.
38. Provision for Statutory Audit Fee for the year has been made without bifurcating separately into Audit fees payable and TDS payable, resulting in non-payment of TDS on the same.
39. Interest on borrowings from state government has been booked on the basis of amount allotted to the holding company and its subsidiaries and not on the amount utilized by them.
40. In case of Patratu Energy Limited (PEL) subsidiary of JUUNL the Holding Company

The Auditors of PEL had revised their Audit Report and have given a Qualified Opinion, and the Basis for their Qualified Opinion is as hereunder –

- a. An amount of Rs.16.06 crore [bill raised by CIMFR & SWP amounting Rs.8.54 crore (2013-14) +Rs.7.02 crore (2014-15) + Rs.0.51 crore (2015-16)] of expenditure booked as CWIP for development of Banhardi Coal Block allocated to PEL which was continuously shown since 2015-16. There is no progress in the work for more than three years. Further , the proposal for closure of the company PEL has been approved by the Board of Directors as well as the members. Therefore a suitable provision needs to be made against CWIP in the books of accounts in order to reflect true and fair view of the state of affairs of the Company.
Non-Provision against CWIP has resulted in understatement of loss and over statement of fixed assets each by Rs.16.06 crore.



H.O.: 301, COMMERCE TOWER, MAIN ROAD, RANCHI – 834001

B.O.: RANCHI – PATNA – HAZARIBAGH - KOLKATA

- b. An amount of Rs.30.71 lakh towards short term provisions for Current Tax. The amount pertains to the years 2014-15 and as the amount of Tax has not been paid so far it attracts penalty & Interest under Section 234A, 234B and 234C of the Income Tax (Act), 1961.
Scrutiny of the records revealed that PEL had to pay advance tax of Rs.30.71 lakh for the financial year 2014-15; however, PEL failed to file the Income Tax Return for the said year and has not paid the tax so far. This resulted in liability towards penal interest of Rs.14.74 lakh (calculated @1 per cent for four year i.e. from April 15 to March 19) under Section 234A, Rs. 14.74 lakh (calculated @1 per cent for four year i.e. from April 15 to March 19) under Section 234B and Rs. 14.74 lakh under Section 234C (calculated @1 per cent for four year i.e. from April 15 to March 19) of the Income Tax Act, 1961.
Non provision of penal interest of towards Income Tax has resulted in understatement of interest of Income Tax, loss and short term liabilities each by Rs.44.22 lakh.
- c. The Energy Department, Government of Jharkhand (GOJ) sanctioned Rs.34,965 crore vide memo number: 274 dated 29 March 2013 to Jharkhand State Electricity Board (JSEB) as requested by them . JSEB vide letter no. : 7 dated 4 January 2013 had requested energy department to provide loan of: (A) Rs.15.12 crore for new project (Development of Mourya Coal Block) of M/s Kampura Energy Ltd. (KEL) and (B) Rs.19.845 crore for construction of a new plant at Patratu through SPV (PEL) i.e. a total of Rs. 34.965 crore. JSEB, vide resolution no. 978 of its 104th meeting held on 24 September 2012 vide agenda item no. 1000/12-13, had approved to take loan from State Government for execution of said projects.
However, scrutiny of records reveal that PEL has booked loan amount on the basis of expenditure made by it instead of booking total amount of loan on the date of receipt in P/L account. Accordingly, the company booked a loan amounting to Rs.9.99 crore of Rs.19.41 crore only in the books of accounts as loan from State Government. Thus, interest at the rate of 13 per cent P.A. on the differential loan amounting to Rs.9.86 crore (2013-14) to Rs.0.43 crore (2018-19) was also not charged. These has resulted in understatement of interest on loan from Govt. of Jharkhand by Rs.3.21 crore, cash and bank balance by Rs.0.43 crore (Rs.19.84 crore –Rs.19.41 crore) and Long Term Borrowings by Rs.3.64 crore (Rs.3.21 crore + Rs.0.43 crore) .
- d. Jharkhand State Electricity Board (JSEB) vide letter no. 7 dated-4th January 2013 requested Energy Department to provide a loan of Rs.19.845 crore for construction of a new plant at Patratu through SPV(PEL). Accordingly Energy Department, Government of Jharkhand (GOJ), vide memo no.274 dated-29 March 2013, sanctioned loan carrying 13 per cent interest per annum, repayable in 10 equal installments due after one year of the date of withdrawal of the loan. As per the sanctioned letter, in case of default in repayment of installment of loan, PEL had to pay penal interest at the rate 2.5 per cent. Scrutiny of the records revealed that the company did not make repayment of any installment of loan, as such, it was liable for payment of penal interest also. However, no provision for penal interest, as detailed in the table below, was made in the accounts. Thus, non-provision towards penal interest resulted in understatement of Finance Cost by Rs.68.46 Lakh, prior period expenses by Rs.1.71 crore, Loss & Long Term Borrowings each by Rs.2.40 crore.
- e. Section 173 (1) of the Companies Act 2013 states that every company shall hold the first meeting of the Board of Directors within Thirty Days of the date of its incorporation and thereafter hold a minimum number of Forum meeting of its Board of Director Every Year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meeting of the Boards. Provided that the Central Government may, by notification, direct that the Provisions of this Subsection shall not apply in relation any class or description of Companies or shall apply subject to such exceptions, modifications or conditions as may be specified in the notification. However, records revealed that the PEL did not Comply to hold minimum number of Four meetings of its Board of Directors in the year 2018-19 This fact should have been disclosed in the significant accounting policies and notes on accounts of the PEL. Non-disclosure of above fact resulted in the non-compliance of the provisions of the Companies Act 2013.



H.O.: 301, COMMERCE TOWER, MAIN ROAD, RANCHI – 834001

B.O.: RANCHI – PATNA – HAZARIBAGH - KOLKATA

- f. The Department of Energy, Government of Jharkhand issued a Lol dated 25 March 2010 to M/S PFC consulting Ltd.(PFCCL) at a price of Rs.21 crores for consultancy service in selection of developer for setting of a thermal power plant at Patratu linked with Banhardi Coal Block. However, the price was later revised to Rs.15 crores and an agreement was entered into between erstwhile JSEB and PFCCL on 02 March 2012 in this regard.

Scrutiny of records revealed that PFCCL raised an invoice of Rs.5.79 crore on 24 April 2010 on issue of lol to them. However, as the contract price was later revised to Rs.15 crore they issued a credit note (19 March 2012) of Rs. 1.65 crore reducing their invoice of Rs.5.79 crore to Rs.4.14 crore which has paid in March 2012 by JSEB. However, no entry to this effect was found recorded in the books of accounts of the PEL.

As per terms of agreement, PFCCL, further, raised invoices of Rs. 1.69 crore on 11 December 2012 for issue of Eol, Rs.5.06 crore on 09 December 2013 for issue of RFQ and Rs.4.21 crore on 25 February 2015 for issue of RFP. Out of these invoices, Rs.1.69 crore and Rs.3.00 were paid leaving on outstanding dues of Rs.6.27 crore as on March 2015. Meanwhile, the BOD of PEL decided (05 September 2017) to close the Company and accordingly, the company sent (01 January 2018) a letter to PFCCL for financial closure of the contract against which PFCCL demanded (21 March 2018) to release the outstanding dues of Rs.5.60 crore for short closure of the contract. Finally, PFCCL agreed (25 March 2019) to short close the contract of Rs.5.03 crore against their dues. PEL has booked a liability of Rs.2.56 crore only against outstanding dues of Rs.5.03 crore of PFCCL in its books of accounts. This has resulted in understatement of prior period expenses, loss and other current liabilities each by Rs.2.47 crore.

41. The Auditors of Jharbihar colliery Limited (JCL) (subsidiary of JUUNL the Holding Company) had revised their Audit Report and have given a Adverse Opinion, and the Basis for their Adverse Opinion is as hereunder –
- a. JCL in its notes to the financial statements has disclosed the decision of the Hon'ble Supreme Court of India ordering cancellation of the allotment of Urma Pahari Tola coal Block which was allotted by the Central Government jointly in favour of Jharkhand State Electricity Board (JSEB) and Bihar State Mineral Development Corporation (BSMDC) arising out of which JCL was formed jointly by JSEB and BSMDC. BSMDC has closed the tender for selection of Mine developer cum operator for the said coal block and this has harmed the object of JCL for which it formed. Further JCL board in its meeting on 2nd February 2018 has proposed to proceed for closure of the company JCL citing no major operation in the company, thus the preparation of financial statement on going concern is not appropriate.
- b. Jharbihar Colliery Limited, the subsidiary has not provided sufficient appropriate audit evidence regarding the funds lent by Bihar State Mineral Development Corporation Ltd. and JUUNL amounting to Rs. 1,42,23,000 and Rs 2,49,67,100 respectively. Further the purpose of this finance and application of these funds is in question.
- c. For Jharbihar Colliery Limited, there has been wrong account of expenses relating to income tax penalty and audit fees amounting to Rs.3.61 lakhs pertaining to earlier years resulting in understatement of other prior period expenses and overstatement of other expenses.
- d. JCL did not comply to hold a minimum number of four Board Meetings in the year and JCL did not disclose this fact in its financial statements.



H.O.: 301, COMMERCE TOWER, MAIN ROAD, RANCHI – 834001
B.O.: RANCHI – PATNA – HAZARIBAGH - KOLKATA

U. NARAIN & CO.
CHARTERED ACCOUNTANTS

301, COMMERCE TOWER,
Opp. G.E.L. Church Complex,
Main Road, Ranchi – 834 001.
PH. NO. : 0651-2330305, 2331814
Fax No. 0651-2330305
Mobile – 9431115338
E-mail : unarainco_ac@yahoo.com

- e. JCL did not comply with the requirement of preparation of Cash Flow Statement and it failed to lay the financial statement for the year 2017-18 before the AGM and finalized the accounts for 2018-19. JCL failed to disclose this fact.
- f. Previous year figures of depreciation charged, accumulated depreciation as well as net assets have not been mentioned in the relevant note.
42. The Auditors of Karanpura Energy Limited (KEL) subsidiary of JUUNL the Holding Company had revised their Audit Report and have given a Qualified Opinion and the Basis for their Qualified Opinion is as hereunder:
- a. The original audit report has been signed on 3rd December, 2019. After that the Mourya Coal Block has been de-allocated by Ministry of Coal, Government of India vide letter number 13016/04/2015-CA-I(FTS No.324263) dated-27 December 2019. As directed by the C & AG this point has been incorporated in our adverse opinion Para. This situation indicated that a material uncertainty exists that may cast significant doubt on the companies' ability to continue as a going concern. As the Audit Report to the said Financial Statement has already been given on 3rd December, 2019 and Financial Statement has not been changed after that and hence the Financial Statement and notes thereto do not adequately disclose this matter.
- i. Coal Block has been de-allocated by Ministry of Coal, Government of India for power project to be set-up by the Company.
- ii. Company has violated the provisions of section 173 (1) of the Companies Act 2013 by not holding the minimum prescribed number of Board Meetings in the year 2018-19.
- iii. An amount of Rs.3.93 crore, paid as consultancy fees should have been shown as a part of CWIP instead of showing it as other Non-Current Assets.
- iv. No Establishment/Employees Expenses were incurred by the Company.
43. Figure drawn in the Consolidated Cash Flow Statement are not in line with the Consolidated Profit & Loss Account and Consolidated Balance Sheet and remains unreconciled.
44. Karanpura Energy Limited and Jharbihar Colliery Limited have not held Minimum Board Meetings as prescribed in the provision of Section 173(1) of the Companies Act, 2013 in the FY 2018-19.
45. Revenue has been computed provisionally on the basis of approved tariff for the financial year 2012-13. Various accounting standard compliance and adjustments as mentioned above have not been done. Various Statutory compliances as mentioned above have not been done. Due to these non-compliances and adjustments, there is an overstatement/understatement of liabilities, Asset and there is also consequential impact upon the profit/loss of the Company. Consolidation in accordance with sec 129(3) of the Act has also not been done.

Information other than the financial statements and auditors' 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 the Board's Report but does not include the financial statements and our auditor's report thereon.



H.O.: 301, COMMERCE TOWER, MAIN ROAD, RANCHI – 834001

B.O.: RANCHI – PATNA – HAZARIBAGH - KOLKATA

Our opinion on the 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 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position and consolidated financial performance of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

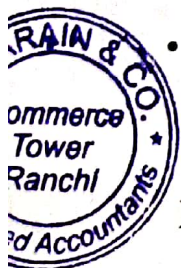
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not 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 consolidated 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 consolidated 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the group has adequate internal financial controls system in place and the operating effectiveness of such controls.

H.O.: 301, COMMERCE TOWER, MAIN ROAD, RANCHI – 834001

B.O.: RANCHI – PATNA – HAZARIBAGH - KOLKATA



- 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 ability of the Group and its joint ventures 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 consolidated 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, further events or conditions may cause the Group and its joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of the Holding Company included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated 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 consolidated financial statements.

We communicate with those charged with governance of the Holding Company included in the consolidated financial statements of which we are the independent auditors regarding, among other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Emphasis of Matters-

- a. In the case of PEL the auditors have opined that the fundamental assumption of going concern that the entity will continue its operation for a reasonable period of time has become doubtful. The Company is not engaged in any kind of revenue generating operation during the year and the financial health of the entity is adverse as it noticeable by its negative balance of reserve and surplus amounting to Rs.8,08,61,668

In the case of JCL the auditors have opined as follows –

- (i) JCL has not charged depreciation as per Schedule 11 of Companies Act, 2013.

H.O.: 301, COMMERCE TOWER, MAIN ROAD, RANCHI – 834001

B.O.: RANCHI – PATNA – HAZARIBAGH - KOLKATA



- (ii) Signature of authorized personal were not there in the Cash Book.
- (iii) Because of cancellation of nine allotment to the JCL the board has decided to close the company and initiate herd up, but the same was not been suitably disclosed in the account.
- (iv) Income Tax Return of the Company JCL was not filed.
- (v) Income Tax / Service Tax payable Rs.33294/- remains unpaid.
- (vi) Liability of Rs.236000/- towards Internal Audit Fees remains unpaid.
- (vii) Jharkhand Urja Utpadan Nigam Limited has been disclosed as Investy Company instead of Holding Company.

The Auditors of PEL and JCL have not modified their report in respect of the above matters.

Other Matters

The consolidated financial statements also include the Group's share of Net Loss of Rs. 809.95 lakhs for the year ended 31st March, 2019, as considered in the consolidated financial statements including 3 of its Subsidiaries, whose financial statements / financial information have not been audited by us.

These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

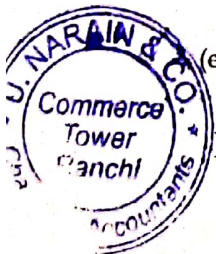
Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. Companies (Auditor's Report) order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, is not applicable on the consolidated financial statements as referred in proviso to Para 2 of the said Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) As described in Basis for Disclaimer of Opinion paragraph, we were unable to obtain all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) Due to the possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether proper books of accounts as required by law have been kept by the Group
 - (c) Due to possible effects of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the Consolidated Balance Sheet and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion due to the possible effect of the matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) The matters described in the Basis for Disclaimer Opinion paragraph above, in our opinion may have an adverse effect on the functioning of the Group.

H.O.: 301, COMMERCE TOWER, MAIN ROAD, RANCHI – 834001

B.O.: RANCHI – PATNA – HAZARIBAGH - KOLKATA



U. NARAIN & CO.
CHARTERED ACCOUNTANTS

301, COMMERCE TOWER,

Opp. G.E.L. Church Complex,

Main Road, Ranchi – 834 001.

PH. NO. : 0651-2330305, 2331814

Fax No. 0651-2330305

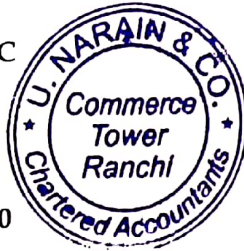
Mobile – 9431115338

E-mail : unarainco_ac@yahoo.com

- (f) As per notification No. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 164(2) of the Companies Act, 2013 pertaining to disqualification of Directors is not applicable to the Company;
- (g) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A", and
- (h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the Group has disclosed the impact of the pending litigations which would impact its financial position;
 - Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the Company has made provision, as required under the applicable law or accounting standards, for material losses, if any, on long term contracts including derivative contracts;
 - There were no amounts which were required to be transferred to Investor Education and Protection Fund.

For U. NARAIN & CO.
Chartered Accountants
Firm Registration No.000935C

(CA Rajiv Ranjan)
Partner
Membership Number: 053510



UDIN: 21053510AAAABP1633

Place: Ranchi

Date: 25.08.2021

H.O.: 301, COMMERCE TOWER, MAIN ROAD, RANCHI – 834001

B.O. : RANCHI – PATNA – HAZARIBAGH - KOLKATA

Scanned with CamScanner

Annexure – A to the Auditors' Report
(The annexure referred to in paragraph 2(f) under Report on other Legal and Regulatory requirements of our report of even date.)

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 Urja Utpadan Nigam Limited ("the Holding Company") and considered reports of Auditors of its subsidiary companies as of 31 March 2019 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies 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.

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 financial statements, whether due to fraud or error.



H.O.: 301, COMMERCE TOWER, MAIN ROAD, RANCHI – 834001

B.O.: RANCHI – PATNA – HAZARIBAGH - KOLKATA

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report 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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 (3) 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

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

Disclaimer of Opinion

In view of the material and pervasive nature of the matters prescribed in Basis of Disclaimer of Opinion section of our auditor's report on the accompanying consolidated financial statements of the company, we are unable to determine if the company has established adequate internal financial control over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2019.

Accordingly, we do not express an opinion on Internal Financials Controls over Financial Reporting with reference to the accompanying financial statements.

Place : Ranchi
Date : 25-08-2021



For U. Narain & Co.
(Chartered Accountants)
FRN: 000935C

(CA. Rajiv Ranjan)
Partner
M.No.053510

H.O.: 301, COMMERCE TOWER, MAIN ROAD, RANCHI – 834001

B.O.: RANCHI – PATNA – HAZARIBAGH - KOLKATA