



दिनांक/Date 22/10/2021

संख्या:म.ले.(ले.प.)/AMG-1/JUUNL/A/cs/A-166/2019-20/५७१

सेवा में,

प्रबंध निदेशक
झारखण्ड उर्जा उत्पादन निगम लिमिटेड
अभियंत्रण भवन, एच.ई.सी
धुर्वा, राँची - 834004

विषय: 31 मार्च 2020 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 2020 को समाप्त वित्तीय विवरणी (Financial Statements) तथा समेकित वित्तीय विवरणी (Consolidated Financial Statements) 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 अभिस्वीकृति वांछित है।
संलग्नक: यथोपशि

६-३ अक्टूबर २०२१

(इन्दु अग्रवाल)

प्रधान महालेखाकार (लेखापरीक्षा)
झारखण्ड, राँची

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143 (6)(b) OF THE COMPANIES ACT, 2013 ON THE
CONSOLIDATED FINANCIAL STATEMENTS OF JHARKHAND URJA UTPADAN
NIGAM LIMITED, RANCHI FOR THE YEAR ENDED 31 MARCH 2020.**

The preparation of consolidated financial statements of Jharkhand Urja Utpadan Nigam Limited, Ranchi for the year ended 31 March 2020 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 Audit report dated 13 August 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 2020 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.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to the statutory auditor's report under section 143(6)(b) 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: 22-10-2021



✉ : rkgco@icai.org

R. K. GARODIA & CO.

Chartered Accountants

202, SAI APARTMENT, KUTCHERY ROAD,
RANCHI - 834001 (JHARKHAND)

☎ : 0651 - 2203343, 2972847

: 9835168852, 9334439690

INDEPENDENT AUDITOR'S REPORT

To,

The Members of **JHARKHAND URJA UTPADAN NIGAM LIMITED**

Report on the Consolidated Financial Statements

We were engaged to audit the Consolidated Financial Statements of **JHARKHAND URJA UTPADAN NIGAM LIMITED** ("the Company"), which comprise the Consolidated Balance Sheet as at March 31, 2020, and 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 information (hereinafter referred to as "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.

Management's Responsibility for the Consolidated 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 Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, as applicable.

This responsibility also includes 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; 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 Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to express an opinion on these Consolidated Financial Statements based on conducting our audit in accordance with the Standards on Auditing under Section 143(10) of the Act.



We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the order under section 143(11) of the Act.

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the 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 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 I 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, future events or conditions may cause the Company 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.



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.

Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

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 Consolidated 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 Consolidated Financial Statements under the provisions of the Companies Act, 2013 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 information which was not provided by the management were material due to which we are unable to form an opinion as mentioned hereunder:-

Relevant matters on the basis of which Consolidated Financial Statement has been disclaimed:

1. Statutory Compliance

As per the notification no. MCA- GSR 404 (E) dated 06.04.2016 of Ministry of Corporate Affairs, Government of India, the accounts of the company w.e.f. 01.04.2016 is required to be prepared in compliance with Ind-AS (Indian Accounting Standard) with provisional opening balance sheet to be drawn w.e.f. 01.04.2015. However the Consolidated Financial Statements are restated for the F.Y:2019-20 with provisional opening balance of 01.04.2018, which is a non-compliance with the above referred notification.

As per information received there is PLA balance with Doranda treasury. As per 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. However, documentations suggest that the management is regularly following up with the Doranda treasury for redressal of the issue.

The Company is ACTIVE non-compliant as on date of this report as appearing in the Company Master Data downloaded from the official portal of Ministry of Corporate Affairs meaning thereby certain requisite forms have not been filed by the Company.

The auditors of Patratu Energy Limited (hereinafter referred to as "PEL") and JharBihar Colliery Limited (hereinafter referred to as "JBCL"), subsidiary of the holding company have reported that the Companies are not holding minimum number of Board Meetings

required to be held in a financial year as per the requirements of Section 173(1) of The Companies Act, 2013.

2. Going Concern Assumption

Note No.19 "Other expenses" of Consolidated Financial Statement includes expenses of Karanpura Energy Limited (hereinafter referred to as "KEL"), PEL & JBCL whose operations are discontinued. The same should have been shown under Profit/Loss from Discontinued Operation head of Statement of Profit & Loss and also in Cash Flow Statement.

The auditors of JBCL and PEL, subsidiary of the holding company have reported that the fundamental assumption of going concern that the entity will continue its operations for a reasonable period of time has become doubtful but the entities have prepared their financial statements on going concern assumption.

3. Statutory Liabilities not paid

Note No.12 "Other Liabilities" contains "Other Levies Payable to Government" Rs. 4.11 Lakh which is reportedly related to Financial year 2013-14 is still outstanding.

The auditors of JBCL, a subsidiary of the holding company have reported that Income Tax/ Service Tax Payable amounting to Rs.0.33 Lakh is unpaid till the date of signing of Audit report on Standalone Financial Statements of JBCL.

The auditors of PEL, a subsidiary of the holding company have reported that Other Current Liabilities includes Rs. 30.71 Lakh towards Short Term Provision for Current Tax pertaining to Financial Year 2014-15, which is unpaid till the date of signing of Audit report on Standalone Financial Statements of PEL.

4. Equity Share Capital and Other Equity

Restructuring Account amounting to Rs. 210 Lakh which relates to preliminary expenses incurred by Jharkhand Urja Vikas Nigam Limited (hereinafter referred to as "JUVNL") in F.Y. 2013-14, against which equity shares are required to be allotted to JUVNL, has been classified under Unsecured Loans which is not in compliance with disclosure requirements of Ind AS.

According to the information and explanation give to us 35930000 fully paid up equity shares of Rs. 10/- each have been allotted to JUVNL. Based on our examination on test check basis Rs. 5.13 Lakh is receivable from JUVNL towards the allotment of shares. The Fully paid up Equity Share Capital of Rs.3,803.00 Lakh appearing under Equity and Liabilities is thus incorrect.

5. Liabilities

"Outstanding Liabilities for Establishment" amounting to Rs. 47.82 Lakh is outstanding since long. Since no payment is being made against the same, expenses booked against the same are not justified.

Note No.12 "Other Liabilities" contains "Staff related Liabilities & Provisions" Rs. 931.11 which contains Debit Balance of EPF amounting to Rs. 1.02 Lakh. The reason for EPF having a debit balance is not justified.

The auditors of JBCL, a subsidiary of the holding company have reported that they were not provided with sufficient and appropriate audit evidence regarding funds lent by Bihar State Mineral Development Corporation Limited and JUUNL amounting to Rs. 142.23 Lakh and Rs.249.67 Lakh respectively. Further the purpose of this finance and application of these funds is in question.

6. Opening Balance of Liability for Audit Fee

Payment of Rs. 1.77 Lakh for opening liability of Audit fee is recorded as current year expense in Consultancy charges ledger. Consequently, the profit is undisclosed and the liability is overstated.

Note No. 12 "Other Liabilities" contains "Liabilities for Audit Fee" having opening balance of Rs. 5.14 Lakh which is still unpaid as per the Books of Account. Proper justified reason for the same has not been provided to us.

7. Property, Plant and Equipment (Ind AS-16)

The title deeds for Land and Land Rights amounting to Rs.32.78 as per Note No. 2 "Property, Plant and Equipment" was not made available to us for verification. Further, the audit report for the period ended on 31st March, 2019 states that the company has leased out certain pieces of land to others. No clarification or detail was provided to us in this regard.

Disclosure requirements of Ind AS-16 (Property, Plant & Equipment) are not fulfilled. The mandatory disclosure of depreciation rates used by the entity as per Electricity Act, 2003 have not been made in the Consolidated Financial Statements.

There is variation between the significant accounting policies and the procedures followed for preparation and presentation of consolidated financial statements. The method of calculation of depreciation and the rates used are in violation of the policies stated under "Depreciation and Amortization".

8. Capital Work In Progress

The auditors of PEL, a subsidiary of the holding company have reported that an expenditure of Rs.1,606 Lakh was booked as CWIP for development of Banhardi Coal Block which was continuously shown since FY 2015-16. There is no progress in the work for more than three years. Further, the proposal for closure of the Company has been approved by the Board of Directors as well as by 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 overstatement of Fixed Asset each by Rs. 1,606 Lakh.

9. Investment

Share certificates held by the Holding Company for investment in Subsidiary Companies are in the name of nominees of the Company and no further title transfer deeds in the name of the Company were available for verification of the same.

Note No. 3(a) "Investment" contains "Investment in Equity Shares" amounting to Rs. 72.50 Lakh. Percentage of share holding in subsidiary companies and joint venture companies is not disclosed in the Financial Statements.

As per percentage of holding and as mentioned in significant accounting policies of CFS, JBCL is a subsidiary of JUUNL. However in Note No. 3(a) of CFS, investment in JBCL is treated as investment in Joint Venture Entities.

10. Opening Balance Adjustments

There is an opening balance of Rs. 1.83 Lakh in "TA Advance" ledger in the books of SwarnRekha Hydel Power Plant unit (hereinafter referred to as "SRHP") for which no detail has been provided and the same has also not been adjusted during the year.

Expenses done by JUVNL on behalf of the company have been recognized by the Company merely on the basis of debit or credit note received from them. No document, other than debit notes, is available with JUUNL regarding such expenses. Further the opening balance appearing in debit note produced before us is not matching with the opening balance appearing in the books of account of JUUNL.

11. Tax Matters

Tax has not been deducted at source as per the provisions of Income tax Act, 1961 and the rules made thereunder on the following expenses recorded in the Statement of Profit and Loss for the year ended on 31st March, 2020:

Particulars	Amount (Rs.)
Audit fee	1,77,000.00
Contractual Staff	9,63,654.00
Legal Expenses	27,136.00

Legal charges are paid during the year amounting to Rs.1.56 Lakh. Goods and Services Tax (GST) at applicable rates payable under Reverse charge mechanism is required to be paid by the Company. The Company has not discharged the GST reverse charge liability on Rs. 0.25 Lakh out of above.

There is difference between the amount of Professional tax deducted from employees and the amount of Professional Tax paid as appearing in the Books of Account. The details are as under:

Period	Amount (Rs.) deducted	Amount (Rs.) paid
Quarter III	14,474.00	22,604.80
Quarter IV	28,996.00	28,857.80

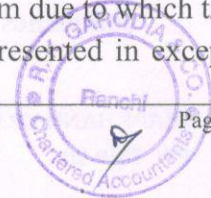
12. Accounting Policies, Changes in Accounting Estimates and Errors (Ind AS-08)

"Exceptional Items" appearing in the Statement of Profit and Loss is Rs. 22.61 Lakh (Previous Year Rs. 160.23 Lakh). Even though the items contained therein are material, proper disclosure through notes and / or schedules has not been provided in the Financial Statements. Further the items contained therein should not be treated as exceptional items as per the requirements of Ind AS-08.

Disclosure requirements of Ind AS-08 are not fulfilled. The following disclosures are not made in the Financial Statement:

- Nature of prior period error.
- The amount of correction at the beginning of the earliest prior period presented.

Prior period errors of Rs.22.61 Lakh is shown as an exceptional item due to which the loss of the company is overstated during the year. It should not be presented in exceptional



items as per the provisions of Ind-AS 8. It should have a retrospective effect and the financial statement of earliest prior period presented should stand restated as per the provisions of Ind AS-8.

Tax deducted at source Rs. 47.42 Lakh (as stated on Statutory Audit Report for the Financial Year ended on 31st March, 2019) by Bank of India on Flexi Deposit during the financial year 2018-19 was charged in the Statement of Profit and Loss instead of booking it as TDS receivable. In the current financial year, i.e. F.Y. 2019-20 the Company has reversed the same amounting to Rs. 47.39 Lakh. Consequently, Statement of Profit and Loss for the current financial year, i.e. F.Y. 2019-20 is not in compliance with Generally Accepted Accounting Principles and Ind AS-08.

Accumulated depreciation Rs. 0.25 Lakh has been reversed during the year under review on account of excess depreciation charged on Office Equipment in earlier years. This is not in compliance with the provisions of Ind AS-08.

Note No.3(a) includes preliminary expense of Rs.393.26 Lakh which is a loan from JUUNL as stated in Financial Statement of KEL but no such amount is shown as receivable in the books of JUUNL. Also the same has been written off in Exceptional item in current year i.e. F.Y. 2019-20, which is also not in compliance with the provisions of Ind AS-08.

13. Events after the Reporting Period (Ind AS-10)

Provisional salary and other related provision for the month of March, 2020 differ from the actual salary & benefits paid to employees. The actual expense was paid in the month of April, 2020 (before reporting date) and the condition for the same was existing in the current financial statement. So, it is an adjusting event as per Ind AS-10. Accordingly, the entity should have recorded the correct amount of expenses, which is not done and is regarded as a non-compliance of Ind AS- 10.

14. Employee Benefit (Ind AS-19)

Ind AS-19 provides for the rules for recognition of Current Service Cost, Defined Benefit Obligation, Defined Contribution Plan and other retirement benefit provisions which are required to be made as per Actuarial valuation. The company has not complied with any of the provisions of Ind AS-19 and also have not disclosed the above fact in Notes annexed to and forming part of Balance Sheet and Statement of Profit & Loss for the year ended on 31st March, 2020.

15. Related Party Disclosure (Ind AS-24)

Disclosure requirements of Ind AS-24 are not fulfilled. The following disclosures are not made in the Financial Statement:

- a) Name of parent, subsidiary, joint ventures and other controlling entities.
- b) Nature of transactions with parent, subsidiary, joint ventures & other controlling entities
- c) Amount involved in the above referred transactions.

16. Balance Confirmation

In Note No.7(b) of the Consolidated Financial Statements "Trade Receivable" amounting to Rs. 962.25 Lakh is receivable from Jharkhand Bijli Vitran Nigam Limited (hereinafter

referred to as “JBVNL”) against sale of power. Confirmation from JBVNL has not been made available to us for verification of this claim.

17. Incorrect Classifications

According to the information and explanations provided to us, we are of the opinion that the following assets have been wrongly classified under incorrect group:

Particulars	Classified under	Correct classification
Temporary Advance (SRHP)	Cash & cash equivalent	Loans & Advances to staff
TDS Receivable (SRHP)	Cash & cash equivalent	Other Current Asset

Note No.10 “Non-Current Liabilities” (Secured loan) of Consolidated Financial Statement, shows State Government loan of KEL as Rs.3,326.96 Lakh but Standalone Financial Statement shows that this amount includes State Government loan of Rs.1,512.00 Lakh and unsecured loan of Rs.1,814.96 Lakh.

Note No.10 “Non-Current Liabilities” (Secured loan) of Consolidated Financial Statement includes State Government loan of JBCL as Rs.391.90 Lakh which is Unsecured Loan as per Standalone Financial Statement.

Note No.12 “Other Non-Current Liabilities” of Consolidated Financial Statement includes Remittance from JUVNL/ JBVNL and Provision for Staff Related Liabilities amounting Rs.1,476.49 Lakh and Rs.931.11 Lakh respectively, which is current in nature.

Note No.10 “Non-Current Liabilities” of Consolidated Financial Statement shows Secured Loans from Related Party- Term Loan from State Government amounting to Rs.7896.58 Lakh under Long Term Column but it includes “Interest on State Government Loan” amounting Rs.2,896.58 Lakh, which is current in nature and should appear under the Current maturities column of Consolidated Financial Statement.

Note No.14 “Other Income” of Consolidated Financial Statement includes Miscellaneous Receipts of 7.15 Lakh of JUUNL which has been clubbed with Bank Interest in Consolidated Financial Statement. Also Miscellaneous Receipts in the same note is appearing as NIL.

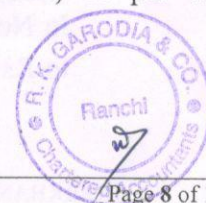
As per the presentation requirement of provisions of Ind AS, ownership position wherein a shareholder owns less than 50% of outstanding shares are to be shown as Non Controlling Interest (NCI). However the Company have presented it as Minority Interest (MI) in the Consolidated Financial Statement.

18. Compensating Error

Note No.7(a) of Consolidated Financial Statement contains Other Non-current Asset amounting to Rs.0.50 Lakh of KEL and Rs.0.13 Lakh of JBCL. But in Standalone Financial Statement of KEL and JBCL, other non current asset is shown as Rs.0.13 Lakh and Rs. 0.50 Lakh respectively.

19. Cash Flow Statement

As per the Consolidated Cash Flow Statement, Profit Before Tax is shown as Rs.803.05 Lakh (Negative) but it should have been Rs. 779.29 Lakh (Negative) as per the Standalone Financial Statement of JUUNL, KEL, PEL and JBCL.



Interest Income amounting to Rs.1.24 lakh in Consolidated Cash Flow Statement does not include Rs.607.09 Lakh shown in the Standalone Cash Flow Statement of JUUNL.

Provision for Expense under Cash Flow from Operating Activities is shown as Rs.358.37 Lakh in Consolidated Cash Flow Statement but it is shown as Rs. 393.26 Lakh in the Standalone Financial Statement of KEL.

Repayment of Short Term Borrowing, Deferred Tax Asset and Other Working Capital is shown as Rs. 34.89 Lakh, Rs.23.77 Lakh and Rs.0.01 Lakh respectively in the Standalone Cash Flow Statement of JUUNL but it is shown as NIL in Consolidated Cash Flow Statement.

The Net Cash Flow From Financing Activities in the Consolidated Cash Flow Statement shows a casting error of Rs.0.01 Lakh.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Accordingly, we do not express an opinion on the consolidated financial statements.

Other Matters

We did not audit the financial statements / financial information of Karanpura Energy Limited (a wholly owned subsidiary), Patratu Energy Limited (a wholly owned subsidiary) and JharBihar Colliery Limited (a joint venture as per JUUNL) whose financial statements / financial information reflect total assets of Rs. 2,333.29 Lakh, Rs. 2,605.15 Lakh and Rs. 104.49 Lakh as at 31st March, 2020 and total revenue of Rs.1.24 Lakh for KEL and NIL revenue for PEL and JBCL for the year ended on that date, as considered in the consolidated financial statement. 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 joint ventures and our report in terms of sub-section (3) and sub-section (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint ventures is based solely on the reports of the other auditors.

Our opinion is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. 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 certain information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) The books of account as required by various provisions of law stated above have been kept by the Company;
 - (c) Subject to the matters described in the Basis for Disclaimer of Opinion paragraph, we state that the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement, dealt with by this Report are in agreement with the books of account;

- (d) Due to the possible effects of matters described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the aforesaid standalone 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 matter described in the Basis for Disclaimer of Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
- (f) We have not received any written representations from the directors as on 31st March, 2020. As such we are unable to comment upon the disqualification of directors as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (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";
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- As informed to us, the Company has disclosed the impact of pending litigations on its financial position in its financial statements;
 - 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 foreseeable losses, if any, on long-term contracts including derivative contracts;
 - The Company does not have any amount required to be transferred to the Investor Education and Protection Fund.
 - The disclosures regarding details of specified bank notes held and transacted during 8th November, 2016 to 30th December, 2016 has not been made since the requirement does not pertain to financial year ended on 31st March, 2020.

For R. K. GARODIA & CO.

Chartered Accountants

202, Sai Apartment, Kutchery Road, Ranchi

(Firm's Registration No.: 002004C)

Deepak Garodia

(CA. DEEPAK GARODIA)

Partner

(Membership No.: 409246)

UDIN : 21409246AAAAFD1481

Place : RANCHI

Date : 13.08.2021



Annexure – ‘A’ to the Independent Auditor's Report

Referred to in paragraph 2(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date to the Members of **JHARKHAND URJA UTPADAN NIGAM LIMITED** (“the company”)

Report on the Internal Financial Controls Over Financial Reporting 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 Company”) as of March 31, 2020 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 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. 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 Act.

Auditors’ Responsibility

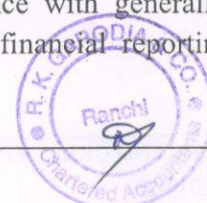
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on 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 judgement, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated 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 the 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 paragraph of our report of even date 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 31st March, 2020.

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

For R. K. GARODIA & CO.

Chartered Accountants

202, Sai Apartment, Kutchery Road, Ranchi

(Firm's Registration No.: 002004C)

Deepak Garodia

(CA. DEEPAK GARODIA)

Partner

(Membership No.: 409246)

UDIN : 21409246AAAAFD1481

Place : RANCHI

Date : 13.08.2021

