



## INDEPENDENT AUDITORS' REPORT

To the Members of  
**BIHAR STATE POWER TRANSMISSION COMPANY LIMITED**  
Vidyut Bhawan,  
Bailey Road, Patna - 800 001

### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of **BIHAR STATE POWER TRANSMISSION COMPANY LIMITED** (BSPTCL "the Company"), which comprise the Balance Sheet as at March 31, 2019 and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of changes in Other Equity and Cash Flow Statement for the year ended on that date, and a summary of significant accounting policies and other explanatory notes for the year ended on that date (hereinafter referred to as "Standalone Ind AS Financial Statements").

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation and presentation of these standalone Ind AS financial statements that gives a true and fair view of the State of affairs (financial position), Profit or Loss (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 Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the **Companies (Indian Accounting Standards) Rule, 2015** and **Companies (Indian Accounting Standards) Rule, 2016**, as amended from time to time, and other accounting principles generally accepted in India..

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

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 there under.

We conducted our audit of standalone Ind AS financial statements in accordance with the Standards issued by the Institute of Chartered Accountants of India, as 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. 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. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the standalone Ind AS 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 standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone Ind AS financial statements.

### **Basis for Qualified Opinion**

1. *The company has not prepared any Fixed Assets Register and no Physical Verification of Fixed Assets has been done during the year. No title deed produced before us for our verification in respect of Land and Land Rights. However it is reported to us that Bihar State Holding Corporation Limited (Holding Company) having the supporting document regarding the Land area, Location and valuation of Land.*
2. *The company has not maintained register for inventories of capital and consumables spares. without this record is it very difficult to substantiate and verify the accuracy of the disclosures made in the financial statement in respect of Inventories (Ind AS 2). Sale of scrap of Rs. 1,00,64,116.00 have been shown in the financial statement as income but items of old inventory or used fixed assets disposed off has not been maintained/ produced before us for our verification. As a result, we are unable to report whether the same are in conformity with stated accounting policies of the company or not.*
3. *The balance confirmation of intercompany account, Advance to Contractor Rs.2,58,78,306.38 (party wise), Suppliers/contractors of Rs. 63,96,18,695.80 (Dr.) and Rs. 19,34,635.00 (cr.) and Advance against ADB Projects of Rs. 3,74,36,697.00 (Net) has not been produced before us for our verification.*
4. *In terms of the requirements contained in Ind AS 109, an entity is required to measure its financial assets and financial liabilities at its fair value through OCI during its initial measurement and subsequently through Profit and & Loss Account. However, the management is of the opinion that this non-compliance does not have any material impact on the true and fair view of the Standalone Ind AS financial statement. We are of the view that the entity should follow the Ind AS for better presentation of the Standalone financial statement and in order to comply with.*
5. *The list of vendors who have been registered under the MSME Act, 2006 have not been prepared. Because of this total outstanding dues and interest payable on such dues to Micro, small and medium enterprises as required under the MSMED ACT, 2006 could not be provided for in the books of accounts.*
6. *Return of professional tax has not been filed.*



### **Matter of Emphasis**

1. *An amount of Rs. 4,35,480.00 paid as Malguzari Tax by Transmission Circle, Gaya as per and records ascertained during the year and it is reported to us that the Company is in the process of ascertaining the evidence of all land records owned by it*
2. *Transmission charges amounting to Rs 2,60,22,00,000/- has been reversed in the F.Y 2018-19 on the basis of Revised Estimate approved by BERC vide its Case no. 51 dated 15.02.2019.*
3. *Accounting is being done on TallyERP9 but there is no Maker and Checker control for entries hence in our opinion it indicates weakness in Internal Financial Control. Transfer of entries from one head to another head are being made without any proper authorisation of appropriate authority which signifies deficiency in internal control.*
4. *The Companies has disclosed no. of cases of pending litigation in note to accounts No. :15 to the standalone Ind AS financial statements. The financial impact of case pertaining to service matters has not been quantified.*
5. *The company has not yet filed the AOC-4 Form for the F.Y 2017-18 & AOC-4 XBRL Form for the FY 2017-18 till date as laid down in Rule 12 of the Companies (Accounts) Rules 2014.*
6. *The company has been categorized as Active-Non compliant company by the Registrar of Companies due to non-compliance of Rule 25 of Companies (Incorporation) Amendment Rules 2019 and is liable to penal action as per Sub-section (9) of Section 12 of the said Act.*

### **Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except of the effect of matter described in the Basis for qualified opinion paragraph, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, total comprehensive income, the changes in equity and cash flows for the year ended as on that date.

### **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.

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure-A**" a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. We are enclosing our report in terms of Section 143(5) of the Act, on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, in Annexure C on the directions and sub-directions issued by The Comptroller and Auditor General of India.



3. As required by Section 143 (3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations 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 been kept by the Company so far as it appears from our examination of those books;
  - (c) The balance sheet, the statement of profit and loss including other comprehensive income, the statement of changes in equity and the cash flow statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, 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) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) 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 B". Our report express an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting and
  - (g) 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    1. Except for the matters dealt with in the basis for Qualified Opinion paragraph impact whereof are presently not ascertainable, impacts of pending litigations (not recognised and disclosed in the accounts) on the financial position of the company in the standalone Ind AS financial statements as required in terms of the Ind AS and provisions of the Companies Act, 2013. Refer Note no 15 to the standalone Ind AS financial statements.
    2. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses, and
    3. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place: **Patna**  
Date : **29.10.2019**



For, **AJAY KISHORE & Co.**  
Chartered Accountants  
Firm's Reg. No. : 005899C

**CA AJAY KISHORE JHA**  
Partner  
M. No. : 055086

**UDIN : 19055086AAAABU5353**



**“Annexure A” to the Independent Auditors’ Report**

**The Annexure referred to in Independent Auditors’ Report to the members of the Company on the financial statements for the year ended 31 March 2019, we report that:**

- 1) (a) The Company has not maintained proper records showing full particulars, including quantitative details and situation of fixed assets of Gross Block of Rs. 66,14,01,67,772.00. Further, The Company has also not maintained proper records / detailed workings of Capital Work in progress of Rs. 24,81,96,34,685.92. Further, an amount of Rs. 91,93,561.00 of CWIP- Office Equipment and Rs. 8,08,10,445.00 of CWIP Plant and Machinery (RSVY) lying unadjusted from last year.
- (b) During the year, fixed assets have not been physically verified by the management in accordance with a regular programme of verification hence no material discrepancies noticed on verification reported to us.
- (c) According to the information and explanations given to us, title deeds of immovable properties are held in the name of the Company but no title deeds has been produced for our verification.
- 2) (a) Physical verification of Inventories consisting of spare parts, lines and cable etc. of Rs. 1,16,11,70,843.83 as on 31.03.2019 has not been carried out during the year and stock book has not been maintained. We are unable to comment on difference and reconciliation of physical stock with book stock.
- (b) The company is not maintaining proper records of inventory.
- (c) Details of the value determined of work-in-progress, basis of transfer from work in progress to Fixed Assets and evidence of physical verification not produced before us. As a result, we are unable to report whether the same are in conformity with stated accounting policies of the company or not.
- 3) According to the information and explanations given to us, during the year, the Company has not granted loan secured or unsecured to companies, firms or parties covered in the Register maintained under section 189 of the Act. Accordingly clause 3(iii) of the Order is not applicable to the company.
- 4) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities given in respect of which provisions of section 185 and 186 of the companies Act 2013 are applicable and hence not commented upon.
- 5) The Company has not accepted any deposits from the public during the year hence the provisions of clause 3(v) of the Order is not applicable to the company.
- 6) As reported by the management, the central government has prescribed maintenance of cost records under the Companies Act and the prescribed accounts and records have been maintained by the management.



- 7) (a) There is no undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and other statutory dues applicable to it with appropriate authorities except:-
- (i) Service Tax for the financial year 2013-14, 2014-15 and 2015-16 of Rs. 50,89,419.00 been assessed and demanded by Service tax Department.
  - (ii) Assist. commissioner of Income tax (OS) ward 2(1) has demanded Rs. 16,72,29,947.00 vide order dated 30.12.2017 for which appeal has been lodged with CIT Appeal, Patna.
  - (iii) A Demand of Rs. 58.61 Lacs on various circle and head office have been raised by the Income tax Department in respect of TDS default
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) Evidence regarding deduction / deposit of professional tax, GST, Vat , WCT and status of filing of returns not produced before us. The impact of the possible misstatement on the financial statement could not be ascertained and reported.
- 8) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to banks and debenture holders. The Company did not have any outstanding dues in respect of a financial institution or to Government, during the year.
- 9) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer or debt instruments. Further, term loans were applied for the purpose for which the loans were obtained.
- 10) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- 11) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- 12) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- 13) As explained to us, there is no transaction with the related parties in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have not been disclosed in the notes to the financial statements, as required by the applicable accounting standards (Ind AS 26).
- 14) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence,



reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon

- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with it. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For, **AJAY KISHORE & Co.**  
**Chartered Accountants**  
Firm's Reg. No. : 005899C



*[Handwritten Signature]*  
**CA AJAY KISHORE JHA**  
**Partner**  
**M. No. : 055086**

**Place: Patna**  
**Date : 29.10.2019**

**UDIN : 19055086AAAABU5353**



**Annexure - B to the Auditors' Report**

**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 **BIHAR STATE POWER TRANSMISSION COMPANY LIMITED** ("the Company") as of 31 March 2019 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.

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.

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 (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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 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.

### **Opinion**

Payment / entry of expenditures are being made in tally (Software) without mentioning the invoice details on entry of payment voucher. Further, in our opinion, the Company has, in all material cases, an adequate internal financial controls system over financial reporting except for accounting entries which are maintained in Tally.ERP9, because it lacks Maker and Checker control ( Refer "other Matters" of Independent Auditors' Report), as the present system allows anyone to modify or make correction as and when they feel to do so and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, 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, **AJAY KISHORE & Co.**  
Chartered Accountants  
Firm's Reg. No. : 005899C

  
**CA AJAY KISHORE JHA**  
Partner (M. No. : 055086)



UDIN : 19055086AAAABU5353

**Directions under section 143(5) of the Companies Act ,2013**  
**Applicable from the year 2015-16 accounts**

SL. No	Directions	Compliance
1	Whether the company has clear title / lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title / lease deeds are not available.	No title deed produced before us for our verification in respect of Land and Land Rights. However it is reported to us that BSPHCL having the supporting document regarding the Land area, Location and valuation of Land. The company has neither conducted the Physical Verification of Fixed Assets nor prepared any Fixed Assets Register
2	Whether there are any cases of waiver / write off of debts / loans / interest etc., if yes, the reasons there for and the amount involved.	There is no waiver / written of debts /loans / interest etc.However, 1. State government Plan Loan. Amounting to Rs 195,95,94,995.00 has been converted into equity capital. 2. And, balance amount of Rs. 1,44,59,00,000.00 has been transferred to BSPHCL as rectification entry during the year but we are unable to comment on it in absence of any documents.
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift / grant(s) from Government or other authorities.	The company has not maintained fixed assets register and register for capital and consumables spares. without these two register is it very difficult to substantiate and verify the accuracy of the disclosures made in the financial statement in respect of Inventories (Ind AS 2), Property, Plant and Equipment (Ind AS 16), (Impairment of Asset (Ind AS 36) and, Classification of Non Current Assets Held for Sale and Discontinued Operation (Ind AS 105)

For AJAY KISHORE & Co.  
Chartered Accountants



CA AJAY KISHORE JHA  
Partner

M. No. : 055086  
FRN : 005899C

Place: Patna  
Date : 29.10.2019

**Sub Directions under section 143(5) of the Companies Act ,2013**

SL. No	Sub - Directions	Compliance
1	Please report correctness of cash in transit, if any, appearing in the Accounts. The same may be thoroughly examined and suitable comments (qualification, disclaimer or adverse comment), if any, based on the examination of the records of the records of the Power Companies in Bihar may be incorporated in the Statutory Auditors Report	NIL
2	Please report cases of stolen cash/ materials/ assets or cases of theft of assets. The same may be examined thoroughly and suitable comments (qualification, disclaimer or adverse comment), if any, based on the examination of the records of the Power Companies in Bihar may be incorporated in the of Statutory Auditors Report. Further, non - provision of the amount involved in theft may also be commented.	No Such Case
3	Please report on proper maintenance of the manual cashbook, if applicable. The same may be examined in the accounting units of the Power Companies of Bihar and suitable comments (qualification, disclaimer or adverse comment), if any based on the examination of the records of the Power Companies in Bihar may be incorporated in the Statutory Auditors Report.	Accounting is being done in Computerised System (Tally.ERP9) but there is no Maker and Checker control for entries hence in our opinion it indicates weakness in Internal Financial Control. Transfer of entries from one head to another head are being made without any proper authorisation of appropriate authority which signifies deficiency in internal control.
4	Please report on Bank reconciliation statements of all the bank accounts maintained by the Power Companies in Bihar. The same may be obtained and verified . Suitable comments may be incorporated in the statutory Auditors report based on examination of the same and discrepancies found.	Bank reconciliation of all bank accounts are maintained. No discrepancies noticed.
5	Details of Inter Company Accounts/ Inter unit accounts, if any, which generally appears in the other current liabilities / assets in the Balance Sheet of the Power Companies in Bihar may be obtained and verified . Suitable comments may be incorporated in the statutory Auditors report based on examination of the same and discrepancies found.	Confirmation of balances not produced before us for our verification and Reconciliation statement of Inter Company Accounts / Inter Unit Accounts also not made available to us for our verification.
6	System of obtaining confirmations from the parties in respect of amount receivables and payables may be assessed and deficiencies found , if any , in power Companies in Bihar may be suitably commented and included in the statutory Auditors Report.	Confirmation in respect of Receivables and Payables were not made available to us for our verification.
7	Compliance with provisions of the Income tax Act, 1961 in respect of Income Tax deducted at Source by the Power Companies in Bihar may be examined and suitable comments , if any may be incorporated in the Statutory Auditors Report	As reported that, Income Tax deducted at Source has generally been regularly deducted and deposited however demand of Rs. 58.61 Lacs on various circle and head office have been raised by the Income tax Department in respect of TDS default.

For AJAY KISHORE & Co.  
Chartered Accountants



CA AJAY KISHORE JHA  
Partner  
M. No. : 055086  
FRN : 005899C

Place: Patna  
Date : 29.10.2019