



PRINCIPAL ACCOUNTANT GENERAL (AUDIT), UTTARAKHAND



Ltr No: AMG-II/2023-2024/DIS-1092430  
Date: 06 Sep 2023

To,

Managing Director  
UJVN Limited  
Dehradun

Subject: यू॰जे॰वी॰एन॰ लिमिटेड, देहरादून के 2022-23 के वार्षिक लेखों पर भारत के नियंत्रक महालेखापरीक्षक की टीका टिप्पणियों के सम्बन्ध में : PR-66482

Sir/Madam,

एतत्सह कम्पनी अधिनियम, 2013 की धारा 143 (6) (b) के अधीन यू.जे.वी.एन. लिमिटेड, देहरादून के 31 मार्च, 2023 को समाप्त होने वाले वर्ष के लेखों पर, भारत के नियंत्रक एवं महालेखापरीक्षक की टीका-टिप्पणियाँ, उपरोक्त अधिनियम के प्रावधानों के अनुसरण में प्रेषित की जा रही हैं। कृपया कम्पनी की वार्षिक सामान्य बैठक के समक्ष इन टीका टिप्पणियों के प्रस्तुत किए जाने की वास्तविक तिथि की सूचना देने का कष्ट करें।

कृपया पावती भेजें।

Yours faithfully,

Encls: As above

PRAVINDRA YADAV  
Principal Accountant General



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF UJVN LIMITED FOR THE YEAR ENDED 31 MARCH 2023**

The preparation of financial statements of the UJVN Limited (Company) for the year ended 31 March 2023 in accordance with financial reporting framework prescribed under the Companies Act, 2013 (Act) 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) of the Act is responsible for expressing opinion on the financial statements under Section 143 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 25 July 2023.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of financial statements of UJVN Ltd. for the year ended 31 March 2023 under Section 143(6)(a) of the Act. 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.

Based on my supplementary audit, I would like to highlight the following significant matters under Section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

**Comments on Financial Position**

**Balance Sheet**

**Non- Current Assets**

**Property, Plant and Equipment and Intangible Assets.**

**Capital Work-in-Progress- (Note No. 5): ₹ 794.91 crore**

1. The above includes ₹ 86.25 crore incurred on Suringad *Small Hydro Power Plant (SHP)* which was completed on 17.06.2021 and ready for use but not capitalised as commercial operation of same was not commenced as on 31 March 2023 in the absence of evacuation facility. This important fact has not been disclosed in Note No. 5.

**Current Liabilities**

**Other Current Liabilities- (Note No.- 20): ₹ 2,118.06 crore.**

2. The above does not include ₹ 29.51 crore being amount payable in compliance of tariff order of Uttarakhand Electricity Regulatory Commission (UERC) issued on 30 March 2023. It was directed by UERC in its order to refund ₹ 29.51 crore (UPCL ₹ 25.60 crore and HPCL ₹ 3.91 crore) in twelve equal instalments starting from April 2023 to March 2024 (Trueing up of

2021-22). However, no provision for amount payable of ₹ 29.51 crore was made in books of accounts.

This resulted in understatement of Other Current Liabilities and Operating and Direct Expenses by ₹ 29.51 crore. Consequently, Profit for the year was overstated to the same extent.

Despite similar comment of CAG on the accounts for the years 2020-21 and 2021-22, no corrective action was taken by the management.

3. The above does not include ₹ 10.78 crore being the amount payable to two contractors on account of balance minor works (M/s BHEL ₹ 9.11 crore and M/s OMIL ₹1.67 crore) pertaining to Vyasi Project for the period relating to previous years. The Board of Directors in its 113th meeting held on 09-02-2023 approved above payment of ₹ 10.78 crore to two contractors. However, no provision for amount payable of ₹ 10.78 crore made in books of accounts.

This resulted in understatement of Other Current Liabilities as well as Property, Plant and Equipment by ₹ 10.78 crore.

4. The above does not include ₹ 2.64 crore payable for supply of E&M equipment pertaining to Vyasi Project and ₹ 2.63 crore payable on account of Price Variation against mechanical equipment pertaining to Dhalipur Project.

This resulted in understatement of Other Current Liabilities as well as Property, Plant and Equipment by ₹ 5.27 crore.

**Place: Dehradun**  
**Dated: 06/09/2023**

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

**-sd-**  
**(Pravindra Yadav)**  
**Principal Accountant General (Audit)**  
**Uttarakhand**

**COMMENTS OF COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF UJVN LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2023 AND MANAGEMENT REPLIES THERETO**

<b>C&amp;AG COMMENTS</b>	<b>MANAGEMENT REPLIES</b>
<p><b>Balance Sheet</b>  <b>Non- Current Assets</b>  <b>Property, Plant and Equipment and Intangible Assets.</b>  <b>Capital Work-in-Progress- (Note No. 5): ₹ 794.91 crore</b></p> <p>1. The above includes ₹ 86.25 crore incurred on Suringad <i>Small Hydro Power Plant (SHP)</i> which was completed on 17.06.2021 and ready for use but not capitalised as commercial operation of same was not commenced as on 31 March 2023 in the absence of evacuation facility. This important fact has not been disclosed in Note No. 5.</p>	<p>Noted for compliance. Necessary disclosure shall be made in the accounts for FY 2023-24.</p>
<p><b>Current Liabilities</b>  <b>Other Current Liabilities- (Note No.- 20): ₹ 2,118.06 crore.</b></p> <p>2. The above does not include ₹ 29.51 crore being amount payable in compliance of tariff order of Uttarakhand Electricity Regulatory Commission (UERC) issued on 30 March 2023. It was directed by UERC in its order to refund ₹ 29.51 crore (UPCL ₹ 25.60 crore and HPCL ₹ 3.91 crore) in twelve equal instalments starting from April 2023 to March 2024 (Trueing up of 2021-22). However, no provision for amount payable of ₹ 29.51 crore was made in books of accounts.</p>	<p>As per UERC Regulations, Hon'ble UERC determines tariff of UJVNL on year to year basis. Tariff order issued for any year is applicable for that year. The tariff order issued by UERC consists of two parts. First AFC charges for next year and the true up for the immediate previous year on the basis of Audited Accounts. Energy Charges Billing is done as per the said tariff order for that year and revenue is also recognized accordingly. This practice is being followed by UJVNL consistently on year to year basis.</p>

This resulted in understatement of Other Current Liabilities and Operating and Direct Expenses by ₹ 29.51 crore. Consequently, Profit for the year was overstated to the same extent.

Despite similar comment of CAG on the accounts for the years 2020-21 and 2021-22, no corrective action was taken by the management.

In the instant case, UERC Tariff order dated 30 March 2023 is applicable for FY 2023-24. Tariff Order includes ₹ 29.51 crore towards refund of true up amount of FY 2021-22 to be adjusted in twelve equal installments starting from April 2023 to March 2024. Accordingly billing shall be raised by UJVNL during financial year 2023-24.

In additions to above it is also to appraise that The Expert Advisory Committee of The Institute of Chartered Accountants of India issue a opinion on "Accounting treatment of true-up value arising as per Rate Regulations". The opinion is reproduced as under :-

"Since the Company has neither recognised regulatory deferral account balances in its financial statements in accordance with previous GAAP nor elected to recognise regulatory deferral accounts in its first Ind AS financial statements, Ind AS 114 is not applicable to the Company for recognition of true-up value adjustments. Also, as per the requirements of paragraphs 13, 14 and 15 of the Standard, the Company should not change its accounting policies in order to start to recognise regulatory deferral account balances and that it may change its accounting policies for the recognition of regulatory deferral account balances only if the change makes the financial statements more relevant to the economic decision-making needs of users and no less reliable, or more reliable and no less relevant to those needs, as per the requirements of Ind AS 8, as discussed in paragraph 18 above. In case the Company decides to change its accounting policy in accordance with the aforesaid requirements, it may do so by applying the requirements of the Guidance Note on Accounting for Rate Regulated Activities."

Since UJVNL has neither recognised Regulatory Deferral Account balances in its financial statements in accordance with previous GAAP

	<p>nor elected to recognise regulatory deferral accounts in its first Ind AS financial statements i.e. FY 2016-17. So Ind AS 114 is not applicable to the Company for recognition of true-up value adjustments.</p> <p>Proper disclosure for accounting of True-Up has been made in Accounting policy for Revenue recognition (Note 3).</p>
<p>3. The above does not include ₹ 10.78 crore being the amount payable to two contractors on account of balance minor works (M/s BHEL ₹ 9.11 crore and M/s OMIL ₹1.67 crore) pertaining to Vyasi Project for the period relating to previous years. The Board of Directors in its 113th meeting held on 09-02-2023 approved above payment of ₹ 10.78 crore to two contractors. However, no provision for amount payable of ₹ 10.78 crore made in books of accounts.</p> <p>This resulted in understatement of Other Current Liabilities as well as Property, Plant and Equipment by ₹ 10.78 crore.</p>	<p>Noted for Compliance. Necessary provision will be made in the Financial Year 2023-24.</p>
<p>4. The above does not include ₹ 2.64 crore payable for supply of E&amp;M equipment pertaining to Vyasi Project and ₹ 2.63 crore payable on account of Price Variation against mechanical equipment pertaining to Dhalipur Project.</p> <p>This resulted in understatement of Other Current Liabilities as well as Property, Plant and Equipment by ₹ 5.27 crore.</p>	<p>Noted for Compliance. Necessary provision will be made in the Financial Year 2023-24.</p>