

101-1044 / DY-GM(CAO)  
Dt 16/09/11

(SPEED POST)



कार्यालय प्रधान महालेखाकार (लेखा परीक्षा), उत्तराखण्ड  
OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT),  
UTTARAKHAND



पत्रांक- सीएडब्ल्यू/म.ले/उ.ख/उ.ज.वि.नि.लि/2008-09/140  
दिनांक: 7/9.2011

सेवा मे,

2164

प्रबन्ध निदेशक  
उत्तराखण्ड जल विद्युत निगम लिमिटेड,  
महारानी बाग,  
जी. एम. एस. रोड,  
देहरादून

महोदय,

एतत्सह कम्पनी अधिनियम, 1956 की धारा 619(4) के अधीन उत्तराखण्ड जल विद्युत निगम लिमिटेड के 31 मार्च, 2009 को समाप्त होने वाले वर्ष के लेखों पर, भारत के नियंत्रक महालेखा परीक्षक 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।

संलग्नक- यथोपरि।

Office of the G.M. (F&A)  
Diary No: 1332 Date: 14-9-11

भवदीय,

(अश्विनी अत्रि)  
प्रधान महालेखाकार

URGENT

Diary No. 3130 MD/JVL/A-4-11  
Date: 13/9/11

Gm(AIC)

Sh. N. K. S. S. S.  
16/9

D. K. S. S. S.  
14/9

54

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF UTTARAKHAND JAL VIDYUT NIGAM LIMITED FOR THE YEAR ENDED 31 MARCH 2009

The preparation of financial statements of Uttarakhand Jal Vidyut Nigam Limited, for the year ended 31 March 2009 in accordance with financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 7 January 2011.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619 (3) (b) of the Companies Act, 1956 of the financial statements of Uttarakhand Jal Vidyut Nigam Limited, for the year ended 31 March 2009. 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 619 (4) of the Companies Act, 1956 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.

**Balance Sheet**

**I. Sources of Funds**

Loan Funds – unsecured loans (Sch- III)

From Life Insurance Corporation

₹ 43.78 crore

This represents the Nigam's share (10 percent) of LIC loan transferred by erstwhile UPSEB on which the interest at the rate of 11 percent has been provided by the Nigam in its accounts. As the Nigam has defaulted in repayment of principal and interest on the loan amount, it has become liable to pay penal interest at the rate of 1 percent which works out to ₹ 3.25 crore from November 2001 to March 2009. However, the Nigam has not been providing for the

penal interest which has resulted in understatement of unsecured loan interest payable to LIC and overstatement of profit by ₹ 3.25 crore.

2. Application of funds  
(A) Fixed Assets  
Capital works in progress (Schedule V) ₹ 197.51 crore

This includes ₹ 1.63 crore being the cost of SHP Sobla II which came under the submergence area of NHPC project prior to 31<sup>st</sup> March 2007 and decided for short closure in July 2007. Non provision of loss of ₹ 1.63 crore on this account has resulted in overstatement of Capital Work in Progress as well as profit for the year by ₹ 1.63 crore.

3. Sundry Debtor (Schedule VIII)  
More than six months old  
Others (Unsecured considered good) ₹ 119.44 crore

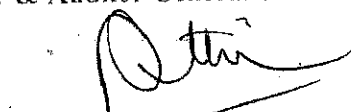
This includes ₹ 9.44 crore representing the electricity charges billed against U.P. Irrigation Department (consumer) by the Kalagarh Division of the company during the period from 2001 to March 2009. These bills were not paid by the consumer. As the chances of recovery of these bills are remote, provision of this amount should have been made in the accounts, which was not done. This has resulted in overstatement of Sundry Debtors as well as profit by ₹ 9.44 crore.

4. Current Liabilities & Provision (Schedule XI)  
Guarantee fees and other charges payable to GOU ₹ 11.62 crore

~~This does not include additional guarantee fee amounting to ₹ 34.12 Crore payable due to default in payment of guarantee fee on the loans taken from Power Finance Corporation and guaranteed by the Government of Uttarakhand. Non provision of the penal guarantee fee has resulted in understatement of current liabilities and overstatement of profit for the year by ₹ 34.12 Crore.~~

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

Place: Dehradun  
Dated



(ASHWINI ATTRI)

Principal Accountant General

COMMENTS UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 AND MANAGEMENT REPLIES THERETO ON THE ACCOUNTS OF  
UTTARAKHAND JAL VIDYUT NIGAM LIMITED FOR THE FINANCIAL YEAR 2008-09.

PARA NO.	AG COMMENTS	MANAGEMENT REPLIES
1.	<p><b>Unsecured Loans-(Schedule-III):-</b> <b>From Life Insurance Corporation-Rs. 43.78 crore</b></p> <p>This represents the Nigam's Share (10 percent) of LIC loan transferred by erstwhile UPSEB on which the interest at the rate of 11 per cent has been provided by the Nigam in its accounts. As the nigam has defaulted in repayment of principal and interest on the loan amount, it has become liable to pay penal interest at the rate of 1 percent which works out to Rs.3.25 crores from November 2001 to March 2009. However the Nigam has not provided for the penal interest which has resulted in understatement of unsecured loans-interest payable to LIC and overstatement of profit by Rs. 3.25 Crores respectively.</p>	<p>Govt. of India vide Notification No. SO 12281 dated 02-09-2005 had allocated part liability amounting to Rs. 352.59 crore of Loan from LIC taken by erstwhile UPSEB to the state of Uttarakhand against Hydro Electric Projects transferred to the State.</p> <p>The above stated allocation of loan is being contested by GoU. However, in accordance to Govt of India's Notification dated 5-11-2001 part liability of such loan was provisionally considered in the books of accounts as on 9-11-2001. The detailed disclosure of which has been made in para 7 on Note of Accounts (Schedule-XX) annexed to and forming part of the balance sheet for the financial year 2008-09.</p> <p>Since the amount has been considered on provisional basis and allocation of liability to the state of Uttarakhand is being contested by GoU the amount has been provisionally reflected under "Unsecured Loan" pending settlement of the Dispute in this regard. Since the amount of Rs. 43.78 crore of LIC loan has been provisionally considered in the Books of Account interest also has been provided there against at provisional rate of 11% per annum.</p> <p>Since the allocation of loan is under dispute and the amount of loan has been considered provisionally no provision of penal interest on the same has been made.</p> <p>Adequate disclosure in this regard has been made in Para no 7 &amp; 8 of</p>

<p>the Note on Accounts (Schedule XX) annexed to and forming part of the Balance Sheet for the financial year 2008-09.</p>	
<p>In the 39<sup>th</sup> Board Meeting held on 21.7.07, with regard to Sobla-II SHP the Board approved the following :</p> <ol style="list-style-type: none"> <li>1 Short Closure of the Project</li> <li>2 Lodging of Claim with NHPC for necessary compensation. <ul style="list-style-type: none"> <li>• To request GoU to consider claims against NHPC before allotting Dhauliganga project to NHPC.</li> </ul> </li> </ol> <p>In accordance to the above stated directives of the Board UJVNL is in the process of lodging the claims with NHPC for necessary compensation. The necessary adjustment entry in the Books of Account would be incorporated after lodging of the requisite claim. Hence, the amount is being carried forward in CWIP.</p>	<p>Capital Work in Progress (Schedule V) Rs. 197.51 crore.</p> <p>This includes Rs. 1.63 crore being the cost of SHP-Sobla-II which came under the submergence area of NHPC Project prior to 31<sup>st</sup> March 2007 and decided for short closure in July 2007. Non provision of loss of Rs.1.63 crore on this account has resulted in overstatement of Capital Work in Progress as well as profit for the year by Rs.1.63 crore.</p>
<p>The electricity bills against UP Irrigation Department Kalagarh were raised by erstwhile UPSEB and thereafter UJVNL but no payment of such bill has been made by U.P. Irrigation Department Kalagarh so far. It is also worthwhile to mention that the bills are also being raised by U.P. Irrigation Department every year as per the agreement between erstwhile UPSEB and UPID towards distribution of expenditure on account of Ramganga Project. Such bills were neither paid by erstwhile UPSEB nor by UJVNL. Thus the bills have been raised from both sides i.e. erstwhile UPSEB/UJVNL and U.P. Irrigation Kalagarh but no payment has been made against such bills.</p> <p>Since the matter is yet un-resolved the amount of electricity charges billed are being classified and carried forward as "Sundry Debtors</p>	<p><b>Sundry Debtors(Sch.. VIII)</b> <b>Other (Unsecured Considered Good)- Rs.- 119.44 crore</b></p> <p>This includes Rs. 9.44 crore representing the amount of electricity charges billed against U.P. Irrigation Department (Consumer) by the Kalagarh Division of the Company during the period from 2001 to March, 2009. These bills were not paid by the consumer. As the chances of recovery of these bills is remote, provision of this amount should have been made in the accounts, which was not done. This has resulted in overstatement of Sundry Debtors as well as of profit by Rs. 9.44 crore.</p>

4.	<p><b>Current Liabilities &amp; Provisions-(Schedule-XI):-</b>  <b>Guarantee Fee and other charges Payable to GOU-</b>  <b>Rs.11.62 crore.</b></p> <p>This does not include additional guarantee fee amounting to Rs. 34.12 crore payable due to default in payment of guarantee fee on the loans taken from Power Finance Corporation and guaranteed by the Government of Utrakhand. Non provision of the penal guarantee fee has resulted in understatement of Current Liabilities and overstatement of profit for the year by Rs.34.12 crore.</p>		considered good".
		<p>In this context, it is to submit that necessary adjustment in the books of Accounts has been made in the financial Year 2009-10.</p>	