

27/1/14 (R.M.)
230/1/2014

गोपनीय |

Speed post

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



पत्रांक- म.ले/उ.ख/आर्थिक/उ.ज.वि.निलि/2012-13/369
दिनांक: 28.01.2014

सेवा मे,

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, 2013 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।

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29.01.14

Dairy No. 675 MB/11/14/ A9-11
Dated 28/1/14

संलग्नक- यथोपरि।

भवदीय

(सौरभ नारायण)
महालेखाकार

DRM
Co-sec.

DRM/R.M.
28/1/14

27/1/14

28/1/14

CA/AG (A-2)

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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 2013

The preparation of financial statements of Uttarakhand Jal Vidyut Nigam Limited, for the year ended 31 March 2013 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 24 October 2013.

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 2013. 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

- Equity and Liabilities**
 1. Shareholders' funds
 Reserves and Surplus (Note 03) - ₹ 721.32 crore

The above includes ₹ 0.42 crore being the amount shown as unutilised grant given by the State Government for Small Hydro Project in 2005-06 which was completed and capitalised since long back (2006-07) and hence, showing the amount as unutilised



grant is not in order. The same should have been capitalised under the respective head of assets.

This has resulted in overstatement of Capital Grant & Subsidies (Unutilised) and understatement of Tangible Assets by ₹ 0.42 crore.

2. Non Current Liabilities

Other Long-Term Liabilities (Note 07)

Interest accrued but not due on borrowings - ₹ 107.59 crore

The above includes ₹ 43.78 crore being the Company's share (10 per cent) of LIC loan transferred by erstwhile Uttar Pradesh State Electricity Board (UPSEB) on which the interest at the rate of 11 per cent has been provided by the Company in its Accounts. As the Company has defaulted in repayment of principal and interest on the loan amount, it has become liable to pay penal interest at the rate of one per cent which works out to ₹ 5.00 crore from November 2001 to March 2013.

This has resulted in understatement of Other Long Term Liabilities and overstatement of Profit by ₹ 5.00 crore.

3. Current Assets

Inventories (Note 16) - ₹ 48.39 crore

The above includes an amount of ₹ 1.96 crore being the procurement cost of scrap material (Stock, Stores and Spares) which was shown at its procurement cost instead of its realisable cost in contravention to the provision of Accounting Standard 2 (AS 2) 'Valuation of inventories'. This has resulted in overstatement of Inventories as well as Profit to that extent.

4. Current Assets

Trade Receivables (Note 17) - ₹ 601.47 crore

The above includes ₹ 4.71 crore being the amount of electricity bills recoverable from the contractors during the construction period of MB-II project. Subsequently, the Company corrected the bill of ₹ 41.59 lack and differential amount of ₹ 4.29 crore was to be booked in MB-II project as project cost in compliance to the Board order, but the correct accounting treatment/entry has not been given/passed in the books of accounts. Thus, showing the amount ₹ 4.71 crore as trade receivable is not in order. The amount of ₹ 4.29 crore should have been capitalized in MB-II

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project as the project has already commissioned in the year 2008 for which depreciation of ₹ 58.35 lack was charged. .

This has resulted in overstatement of Trade Receivables by ₹ 4.29 crore as well as Profit by ₹ 0.58 crore and understatement of Tangible Assets by ₹ 3.71 crore.

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

Place: Dehradun

Dated: 20/1/2014


(SAURABH NARAIN)
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 2012-13.**

PARA NO.	AG COMMENTS	MANAGEMENT REPLIES
1.	<p>Equity and Liabilities 1. Shareholder's funds Reserve and Surplus (Note 03)-Rs. 721.32 crore</p> <p>The above includes Rs. 0.42 crore being the amount shown as unutilized grant given by the State Government for Small Hydro Project in 2005-06 which was completed and capitalized since long back (2006-07) and hence, showing the amount as unutilized grant is not in order. The same should have been capitalized under the respective head of assets.</p> <p>This has resulted in overstatement of Capital Grant & Subsidies (Unutilised) and understatement of Tangible Assets by Rs. 0.42 crores.</p>	<p>Noted for compliance in Financial Year 2013-14.</p>
2.	<p>Non Current Liabilities Other Long- Term Liabilities (Note 07) Interest accrued but not due on borrowings – Rs. 107.59 crore</p> <p>The above includes Rs. 43.78 crore being the Company's share (10 per cent) of LIC loan transferred by erstwhile Uttar Pradesh State Electricity Board (UPSEB) on which the interest at the rate of 11 percent has been provided by the Company in its accounts. As the Company has defaulted in repayment of principal and interest on the loan</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. The said loan is to the state of Uttarakhand and not to UJVN Limited.</p>

amount, it has become liable to pay penal interest at the rate of one percent which works out to Rs. 5.00 crore from November 2001 to March 2013. This has resulted in understatement of Profit by Rs. 5.00 crore Liabilities and overstatement of Profit by Rs. 5.00 crore

However, in accordance to Govt. of India's Notification dated 5-11-2001 10% 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 point No. 8 on Explanatory Statement (Note No.27)annexed to and forming part of the Balance sheet for the financial year 2012-13. 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.

Since the amount has been considered provisionally hence no provision of penal interest on the same has been made. Adequate disclosure in this regard has been made in Point No 8 of the Explanatory Statement (Note No.27)annexed to and forming part of the Balance sheet for the financial year 2012-13.

3.

Current Assets.

Inventories (Note 16)-Rs. 48.39 crore

The above includes an amount of Rs. 1.96 crore being the procurement cost of scrap material (Stock, Stores and Spares) which was shown at its procurement cost instead of its realizable cost in contravention to the provision of Accounting Standard 2 (AS 2) 'Valuation of inventories'. This has resulted in overstatement of Inventories as well as Profit to that extent.

The amount of Rs. 1.96 crore under stock has been separately classified as scrap for identification purposes. The necessary adjustments in the stock shall be made at the time disposal of such stock.

4.	<p>Current Assets Trade Receivables (Note 17)-Rs. 601.47 crore</p> <p>The above includes Rs. 4.71 crore being the amount of electricity bills recoverable from the contractors during the construction period of MB -II project. Subsequently, the Company corrected the bill of Rs. 41.59 lack and differential amount of Rs. 4.29 crore was to be booked in MB-II project to the Board order, but the correct cost incompliance to the Board order, but the correct accounting treatment/ entry has not been given/ passed in the books of accounts. Thus, showing the amount Rs. 4.71 crore as trade receivable is not in order. The amount of Rs. 4.29 crore should have been capitalized in MB -II project as the project has already commissioned in the year 2008 for which depreciation of Rs. 58.35 lack was charged.</p> <p>This has resulted in overstatement of Trade Receivables by Rs. 4.29 core as well as Profit by Rs. 0.58 crore and understatement of Tangible Assets by Rs. 3.71 crore.</p>	Noted for compliance in Financial Year 2013-14
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