

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



15

पत्रांक- म.ले/उ.ख/आर्थिक-1/उ.ज.वि.नि.लि/2013-14/854/  
दिनांक: 17.09.2014

TR-471

सेवा में,

जीपनीय

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

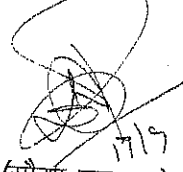
महोदय,

एतत्सह कम्पनी अधिनियम, 1956 की धारा 619(4) के अधीन उत्तराखण्ड जल विद्युत निगम लिमिटेड के 31 मार्च, 2014 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।

भवदीय,

  
17/9  
(सौरभ नारायण)  
महालेखाकार

58

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF UJVN LIMITED FOR THE YEAR ENDED 31 MARCH 2014**

The preparation of financial statements of UJVN Limited for the year ended 31 March 2014 in accordance with financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors 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 4 August 2014.

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 UJVN Limited, for the year ended 31 March 2014. 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**

**Shareholders' funds**

**1. Reserve and Surplus (Note 03) - ₹ 726.40 crore**

(i) The Nigam showed unspent grant of MNRE as ₹ 1.36 crore as on 31 March 2014 but the actual amount of unspent grant was ₹ 2.31 crore as on that date (₹ 1.37 crore for Swarigard project the work on which had not started, ₹ 0.34 crore for Gangori project which was abandoned by the Board, and ₹ 0.60 crore for Asiganga-III). Spending the grant on the projects other than the project for which it was sanctioned is in violation of the terms and conditions governing the grants. This has resulted in understatement of Unspent Grant and overstatement of Utilized Grant by ₹ 0.95 crore.

(ii) The above includes ₹ 0.42 crore being the amount of unutilized Grant given by the State Government for the purpose of Pre Feasibility Report (PFR) of Small Hydro Project in 2005-06. As the project had already been capitalized since long back (2006-07), showing the amount under unutilized grant is not in order. The same should have been capitalized under the respective head of the assets. This has resulted in overstatement of Unutilized Grant and understatement of Tangible Assets by ₹ 0.42 crore.

**2. Non Current Liabilities**

**Other Long term Liabilities (Note 6) – ₹ 471.20 crore**

**Interest accrued not due on borrowings - ₹ 124.07 crore**

The above includes ₹ 43.78 crore being the Company's share (10 percent) 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 ₹ 5.44 crore from November 2001 to March 2014. This has resulted in an understatement of other long term Liabilities and overstatement of Profit by ₹ 5.44 crore.

**3. Assets**

**Non-Current Assets**

**Capital Work-in-Progress (Note 11&12) - ₹ 732.17 crore**

The above includes ₹ 1.60 crore being the amount of expenditure incurred during construction of Gangori Small Hydro Project. While the construction works of the project were in progress, it was decided (February 2014) to abandon the project. Accordingly, the Board of Directors approved for writing off the expenditure incurred on the project in its 70<sup>th</sup> meeting held in February 2014. Thus, in view of Board's approval, expenditure incurred on the project of ₹ 1.60 crore should have been written off which was not done. This has resulted in overstatement of Capital Works in Progress and Profit for the year by ₹ 1.60 crore.

**4. Capital Work-in-Progress (Note 11 & 12)**

**Land and Rights - ₹ 181.16 crore**

This includes ₹ 180.64 crore being the value of land acquired up to March 2014 by the Nigam for construction of LakhwarVyasi project. Lease/title of the land was pending for transfer in the name of the Nigam. As the land is immovable and

permanent asset, the fact that it is still not in the name of the Nigam, should have been disclosed in the notes on accounts.

**5. Current Assets**


**Inventories – (Note 15) - ₹ 49.87 crore**

The above includes an amount of ₹ 3.33 crore being the procurement cost of scrap material (Stock, Stores & Spares) which was shown at its procurement cost instead of its realisable cost. A provision should have been made in the account for depicting loss on account of less realisable value of the scrap. This has resulted in an overstatement of Inventories as well as Profit to the extent of non provision.

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

**Place: Dehradun**

**Dated: 17/9/14**

  
**(SAURABH NARAIN)**  
**Accountant General**

COMMENTS UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 AND MANAGEMENT REPLIES THERETO ON THE ACCOUNTS OF  
UJVN LIMITED FOR THE FINANCIAL YEAR 2013-14.

PARA NO.	AG COMMENTS	MANAGEMENT REPLIES
1	<p><b>Equity and Liabilities</b> <b>Shareholders' funds</b> <b>Reserves and Surplus ( Note No. 03)- ₹ 726.40 crore</b></p> <p>(i) The Nigam showed upspent grant of MNRE as ₹ 1.36 crore as on 31 March 2014 but the actual amount of unspent grant was ₹ 2.31 crore as on that date (₹ 1.37 crore for Swarigard project the work on which had not started, ₹ 0.34 crore for Gangori project which was abandoned by the Board, and ₹ 0.60 crore for Asiganga –III). Spending the grant on the projects other than the project for which it was sanctioned is in violation of the terms and conditions governing the grants. This has resulted in understatement of Unspent Grant and overstatement of Utilized Grant by ₹ 0.95 crore.</p> <p>(ii) The above included ₹ 0.42 crore being the amount of unutilized grant given by the State Government for the purpose of Pre Feasibility Report (PFR) of Small Hydro Project in 2005-06. As the project had already been capitalized since long back (2006-07), showing the amount under unutilized grant is not in order. The same should have been capitalized under the respective head of the assets. This has resulted in overstatement of Unutilized Grant and understatement of Tangible Assets by ₹ 0.42 crore.</p>	<p>Rectification entries in the books of accounts pertaining to unutilized grants against Gangori and Asiganga –III SHPs shall be incorporated in the books of accounts in the FY 2014-15. After seeking prior approval from MNRE, such un-utilized grant may be set off against undisbursed grant pertaining to other sanctioned projects under implementation.</p> <p>Noted for compliance and necessary adjustments shall be effected in the books of accounts in the FY 2014-15.</p>

2	<p><b>Non Current Liabilities</b></p> <p><b>Other Long –Term Liabilities-(Note-06)-₹ 471.20 crore</b>  <b>Interest accrued not due on borrowings – ₹ 124.07 crore</b></p> <p>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 percent which works out to ₹ 5.44 crore from November 2001 to March 2014.</p> <p>This has resulted in understatement of other Long Term Liabilities and Overstatement of Profit by ₹ 5.44 crore.</p>	<p>Govt. of India vide Notification No. SO 12281 dated 02-09-2005 had allocated part liability amounting to ₹ 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. 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.</p> <p>The detailed disclosure of which has been made in point No. 7 on Explanatory Statement (Note No.26)annexed to and forming part of the Balance sheet for the financial year 2013-14.</p> <p>Since the amount of ₹ 43.78 crore of LIC loan has been provisionally considered in the Books of Accounts, interest also has been provided there against at provisional rate of 11% per annum.</p> <p>Since the amount has been considered provisionally hence no provision of penal interest on the same has been made.</p>
3	<p><b>Assets</b></p> <p><b>Non-Current Assets</b></p> <p><b>Capital Work in Progress (Note 11 &amp; 12) ₹ 732.17 Crore</b>  Above includes ₹ 1.60 crore being the amount of expenditure incurred during construction of Gangori Small Hydro Project.</p>	<p>Noted for compliance and necessary adjustments shall be effected in the books of accounts in the FY 2014-15.</p>

<p>While the construction works of the project were in progress, it was decided (February 2014) to abandon the project. Accordingly, the Board of Directors approved for writing off the expenditure incurred on the project in its 70<sup>th</sup> meeting held in February 2014. Thus, in view of Board's approval, expenditure incurred on the project of ₹ 1.60 crore should have been written off which was not done. This has resulted in overstatement of Capital Works in Progress and Profit for the year by ₹ 1.60 crore.</p>	
<p>4</p> <p><b>Capital Work-in-progress (Note-11 &amp; 12)</b></p> <p><b>Land and Rights ₹ 181.16 crore</b></p> <p>This includes ₹ 180.64 crore being the value of land acquired up to March 2014 by the Nigam for construction of Lakhwar Vyasi project. Lease/title of the land was pending for transfer in the name of the Nigam. As the land is immovable and permanent assets, the fact that it is still not in the name of the Nigam, should have been disclosed in the notes on accounts.</p>	<p>In this regard, it is to submit that the amount of ₹ 180.64 crore reflected in Capital Works in progress mainly pertains to the amount paid to authorities/ parties for the acquisitions of land for LakhwarVyasi Project but transfer of title of land in the name of UJVNL is still pending. On transfer of land in the name of UJVNL such amount will be transferred to fixed assets. Thus same has not been capitalized and held under CWIP.</p> <p>The necessary disclosure in this regard will be made in the financial year 2014-15.</p>

5	<p><b>Current Assets</b> <b>Inventories (Note 15)- ₹ 49.87 crore</b></p> <p>The above includes an amount of ₹ 3.33 crore being the procurement cost of scrap material (Stock, Stores and Spares) which was shown at its procurement cost instead of its realizable cost. A provision should have been made in the accounts for depicting loss on account of less realizable value of the scrap. This has resulted in an overstatement of Inventories as well as Profit to that extent of non provision.</p>	<p>The amount of ₹ 3.33 crore under stock has been separately classified as scrap for identification purposes. The necessary adjustments in the stock shall be made at the time of disposal of such stock.</p>
---	---	--