



सत्यमेव जयते

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



पत्रांक- म.ले/उ.ख/आर्थिक-1/उ.ज.वि.नि.लि/2015-16/240
दिनांक: 12.09.2016

(जायनीप)

सेवा मे,

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

महोदय,

एतत्सह कम्पनी अधिनियम, 2013 की धारा 143 (6) (b) के अधीन उत्तराखण्ड जल विद्युत निगम लिमिटेड के 31 मार्च, 2016 को समाप्त होने वाले वर्ष के लेखों पर, भारत के नियंत्रक एवं महालेखा परीक्षक की टीका-टिप्पणियाँ, उपरोक्त अधिनियम के प्रावधानों के अनुसरण में प्रेषित की जा रही है। 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
(सौरभ आरायण)
महालेखाकार

Comments of the Comptroller and Auditor General of India under Section 143 (6) (b) of the Companies Act, 2013 on the financial statement of UJVN Limited for the year ended 31 March 2016.

The preparation of financial statements of UJVN Limited for the year ended 31 March 2016 in accordance with financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act are responsible for expressing opinion on these 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 13 July 2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143 (6) (a) of the Act, of the financial statements of UJVN Limited for the year ended 31 March 2016. 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.

BALANCE SHEET

1. Other Non-Current Assets (Note 14): ₹ 43.76 crore

As per directions of the State Government (October 2012) and the Board of Directors (March 2013), 21 small hydro projects and three distribution lines were transferred and handed over to UREDA during 2013-14 and 2014-15 at historical cost of ₹ 29.66 crore recoverable from UREDA. The directions of the State Government have no provision for recovery of any amount from UREDA in this regard. The amount of ₹ 29.66 crore has neither been paid nor accepted by UREDA despite lapse of one to two years since the transfer of the assets, which should have been provided for in the books of accounts. Non provision has resulted in overstatement of Other Non-Current Assets as well as Profit by ₹ 29.66 crore.

2. Non-Current Assets

Capital Work-in-Progress (Note 11): ₹ 758.43 crore

2.(i) The above includes ₹ 2.90 crore as interest during construction period on five projects suspended due to orders of Ministry of Environment and Forest declaring the area as Eco sensitive Zone. As per Para 17 and 18 of Accounting Standard (AS-16) on Accounting of Borrowing Costs, interest on these suspended projects do not qualify for capitalisation and therefore, should have been charged to Profit and Loss account. This has resulted in overstatement of Capital Work-in-Progress as well as Profit by ₹ 2.90 crore.

2.(ii) The above includes ₹ 54.67 lakh as interest during construction period on Sobla Small Hydro Project. The project had been written off in the year 2014-15. As the project had already been written off, the interest thereon should also have been charged to Profit and Loss account, which was not done. This has resulted in overstatement of Capital Work-in-Progress as well as Profit by ₹ 54.67 lakh.

3. Long-term provisions (Note-7): ₹ 15.14 crore

As per Accounting Standard (AS-15) on Employee Benefits, a liability on account of compensated absence should be recognized. UJVNL extends benefit of Medical Leave (up to 365 days) to its regular employees. However, no provision for liability or any disclosure in respect of medical leave benefit as per AS-15 was made in the books of accounts.

4. Notes to Accounts – Explanatory Statement

The above does not include the disclosure in respect of five projects namely Kaldigad, Asi Ganga-I, Asi-Ganga-II, Swarigad and Limchagad which were reported suspended as of April 2015. Therefore, the disclosure in respect of assets and liabilities of these suspended projects should have been included in the notes to accounts.

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

Place: Dehradun

Dated: 12/9/16



**(SAURABH NARAIN)
Accountant General (Audit)
Uttarakhand**

**COMMENTS OF C&AG UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 AND MANAGEMENT REPLIES THERETO ON THE FINANCIAL STATEMENTS
OF UJVN LIMITED FOR THE YEAR ENDED 31st March, 2016.**

PARA NO.	AG COMMENTS	MANAGEMENT REPLIES
1	<p>Balance Sheet Other Non-Current Assets- (Note 14) ₹. 43.76 crore</p> <p>As per direction's of State Government (October 2012) and Board of Directors (March 2013), 21 small hydro projects and three distribution lines were transferred and handed over to UREDA during 2013-14 and 2014-15 at historical cost ₹ 29.66 crore recoverable from UREDA. The directions of State Government have no provision for recovery of any amount from UREDA in this regard. The amount of ₹ 29.66 crore has neither been paid nor accepted by UREDA despite lapse of one to two years since the transfer of the assets, which should have been provided for in the books of accounts. Non provision has resulted in overstatement of Other Non-Current Assets as well as Profit by ₹ 29.66 crore.</p>	<p>During the financial year 2013-14 and 2014-15, 21 Small Hydro Projects (SHPs) and 3 distribution lines were handed over to UREDA as per the directives of Govt. of Uttarakhand and approval of the board of the Nigam in its 66th board meeting held on 12.03.2013 vide agenda item no. 66.35. The total amount recoverable from UREDA on account of aforesaid transfer as on 31.03.2016 is ₹. 29,66,13,756.</p> <p>As per the prudent accounting practices, the Nigam has debited the account of transferee with the historical cost of assets transferred and shown the same as recoverable from UREDA. The same was invariably communicated to UREDA and no denial on this account was received till date.</p> <p>It is also worthwhile to mention here that UREDA has also interested in fixation of the value of assets and liabilities of SHPS transferred. They have also proposed for formation of a committee of chartered accountants in this regard and Nigam has already nominated M/s DMA & Associates, Chartered Accountants and communicated the same to UREDA.</p> <p>Since UREDA i.e. a govt. agency; has not denied the claims lodged by UJVNL on account of transfer of SHPs, the question of providing the said amount as doubtful is not arise.</p>

COMMENTS OF C&AG UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 AND MANAGEMENT REPLIES THERETO ON THE FINANCIAL STATEMENTS OF UJVN LIMITED FOR THE YEAR ENDED 31st March, 2016.

PARA NO.	AG COMMENTS	MANAGEMENT REPLIES
2	<p>Balance Sheet Non-Current Assets Capital Work-in-Progress (Note 11) ₹. 758.43 crore</p> <p>2.(i) The above includes ₹ 2.90 crore as interest during construction period on five projects suspended due to orders of Ministry of Environment and Forests declaring the area as Eco sensitive Zone. As per para 17 & 18 of Accounting Standard (AS-16) on Accounting of Borrowing Costs, interest on these suspended projects do not qualify for capitalisation and therefore, should have been charged to profit and loss account. This has resulted in overstatement Capital Work-in-Progress as well as profit by ₹ 2.90 crore.</p>	<p>Ministry of Environment and Forests, Govt. of India (GoI) has declared a total area of 4179.59 kilometers as an Eco-sensitive zone (ESZ) on the river Bhagirathi and all its tributaries from Gaumukh to Uttarkashi and prohibited setting up of new hydro-electric power plants except micro or mini hydel power projects which would serve the energy needs of local communities.</p> <p>Govt. of Uttarakhand (GoU) is consistently representing the matter with GoI for allowing construction of all the small hydro projects under development prior to ESZ notification in ESZ area and decision in this regard is pending. The decision as and when come, will be placed before BoD and accordingly accounting treatment will be done in the books of accounts.</p> <p>Further, as per para 18 of Accounting Standard 16 on "Borrowing Costs" capitalisation of borrowing costs is not normally suspended during a period when substantial technical and administrative work is being carried out. Capitalisation of borrowing costs is also not suspended when a temporary delay is a necessary part of the process of getting an asset ready for its intended use or sale.</p>
	<p>2.(ii) The above includes ₹ 54.67 lakh as interest during construction period on Sobla Small Hydro Project. The project had been written off in the year 2014-15. As the project had already been written off, the interest thereon should also have been charged to profit and loss account, which was not done. This has resulted in overstatement of Capital Work-in-Progress as well as profit by Rs. 54.67 lakh.</p>	<p>Noted for compliance in FY 2016-17.</p>

COMMENTS OF C&AG UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 AND MANAGEMENT REPLIES THERETO ON THE FINANCIAL STATEMENTS OF UJVN LIMITED FOR THE YEAR ENDED 31st March, 2016.

PARA NO.	AG COMMENTS	MANAGEMENT REPLIES
3	<p>Balance Sheet Long-term provisions (Note-7) ₹. 15.14 crore</p> <p>As per Accounting Standard (AS-15) on Employee benefits, a liability on account of compensated absence should be recognized. UJVNL extends benefit of Medical Leave (upto 365 days) to its regular employees. However, no provision for liability or any disclosure in respect of medical leave benefit as per AS-15 was made in the books of accounts.</p>	<p>Noted for compliance in FY 2016-17.</p>
4	<p>Balance Sheet Notes to accounts – Explanatory Statement</p> <p>Above does not includes the disclosure in respect of five projects namely Kaldigad, Asi Ganga-I, Asi-Ganga-II, Swarigad and Limchagad which were reported suspended as of April 2015. Therefore, the disclosure in respect of assets and liabilities of these suspended projects should have been included in the notes to accounts.</p>	<p>Ministry of Environment and Forests, Govt. of India has declared a total area of 4179.59 kilometers as an Eco-sensitive zone on the river Bhagirathi and all its tributaries from Gaumukh to Uttarkashi and prohibited setting up of new hydro-electric power plants except micro or mini hydel power projects which would serve the energy needs of local communities.</p> <p>Govt. of Uttarakhand (GoU) is consistently representing the matter with Gol for allowing construction of all the small hydro projects under development prior to ESZ notification in ESZ area and decision in this regard is pending. The decision as and when come, will be placed before BoD and accordingly accounting treatment will be done in the books of accounts.</p>