



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



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पत्रांक- प्र.म.ले/उ.ख/आर्थिक-1/लेखा/उ.ज.वि.नि.लि/2017-18/376  
दिनांक: 24.09.2018

सेवा मे,

गोपनीय

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, 2018 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।

भवदीय,

संलग्नक- यथोपरि

  
(एस.आलोक)

प्रधान महालेखाकार

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 2018.

The preparation of financial statements of UJVN Limited for the year ended 31 March 2018 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 09 August 2018.

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 2018 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.

1. **Balance Sheet**

**Capital Work in Progress (Note No. 5): ₹ 1,079.62 Crore**

(a) The above includes ₹ 108.65 crore, the CWIP related to the Pala Maneri Power Project discontinued as per order (03 January 2011) of Government of Uttarakhand (GoU). GoU also directed UJVN Ltd. to claim the expenditure on the project from Government of India through GoU. However, UJVN Ltd. had not lodged the claim though seven years have elapsed.

The cost incurred for the above mentioned project should have been written off which has not been done. This has resulted in overstatement of Profit as well as Capital Work in Progress by ₹ 108.65 crore.

(b) The above includes ₹ 14.42 Crore (₹ 0.96 crore for previous year plus ₹ 13.46 crore for current year) being the payment towards the implementation of Enterprise Resource Planning (ERP) solution.

The Contractor submitted bills amounting to ₹ 17.84 crore (including ₹ 13.46 crore for current year) against which Company paid ₹ 13.34 crore. However, liability for the balance payment amount of ₹ 4.50 crore was not provided.

In this reference, Para 119 of the IND AS 38, Intangible Assets states that, "A class of intangible assets is a grouping of assets of a similar nature and use in an entity's operations. Examples of separate classes may include: intangible assets under development." However, this has not been done.

This resulted in overstatement of Capital Work-in-progress by ₹ 14.42 Crore and understatement of 'Intangible Assets Under Development' by ₹ 18.92 crore (₹ 14.42 crore plus ₹ 4.50 crore) and understatement of Current Liability by ₹ 4.50 crore.

## 2. Balance Sheet

### Assets

#### Non-current assets

#### Property, Plant and Equipment (Note-4): ₹ 2150.69 Crore

The above includes an amount of ₹ 9.04 crore paid to Uttar Pradesh Irrigation Department (UPID) towards the repair works of Ram Ganga Dam, of UJVNL, Kalagarh Power House of the Company. Since the ownership and the possession of the dam reside with UPID and expenditure pertains to repair works of the dam, the same should have been treated as expenditure.

This resulted in the overstatement of Non-Current Assets as well as Profit for the year by ₹ 9.04 crore.

## 3. Balance Sheet

### Other Liabilities – Current (Note- 17)

#### Other Liabilities – ₹ 278.03 Crore

The above does not include ₹ 2.63 crore being the amount payable to Uttarakhand Renewable Energy Development Authority (UREDA) on account of insurance claim received (January 2016) against the three damaged Small Hydro Project (SHP) which were transferred to UREDA during 2013-14 in compliance of directives (August 2012) of Government of Uttarakhand (GoU). As per the directive (December 2014) of GoU, the received claim of ₹ 2.63 crore was payable to UREDA.

This incorrect treatment resulted in understatement of Other Liabilities - Current and overstatement of Retained Earnings by ₹ 2.63 crore.

#### 4. Balance Sheet

Other Financial Assets (Note-6)

Recoverable from NHPC & Others- ₹ 49.12 Crore

This incorrectly includes ₹ 2.18 crore, the cost of SHP-Sobla --II which came under the submergence area of NHPC Project as claimed by UJVN Ltd. but the compensatory claim had been rejected by NHPC and should therefore have been written off.

This has resulted in overstatement of Other Financial Assets as well as Profit for the year by ₹ 2.18 crore.

#### 5. Cash Flow Statement

(a) Cash and cash equivalents at the end of the year (Closing balance): ₹ 530.96 Crore

The above includes an amount of ₹ 328.04 crore in respect of Deposits with banks having original maturity of more than three months but less than 12 months.

Para 7 of IND AS-7 Statement of Cash Flows provides that an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less.

Thus, the 'Deposits with banks having original maturity more than three months' valuing ₹ 328.04 crore should be included in Cash from Investing Activities'. This resulted in Overstatement of 'Cash and cash equivalents at the end of year (Closing balance)' and understatement of 'Cash from Investing Activities' by ₹ 328.04 crore

#### (b) Notes to the Financial Statements

As per Indian Accounting Standard 7 (IND AS-7) – 'Statement of Cash Flows,' an entity shall disclose, together with a commentary by management, the amount of significant cash and cash equivalent balances held by the entity that are not available for use by the group.

However, the balance with bank in Current Account includes ₹ 2.70 crore received from Ministry of New Renewable Energy sources which was to be paid to the developer of Solar Power Project.

The fact that the amount of ₹ 2.70 crore is not available for the use of the Company was not disclosed in the Notes to accounts.

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

Place: Dehradun  
Dated: 24/09/2018

*S. Alok*

(S. Alok)

Principal Accountant General (Audit)  
Uttarakhand

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL OF INDIA 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 31<sup>ST</sup> MARCH 2018.

PARA NO.	AG COMMENTS	MANAGEMENT REPLIES
1	<p><b>Balance Sheet</b> <b>Capital Work in Progress (Note No. 5): Rs. 1,079.62 Crore</b></p> <p>a) The above includes ₹. 108.65 crore, the CWIP related to the Pala Maneri Power Project discontinued as per order (03 January 2011) of Government of Uttarakhnad (GoU). GoU also directed UJVN Ltd. to claim the expenditure on the project from Government of India through GoU. However, UJVN Ltd. had not lodged the claim though seven years have elapsed.</p> <p>The cost incurred for the above mentioned project should have been written off which has not been done. This has resulted in overstatement of profit as well as Capital Work in Progress by Rs. 108.65 crore.</p> <p>b) The above includes ₹ 14.42 Crore (₹ 0.96 crore for previous year plus ₹ 13.46 crore for current year) being the payment towards the implementation of Enterprise Resource Planning (ERP) solution.</p> <p>The Contractor submitted bills amounting to ₹.17.84 crores (including ₹. 13.46 crores for current year) against which company paid ₹ 13.34 crores. However, liability for the balance payment amount of ₹.4.50 crores was not provided</p>	<p>a) Pala Maneri Power Project Capacity 480 MW in the District of Uttarkashi was under construction and ₹. 108.65 crores expenditure was done up to October, 2010. However, as per GoU order No. 03/1 (2)/2010-04(8)/52/2008 dated 3<sup>rd</sup>, January, 2011 project was stopped. There were four major contracts which have been closed. Other small contracts have also been closed.</p> <p>Claim for expenditure of approx. ₹.108.65 crores has been prepared and is being put up to UJVNL Board. Thereafter the same shall be send to GoU.</p> <p>Since, the total amount of expenditure is recoverable from GoI. The necessary adjustments will be made in the books of accounts at the time of settlement of claim.</p> <p>b) Noted for compliance and ratification in FY 2018-19.</p>

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COMMENTS OF COMPTROLLER AND AUDITOR GENERAL OF INDIA 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 31<sup>ST</sup> MARCH 2018.

PARA NO.	AG COMMENTS	MANAGEMENT REPLIES
2	<p>In this reference, Para 119 of the IND AS 38, Intangible Assets states that, "A class of intangible assets is a grouping of assets of a similar nature and use in an entity's operations. Examples of separate classes may include: intangible assets under development" However, this has not been done.</p> <p>This resulted in overstatement of Capital work-in-progress by ₹ 14.42 Crore and understatement of Intangible Assets Under Development' by ₹ 18.92 crore (₹ 14.42 crore plus ₹ 4.50 crore) and understatement of Current Liability by ₹ 4.50 crore.</p> <p><b>Balance Sheet</b> <b>Assets</b> <b>Non-current assets</b> <b>Property, Plant and Equipment (Note-4)- ₹. 2150.69 Crore</b></p> <p>The above includes an amount of ₹ 9.04 crore paid to Uttar Pradesh Irrigation Department (UPID) towards the repair works of Ram Ganga Dam of UJVNL, Kalagath Power House of the Company. Since the ownership and the possession of the dam reside with UPID and expenditure pertains to repair works of the dam, the same should have been treated as expenditure.</p> <p>This resulted in the overstatement of Non-Current Assets as well as Profit for the year by ₹ 9.04 crore.</p>	<p>As per Para 7 of Ind-As 16 states that :-</p> <p>The cost of an item of property, plant and equipment shall be recognized as an asset if, and only if:</p> <p>(a) it is probable that <i>future economic benefits associated</i> with the item will flow to the entity; and</p> <p>(b) The cost of the item can be measured reliably.</p> <p>In this case, it is to mention that Ramganga Power house was commissioned in 1975 and is in continuous operation since then. Dam and power plant are integral part of project and cannot be separated. Possession of dam with UPID is already questioned and matter is lying pending for settlement between GoU and GoUP. The dam is lying in territorial jurisdiction of GoU and hence qualify as a property of Uttarakhnad on the basis of territorial jurisdiction.</p>

PARA NO.	AG COMMENTS	MANAGEMENT REPLIES
		<p>The last dam closure was carried out in 1987. Now for the purpose of safety of structure of power house and dam it was essential to carry major works of capital nature during this dam closure.</p> <p>Further it is also to submit that the Kalagarh Dam is only source of water supply for electricity generation by Kalagarh Power House. If this source is not augmented the very purpose of dam is questionable. The expenditure incurred at the time of dam closure are of the capital nature and is leading to Future economic flow to Nigam. As same is contemplated in Para 7 of Ind-As related to future economic benefit associated with the expenditure will flow to the Nigam over the period of many year.</p> <p>Therefore amount of ₹.9.04 crore paid to Uttar Pradesh Irrigation Department towards the closure works of Ram Ganga Dam are of Capital nature whose benefit will accrue to the Nigam for a very longer period.</p> <p>In view of above, the accounting entry carried out have been passed in the books as per the norms stipulated by Ind-AS.</p>

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL OF INDIA 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 31<sup>ST</sup> MARCH 2018.

PARA NO.	AG COMMENTS	MANAGEMENT REPLIES
3.	<p><b>Balance Sheet</b> <b>Other Liabilities-Current (Note- 17)</b> <b>Other Liabilities – ₹ 278.03 Crore</b></p> <p>The above does not include ₹ 2.63 crore being the amount payable to Uttarakhnad Renewable Energy Development Authority (UREDA) on account of insurance claim received (January 2016) against the three damaged Small Hydro Project (SHP) which were transferred to UREDA during 2013-14 in compliance to directives (August 2012) of Government of Uttarakhnad (GoU). As per the directive (December 2014) of GoU, the received claim of ₹ 2.63 crore was payable to UREDA.</p> <p>This incorrect treatment resulted in understatement of Other Liabilities- Current and overstatement of Retained Earnings by ₹ 2.63 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 in compliance to the directives of GoU.</p> <p>As per the prudent accounting practices, Nigam debited the account of UREDA with historical cost of transferred Assets/Liabilities. Such Transferred cost of assets and liabilities does not include Loss occurred due to Natural calamity happened in the month of June, 2013. Accordingly the said loss on account of calamity was charged to P&amp;L A/c in FY 2013-14 and 2014-15 and not transferred to UREDA. Simultaneously the insurance claim received during FY 2015-16 against the Natural calamity was credited in P&amp;L A/c of said Financial year.</p> <p>Since the loss on a/c of natural calamity was not transferred to UREDA, insurance claims received against the same are also not payable to UERDA. Therefore, the total amount recoverable from UERDA against transferred assets is ₹.29.66 crores and this amount is still to be paid by UREDA.</p>

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**COMMENTS OF COMPTROLLER AND AUDITOR GENERAL OF INDIA 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 31<sup>ST</sup> MARCH 2018.**

PARA NO.	AG COMMENTS	MANAGEMENT REPLIES
4.	<p><b>Balance Sheet</b> <b>Other Financial Assets (Note-6)</b> <b>Recoverable from NHPC &amp; Others- ₹ 49.12 Crore</b></p> <p>This incorrectly includes ₹ 2.18 crore, the cost of SHP-Sobla -II which came under the submergence area of NHPC Project as claimed by UJVN Ltd. but the compensatory claim had been rejected by NHPC and should therefore have been written off.</p> <p>This has resulted in overstatement of Other Financial Assets as well as Profit for the year by ₹ 2.18 crore.</p>	<p>In accordance to the directive of UJVNL's Board, the claim was lodged with NHPC for necessary compensation. However, same has not been agreed by NHPC. The matter is under persuasion with NHPC for settlement of said claim. All efforts will be made in FY 2018-19 to resolve the issue and accordingly necessary adjustment will be made in the books of accounts.</p>
5.	<p><b>Cash Flow Statement</b> <b>a) Cash and cash equivalents at the end of the year (Closing balance): ₹ 530.96 crore</b></p> <p>The above includes an amount of ₹ 328.04 crore in respect of Deposits with banks having original maturity of more than three months but less than 12 months.</p> <p>Para 7 of IND AS-7 Statement of Cash Flows provides that an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less.</p> <p>Thus, the 'Deposits with banks having original maturity more than three months' valuing ₹ 328.04 crore should be included in Cash from Investing Activities'. This resulted into Overstatement of 'Cash</p>	<p>a) Noted for compliance in FY 2018-19.</p>

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COMMENTS OF COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(g) (b) OF THE COMPANIES ACT, 2013 AND MANAGEMENT REPLIES  
THERETO ON THE FINANCIAL STATEMENTS OF UJVN LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018.

PARA NO.	AG COMMENTS	MANAGEMENT REPLIES
	<p>and cash equivalents at the end of year (Closing balance)' and understatement of 'Cash from Investing Activities' by ₹ 328.04 crore</p> <p><b>b)Notes to the Financial Statements</b> As per Indian Accounting Standard 7 (IND AS-7) – 'Statement of Cash Flows,' an entity shall disclose, together with a commentary by management, the amount of significant cash and cash equivalent balances held by the entity that are not available for use by the group.</p> <p>However, the balance with bank in Current Account includes ₹. 2.70 crore received from Ministry of New Renewable Energy sources which was to be paid to the developer of Solar Power Projects</p> <p>The fact that the amount of ₹. 2.70 crore is not available for the use of the Company was not disclosed in the Notes to accounts.</p>	<p>b)Appropriate disclosure have already been made in Note 15 of Notes to accounts. However, as directed, necessary disclosure under Statement of Cash flow will be made in FY 2018-19.</p>