



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



पत्रांक : पी.ए.जी./उ.ख./ए.एम.जी.-II/वा.ले./यूजेवीएन.लि./2021-22/ 5064  
दिनांक: 14.10.2022

सेवा में,

प्रबन्ध निदेशक,  
यू.जे.वी.एन. लिमिटेड  
उज्जवल, महारानी बाग  
जी. एम. एस. रोड, देहरादून

Diary No. 4735/MD/UJVN/AG-1  
Dated 14/10/22

विषय : यू. जे. वी. एन. लिमिटेड देहरादून के वर्ष 2021-22 के वार्षिक लेखों पर भारत के नियंत्रक महालेखापरीक्षक की टीका टिप्पणियों के सम्बन्ध में ।

महोदय,

एतत्सह कम्पनी अधिनियम, 2013 की धारा 143 (6) (b) के अधीन यू. जे. वी. एन. लिमिटेड देहरादून के 31 मार्च, 2022 को समाप्त होने वाले वर्ष के लेखों पर, भारत के नियंत्रक एवं महालेखापरीक्षक की टीका-टिप्पणियां, 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।

No. 1103/UJVNLD(F) AG  
Dated 18-10-2022

No. 1497/UJVNLD/AG(A)  
Dated 19-10-22

संलग्नक- यथोपरि

D(F)  
amc  
19/10

DGM(CAS)  
19/10

भवदीय,

(प्रवीन्द्र यादव)  
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 2022**

The preparation of financial statements of the UJVN Limited (Company) for the year ended 31 March 2022 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 31 August 2022.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of financial statements of the Company for the year ended 31 March 2022 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:

**Profit and Loss Account**

**Expenses**

**Other Expenses (Note 28)**

**ERP Expenses ₹ 5.46 crore**

1. The above does not include provision for Maintenance and Support Services of SAP-EAP charges of ₹ 43.17 lakh payable to M/s Highbar Techoncrat Limited for the period January 2022 to March 2022.

This resulted in understatement of Trade Payables and overstatement of Profit by ₹ 43.17 lakh each.

**Balance Sheet**

**Non-Current Assets**

**Property Plant and Equipment and Intangible Assets**

**Capital Work-in-Progress (Note 6) ₹ 2,653.60 crore**

2. The above includes ₹ 2.72 crore being the expenditure incurred on Housekeeping Expenses accounted as Incidental Expenditure Pending Capitalization (Vyasi Project).

As required by Paragraph 19 (d) of Ind AS-16 cost of an item of property, plant and equipment should not include administration and other general overhead costs. However, in violation of requirement of Ind AS-16, the Housekeeping Expenses has not been charged to Profit and Loss Account.

This resulted in overstatement of Capital Work-in-Progress by ₹ 2.72 crore, Profit for the year by ₹ 0.41 crore and Retained Earnings by ₹ 2.31 crore.

3. The above includes ₹ 5.97 crore being the expenditure incurred during the year 2021-22 on purchase of insurance cover of the under-construction project *i.e.* Vyasi Hydro Electric Project. As Insurance expenses is part of Administration expenses same should have been charged to the Profit and Loss account as per requirement of Ind As 16.

This resulted in overstatement of Capital Work-in-Progress and Profit by ₹ 5.97 crore each.

#### **Current Liabilities**

#### **Other Current Liabilities (Note No. 20) – ₹ 836.41 crore**

4. The above does not include ₹ 5.24 crore being expenditure incurred on Vyasi Project (₹ 4.64 crore) and Maneri Bhali-I (₹ 0.60 crore) during the period January to March 2022. However, the Company did not make provision for the above expenditure of ₹ 5.24 crore in the books of Account on accrual basis.

This resulted in understatement of Capital Work-in-Progress as well as the Other Current Liabilities by ₹ 5.24 crore.

#### **Current Liabilities**

#### **Other Financial Liabilities (Note No. 18)- ₹ 359.26 crore**

5. The above does not includes ₹ 71.63 crore being the amount payable in compliance of tariff order of Uttarakhand Electricity Regulatory Commission (UERC) issued on 31 March 2022. It was directed by UERC in its order to refund ₹ 71.63 crore (UPCL ₹ 62.97 crore and HPCL ₹ 8.66 crore) in twelve equal instalments starting from April 2022 to March 2023 (Trueing up of 2020-2021).

However, no provision of ₹ 71.63 crore has been made in the books of accounts.

This resulted in understatement of Other Financial Liabilities and overstatement of the Profit by ₹ 71.63 crore.

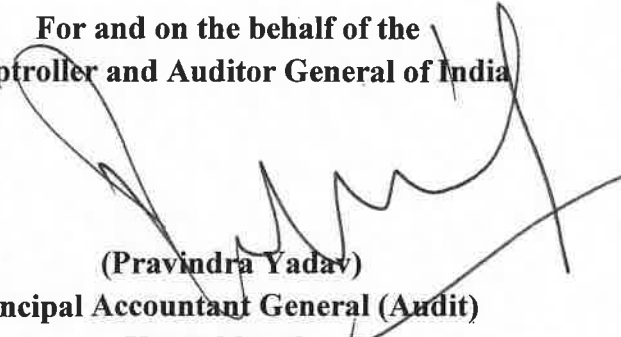
Despite comment of the CAG on similar issue on accounts of the Company for the year 2020-21 no corrective action has been taken by the Management.

6. The above does not include a sum of ₹ 1.32 crore being the interest payable on the loan taken from UP Government amounting to ₹ 5.05 crore.

This resulted in understatement of Other Financial Liabilities "Current" by ₹ 1.32 crore and overstatement of Profit as well as retained earnings by ₹ 66.00 lakh each.

Despite comment of the CAG on similar issue on accounts of the Company for the year 2020-21 no corrective action has been taken by the Management.

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

  
**(Pravindra Yadav)  
Principal Accountant General (Audit)  
Uttarakhand**

**Place: Dehradun**

**Dated: 13/10/2022**

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 2022.

AG COMMENTS	MANAGEMENT'S REPLIES
<p><b>Profit and Loss Account Expenses</b>  <b>Other Expenses (Note 28)</b>  <b>ERP Expenses ₹ 5.46 crore</b></p> <p>The above does not include provision for Maintenance and Support Services of SAP-EAP charges of ₹ 43.17 lakh payable to M/s Highbar Technocrat Limited for the period January 2022 to March 2022.</p> <p>This resulted in understatement of Trade Payables and overstatement of Profit by ₹ 43.17 lakh each.</p>	<p>Noted for compliance in the FY 2022-23.</p>
<p><b>Balance Sheet</b>  <b>Non-Current Assets</b>  <b>Property Plant and Equipment and Intangible Assets</b>  <b>Capital Work-in-Progress (Note 6) ₹ 2653.60 crore</b></p> <p>The above includes ₹ 2.72 crore being the expenditure incurred on Housekeeping Expenses accounted as Incidental Expenditure Pending Capitalization (Vyasi Project).</p> <p>As required by Paragraph 19 (d) of Ind AS-16 cost of an item of property, plant and equipment should not include administration and other general overhead costs. However, in violation of requirement of Ind AS -16, the Housekeeping Expenses has not been charged to Profit and Loss Account.</p>	<p>As per Paragraph 16(b) of Ind As-16, the cost of an item of property, plant and equipment comprises of any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The expenditure on Housekeeping has been incurred specifically for Vyasi Project site which is directly attributable to the construction of the project and have been shown under the head incidental expenditure pending capitalization. Further this cost will be capitalized on completion of the project. Paragraph 19 (d) of Ind AS-16 is related to only administration and other general overhead costs and hence not applicable in the concerned matter.</p>

144



**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 2022.**

This resulted in overstatement of Capital Work in Progress by ₹ 2.72 crore, Profit for the year by ₹ 0.41 crore and Retained Earnings by ₹ 2.31 crore.

Further, the costs that are directly attributable to the construction/acquisition of a fixed asset/project for bringing it to its working condition are those costs that would have been avoided if the construction/acquisition had not been made. The expenditure on Housekeeping on Vyasi Project would have been avoided if the Project is not constructed.

Further, the 'Guidelines for Preparation of Project Estimates for River Valley Projects' issued by the Central Water Commission (CWC) also provides for inclusion of cost of Running of Transit camps/rest shed/Guest house/Rest house/Inspection Bungalow as component of Project estimates.

Therefore, the expenditure incurred on Housekeeping on Vyasi Project has properly been accounted for as per Ind AS 16 under Incidental Expenditure Pending Capitalization expenditure, which is directly attributable to the construction of the Project.

**Balance Sheet  
Non-Current Assets  
Property Plant and Equipment and Intangible Assets  
Capital Work-in-Progress (Note 6) ₹ 2653.60 crore**

The above includes ₹. 5.97 crore being the expenditure incurred during the year 2021-22 on purchase of insurance cover of the Under-construction project i.e. Vyasi Hydro Electric Project. As insurance expenses is part of Administrative expenses same should have been charged to Profit and Loss account as per requirement of Ind AS -16.

Paragraph 16(b) of Ind As-16 states that the cost of an item of property, plant and equipment comprises of any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Therefore the expenditure incurred on Insurance at Vyasi Project site during FY 2021-22 for ₹ 5.97 crores, is directly attributable to the construction of the project and have been shown under the head incidental expenditure

145



COMMENTS OF COMPROLLER 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 2022.

<p>This resulted in overstatement of Capital Work-in-Progress and profit by ₹. 5.97 crore each.</p>	<p>pending capitalization. Further this cost will be capitalized on completion of the project. The expenditure on insurance for Vyasi Project is directly attributable to the construction of the project and not part of Administrative expenses</p> <p>Further the costs that are directly attributable to the construction/acquisition of a fixed asset/project for bringing it to its working condition are those costs that would have been avoided if the construction/acquisition had not been made. The expenditure would have been avoided if Vyasi Project is not constructed.</p> <p>The 'Guidelines for Preparation of Project Estimates for River Valley Projects' issued by the Central Water Commission (CWC) provides for inclusion of insurance premium paid for transportation of equipment/project components as well as Construction Insurance in Project cost.</p> <p>Therefore, the expenditure incurred on Insurance on the Vyasi Project has properly been accounted for as per Ind AS 16 under Incidental Expenditure Pending Capitalization, which is directly attributable to the construction of the Project.</p>
<p><b>Current Liabilities</b>  <b>Other Current Liabilities (Note No. 20) –</b>  <b>₹ 836.41 crore.</b></p> <p>The above does not include ₹ 5.24 crore being expenditure incurred on Vyasi Project (₹ 4.64 crore) and Maneri Bhali – I (₹ 0.60 crore) during the period January to March 2022. However, the Company</p>	<p>Noted for compliance in the FY 2022-23</p>

106

82

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 UJVNL LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2022.

<p>did not make provision for the above expenditure of ₹ 5.24 crore in the books of Accounts on accrual basis. This resulted in understatement of Capital Work-In-Progress as well as the Other Current Liabilities by ₹ 5.24 crore.</p>	
<p><b>Current Liabilities</b> <b>Other Financial Liabilities (Note No. 18)</b> <b>₹ 359.26 crore</b></p> <p>The above does not include ₹ 71.63 crore being the amount payable in compliance of tariff orders of Uttarakhand Electricity Regulatory Commission (UERC) issued on dated 31 March 2022. It was directed by UERC in its order to refund ₹ 71.63 crore (UPCL ₹ 62.97 crore and HPCL ₹ 8.66 crore) in twelve equal instalments starting from April 2022 to March 2023 (Truing up of 2020-2021). However, no provision of ₹ 71.63 crore has been made in the books of accounts. This resulted in understatement of Other Financial Liabilities and overstatement of Profit by ₹ 71.63 crore. Despite comments of the CAG on similar issue on accounts of the Company for the year 2020-21 no corrective action has been taken by the Management.</p>	<p>As per UERC Regulations, Hon'ble UERC determines tariff of UJVNL on year to year basis. Tariff order applicable for the year, consists of AFC including true up on the basis of Audited Accounts after a gap of one year. UJVNL recognises revenue in accounts and billing is done as per applicable tariff order for the year. This practice is being followed by UJVNL consistently on year to year basis.</p> <p>The said UERC Tariff order dated 31-3-2022 is applicable for FY 2022-23 and includes ₹ 71.63 crore towards refund of true up of FY 2020-21 in twelve equal installments starting from April 2022 to March 2023. Therefore, UJVNL shall bill AFC and true up amount and account for the same in the applicable year of the FY 2022-23 as per tariff order applicable for the FY 2022-23.</p>
<p><b>Current Liabilities</b> <b>Other Financial Liabilities (Note No. 18)</b> <b>₹ 359.26 crore</b></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 2022.

The above does not include a sum of ₹ 1.32 crore being the interest payable on the loan taken from UP Government amounting to ₹ 5.05 crore.

This resulted in understatement of Other Financial Liabilities "Current" by ₹ 1.32 crore and overstatement of Profit as well as retained earnings by ₹ 66.00 lakh each.

Despite comments of the CAG on similar issue on accounts of the Company for the year 2020-21 no corrective action has been taken by the Management.

Loan from UP Government taken by erstwhile UPSEB/ UPJVNL was provisionally considered in balance sheet of UJVNL on the basis of information provided by UPJVNL in earlier year and is part of finalization of transfer scheme. Regular correspondence has been made with UPJVNL for finalization of transfer scheme including the above loan from UP Government. The recent details of assets and liabilities provided by UPJVNL vide letter No. 512/ अर्थोत्तराधिकार (वार्ताव्य) /b-1 दिनांक 02-09-2021 do not include the above loan from UP Government. Therefore, interest on the above loan for the financial year 2021-22 has not been provided in books of accounts, pending finalisation of transfer scheme.

