

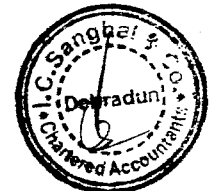
To,

The Members  
Uttarakhand Jal Vidyut Nigam Limited  
Dehradun

We have audited the attached Balance Sheet of **Uttarakhand Jal Vidyut Nigam Limited** (Formerly known as Uttaranchal Jal Vidhyut Nigam Ltd.) as at 31<sup>st</sup> March 2005 and the Profit & Loss Account of the Company for the year ended on 31<sup>st</sup> March, 2005 annexed thereto and also the cash flow statement for the year ended on that date. The name of the Company has been changed from "Uttarnachal Jal Vidhyut Nigam Ltd" to "Uttarakhand Jal Vidhyut Nigam Ltd" w.e.f. 2<sup>nd</sup> July 2007, the attached Balance Sheet has been adopted by the Board of Directors under the name and style of Utrakhand Jal Vidhyut Nigam Ltd. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Manufacturing and Other Companies (Auditor's Report) order, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, we give in the annexure, a statement on the matters specified in paragraphs 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred in paragraph 1 above we report that, as referred in Note No. B(1) of Schedule XXII annexed to the Balance Sheet, in absence of final transfer scheme between UPJVNL and UJVNL provisional balances as on 9-11-2001 have been incorporated in books of accounts. The accuracy of these opening balances of Assets & Liabilities could not be verified by us in absence of any agreement between UPJVNL & UJVNL. The details and breakup of Assets & Liabilities so transferred were not available and the consolidated balances have been incorporated in the financial statements of the Company for the year 2001-02. Consequently the opening balances of the specific Assets & Liabilities vested in the Company are not identifiable or



verifiable. In the absence of such details, we are not able to express our opinion on the correctness of the accounting of the transactions relating to such balances and also to verify and ascertain the true nature and proper disclosure of the balances appearing in the final accounts of the Company.

3. **SHARE DEPOSIT ACCOUNTS (137.31 Crores) Schedule I :**

An amount of Rs 137.31 Crores has been received from Government of Uttarakhand as contribution towards Share Capital, for which necessary allotment of shares is pending. This fact has not been disclosed in the Notes on Account attached with the Balance Sheet.

4. **UNSECURED LOANS (Rs.687.81 Crores) Schedule III :**

In absence of finalization of the Transfer Scheme, the proportionate liability on account of the loan from LIC Rs. 43.78 Crs as referred in note no B (8) of Schedule XXII, could not be ascertained and verified by us.

5. **FIXED ASSETS (Rs. 224.83 Crores ) Schedule IV :**

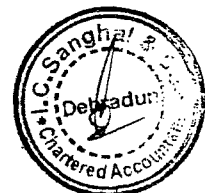
i) ~~Records / Title deeds in respect of Land & Buildings in respect of Large Hydro Units included in Schedule IV of the Balance Sheet have not been produced before us for our verification.~~

ii) We have relied on the verification of Fixed Assets Register prepared by the consultants appointed by the Nigam. However the stock of Spares at various units have not been allocated project wise. The impact, if any, on the final accounts of the Company is unascertainable.

iii) The Company has not conducted physical verification of fixed assets during the year. It has been explained that it has been conducted in the Financial Year 2007-2008.

6. **CAPITAL WORK IN PROGRESS (Rs 1043.64 Crores) Schedule VI :**

The project-wise details of the opening balances in Capital Work in Progress in case of various units of erstwhile UPSEB, have not been furnished to us. In the absence of such details, it is not possible for us, to verify the physical existence, progress, expenses incurred and status of such projects.



7. CURRENT ASSETS, LOANS AND ADVANCES (Rs. 528.12 Crores) :

i) INTER UNIT BALANCES (Dr. Rs.21.73 Crores ) Schedule- VII :

The Opening Balances of Inter-Unit Accounts at the time of division of Assets & Liabilities between U.P.J.V.N.L & U.J.V.N.L have not been reconciled, the differences, if any, have not been adjusted in the books of account. The impact of such unreconciled entries on the Balance Sheet and Profit and Loss of the Company cannot be ascertained.

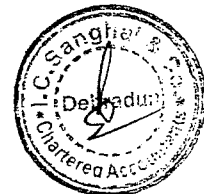
(ii) STOCK, STORES AND SPARES (Rs. 6.82 Crores) Schedule VIII :

- a. The complete stock records and inventory as on 31.03.2005 have not been furnished to us.
- b. The necessary documents and supporting, relating to the valuation of closing stock have not been made available to us for verification.
- c. The details of stock lying with the contractor are not quantified in the financial statements and its confirmation from them has not been made available to us for verification.

Hence the impact, if any, on account of the above observations on the financial statements could not be determined.

(iii) LOANS & ADVANCES (Rs 90.60 Crores) XI :

- a. Detailed party-wise break-up of various head of Loans and Advances & other receivables have not been provided to us for verification. In absence of above details, we could not ascertain the nature of transactions under various heads. Hence impact, if any, of such balances on the financial results and Balance Sheet can not be determined. Moreover the Balances are not confirmed and reconciled.
- b. The disclosure as stipulated in schedule VI of Companies Act, in respect of Loans & Advances for less than six months and more than six months has not been made.



(8) CURRENT LIABILITES (Rs. 217.40 Crores) Schedule XII :

- i) The balances under this head have not been reconciled and confirmed. The difference in balance and its impact on the financial statements could not be ascertained.
- ii) Detailed party wise breakups of various heads of current liabilities have not been provided to us for verification. In absence of above details, we could not ascertain the nature of transactions under various heads. Hence, impact if any, of such balances on the financial statements could not be determined.

(9) PROFIT & LOSS ACCOUNT

- i) Leave Encashment of employees is accounted for on cash basis, as per details given in note no. A (9) FOR OTHER EMPLOYEES of Schedule-XXII of the Balance Sheet. This is not in accordance to the Accounting Standard 15 on "Accounting for Retirement Benefit in the Financial Statement of Employers" issued by ICAI. The effect of liability in respect of leave encashment & its loss to the Company cannot be ascertained.
- ii) As per point no (B) 11 of schedule XXII of the financial statements no provision has been made in the books of accounts for various amount deducted by UPCL from the bills of the Nigam for various reasons. The amount of provision to be created cannot be quantified as such its impact on the financial statements cannot be ascertained.

Subject to our observations and comments referred to in Para 2 to 9 above, we report that :

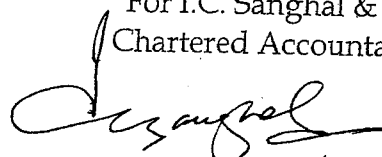
- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of accounts as required by the law, have been kept by the Company, so far as it appears from our examination of those books.
- c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with books of account.



- d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, except as stated in para 9 (1)&(2).
- e) As per the information and explanations given to us, none of the Directors of the Company are disqualified from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to explanations given to us the said accounts read with the notes there on give the information as required by the Companies Act, 1956 in the manner so required, the said accounts give a true and fair view in conformity with accounting principles generally accepted in India.
- (1) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31<sup>st</sup> March 2005
  - (2) In the case of Profit & Loss Account, of the PROFIT for the period ended on that date.
  - (3) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.



17-Rajpur Road, Dehradun  
Dated : 09-01-2009

For I.C. Sanghal & Co.,  
Chartered Accountants,  


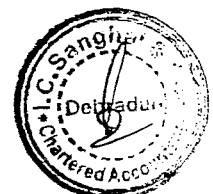
(I.C. Sanghal)  
Partner  
M.No. 070242

**ANNEXURE TO THE DRAFT AUDITOR'S REPORT**

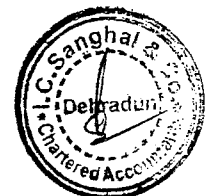
**(Referred to in paragraph 1 of our report of even date)**

**REG: Uttarakhand Jal Vidyut Nigam Ltd.**

1. In respect of its fixed assets :
  - a) The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.
  - b) As per the information and explanations given to us, the Fixed Assets of the Company have been physically verified by the consultants appointed by the management during the financial year 2007-08, which in our opinion is reasonable having regard to the size of the company and nature of its assets. Please also refer Para 4 of the main Auditors Report.
  - c) In our opinion, the company has not disposed off a substantial part of fixed assets during the financial year and therefore paragraph 4(i) ( c ) of the Companies (Auditor's Report) Order, 2003 (hereinafter referred to as the order) is not applicable.
  
2. In respect of its inventories :
  - a) The complete records in respect of the physical verification of inventory has not been produced before us for verification. In absence of the complete record we are not in a position to comment whether frequency of verification is reasonable or not . Kindly refer paragraph 7 (ii) of our main Auditors Report.
  - b) We have been informed that physical verification of stock has been conducted by the management during the financial year 2005-06, but in the absence of any supporting documents we are not in a position to comment whether procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. Kindly refer paragraph 7 (ii) of our main Auditors Report.
  - c) We have been informed that proper records of inventories are maintained at the respective units. In absence of complete records we are not in a position to comment whether the company is maintaining proper records of inventory and whether any material discrepancies were noticed on physical verification and if so whether those material discrepancies have been properly dealt with the in the books of account. Kindly refer paragraph 7 (ii) of our main Auditors Report.



- 3 The company has not taken or granted any loan, secured or unsecured from/to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. The Company had neither granted nor taken any loans, secured or unsecured, to /from companies, firms, or other parties listed in the register maintained under section 301 of the Companies Act, 1956, and therefore paragraph 4(iii) of the said order is not applicable.
- 4 In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of company and the nature of its business with regard to purchase of store, components, plant and machinery, equipments and other assets and for the sale of goods.
- 5 In our opinion and according to the information and explanations given to us, there are no transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956, and therefore paragraph 4(v) of the said order is not applicable.
- 6 In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits from the public to which the provisions of section 58 & 58AA of the Companies Act, 1956 and the Rules framed there under and therefore paragraph 4(vi) of the said Order is not applicable.
- 7 In our opinion the Internal audit system of the company is commensurate with the size of company and nature of its business.
- 8 We have broadly reviewed the books of accounts maintained by the company relating to power generating activities of the company, pursuant to the Rules made by the Central Government the maintenance of cost records has been prescribed under section 209 (1) (d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are true or not.
- 9 a) In our opinion and according to the information and explanations given to us, the company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, customs duty, cess and any other statutory dues applicable to it with the appropriate authorities.



b) According to the information and explanations given to us there are no undisputed amounts payable in respect of income tax, sales tax, wealth tax, customs duty, cess and any other statutory dues as at 31<sup>st</sup> March 2005, for a period of more than six months from the date they become payable.

10 According to the information and explanation given to us, the following are the particulars of disputed dues on account of Sales Tax, Income Tax and Customs duty that have not been paid deposited or adjusted ;

Name of the statute	Nature of dues	Amount of demand net of deposits (Rs in Lacs)	Period to which it relates	Forum where dispute is pending
Income Tax Act, 1961	For A.Y 2002-03	Rs. 8.25 Crores	A.Y 2002-03	Appeal pending before CIT (Appeals) Dehradun.
Income Tax Act, 1961	For A.Y 2005-06	Rs. 11.83 Crores	A.Y 2005-06	Appeal pending before CIT (Appeals) Dehradun.

11 The Company has accumulated losses of Rs. 14.63 Crores and has incurred cash loss of Rs. NIL during the current & preceding financial year.

12 In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayments of dues to banks and financial institutions.

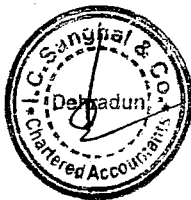
13 According to the information and explanations given to us and based on the documents and records produced, the company has not taken or granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.

14 The company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) order 2003 are not applicable to the company.

15 The Company is not dealing or trading in shares, securities, debentures and other investments and therefore paragraph 4(xiv) of the order is not applicable.



- 16 According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions and therefore paragraph 4(xv) of the order is not applicable.
- 17 Based on the audit procedure applied by us & according to the information and explanations given to us, in our opinion the term loans availed by the Company during the year were prima facie, applied for the purposes for which they were obtained.
- 18 According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, in our opinion, funds raised on short term basis have, *prima facie*, not been used for long term investments and vice versa.
- 19 The company has not made any preferential allotment of shares during the year and therefore paragraph 4(xviii) of the order is not applicable.
- 20 The Company has not issued any debentures during the year and therefore paragraph 4(xix) of the order is not applicable.
- 21 The Company has not raised any money by way of public issues during the year and therefore paragraph 4(xx) of the order is not applicable.
- 
- 22 In our opinion and according to the information and explanations given to us by the management, we report that no fraud on or by the company has been noticed or reported during the year.



17-Rajpur Road, Dehradun  
Dated : 09-01-2009

For I.C. Sanghal & Co.,  
Chartered Accountants,

A handwritten signature in black ink, appearing to read "I.C. Sanghal".

(I.C. Sanghal)  
Partner  
M.No. 070242

Draft

Comments of statutory Auditors and Draft Management Replies thereto for the FY 2004-05

Comments of Statutory Auditors	Management Reply
<p>1. As referred in Note No. B(1) of Schedule XXII annexed to the Balance Sheet, in absence of final transfer scheme between UPJVNL and UJVNL, provisional balances as on 9-11-2001 have been incorporate in books of accounts. The accuracy of these opening balances of Assets &amp; Liabilities could not be verified by us in absence of any agreement between UPJVNL &amp; UJVNL. The details and breakup of Assets &amp; Liabilities so transferred were not available and the consolidated balances have been incorporated in the financial statements of the Company for the year 2001-02. Consequently the opening balances of the specific Assets &amp; Liabilities vested in the Company are not identifiable or verifiable. In the absence of such details, we are unable to express our opinion on the correctness of the accounting of the transactions relating to such balances and also to verify and ascertain the true nature and proper disclosure of the balances appearing in the final accounts of the Company.</p> <p><b>2. SHARE DEPOSIT ACCOUNTS (137.31 Crores)</b> <b>Schedule I :</b></p> <p>An amount of Rs 137.31 Crores has been received from Government of Utrakhand as contribution towards Share Capital, for which necessary allotment of shares is pending. This fact has not been disclosed in the Notes on Account attached with the Balance Sheet.</p>	<p>The issue of Settlement of opening balances of Assets and Liabilities with UP Jal Vidyt Nigam Limited is under process. On finalization/ settlement of the issue any adjustments emerging therefrom would be accounted for in the year of settlement.</p>
	<p>As observed by the Statutory Auditor the fact though has not been disclosed in the notes to account, adequate disclosure has been made in schedule – I annexed and forming part of the balance sheet wherein the amount of Rs. 137.31 cr. has been reflected under the head “share deposit accounts” with the disclosure as follows: -</p>

<i>"Government of Uttarakhand contribution for Power Development Fund pending allotment of equity shares".</i>	
<p><b>3. Unsecured loans (Rs. 687.81 crores) Schedule III</b></p> <p>In absence of finalization of the Transfer Scheme, the proportionate liability on account of the loan from LIC Rs. 43.78 Crs as referred in note no. B (8) of Schedule XXII, could not be ascertained and verified by us.</p>	<p>Central Government vide its order No. SO 1228 dated 2-9-2005 has allocated Rs. 352.59 Crore as total liability of LIC loan against HEP Project transferred to Uttarakhand state.</p> <p>The transfer of the said loan is disputed. An amount of Rs. 43.78 cr. Being 10% of the total LIC loan was provisionally considered in the opening balance as on 9.11.2001 in line with the directives as contained in Central Government Gazette notification No. 42/7/2000-R&amp;R order dated 5.11.01.</p> <p>On finalization/ settlement of the opening balance of Assets &amp; Liabilities with UPJVNL including settlement of the issue pertaining to LIC loan the consequent adjustment would be accounted for in the year of settlement.</p>
<p><b>4. Fixed Assets (Rs. 224.83 Crores) Schedule IV</b></p> <p>(i) Records/ Title deeds in respect of Land &amp; Building in respect of large hydro units included in Schedule VI to the Balance Sheet have not been produced before us for our verification.</p> <p>(ii) We have relied on the verification of fixed Assets Register prepared by the consultants appointed by the Nigam. However the stock of spares at various units have not been allocated project wise. The</p>	<p>Most of the Lands had been given on lease by Forest department of Uttarakhand to Irrigation department and the same are under the use of the Nigam. Steps are being taken to transfer the land records in the name of the Nigam. All Buildings constructed &amp; situated at LHP's are part of transfer scheme from UPJVNL for which settlement is under process.</p> <p>Efforts are being made to allocate Stock of Spares lying at various units to individual projects in subsequent years.</p>

*impact, if any, on the final accounts of the Co.*

<p>is unascertainable.</p> <p>(iii) The company has not conducted physical verification of fixed assets during the year. It has been explained that it has been conducted in the Financial Year 2007-08.</p>	<p>Noted</p>
<p><b>5. Capital work in progress (Rs. 1043.64 Crores) Schedule VI</b></p> <p>The project- wise details of the opening balances in Capital Work in Progress incase of various units of erstwhile UPSEB, have not been furnished to us. In the absence of such details, it is not possible for us, to verify the physical existence, progress, expenses incurred and status of such projects.</p>	<p>The issue of Settlement of opening balances of Assets and Liabilities with UP Jal Vidyut Nigam Limited is under process.</p> <p>The desired details of opening balance in Capital work in progress amounting to Rs. 352.76 Cr. would be available on settlement of the issue and any adjustment emanating therefrom would be accounted for in the year of settlement.</p>
<p><b>6. CURRENT ASSETS, LOANS AND ADVANCES (Rs. 528.12 Crores) :</b></p> <p><b>i) INTER UNIT BALANCES (Dr. Rs.21.73 Crores )</b> <b>Schedule- VII :</b></p> <p>The Opening Balances of Inter-Unit Accounts at the time of division of Assets &amp; Liabilities between U.P.J.V.N.L &amp; U.J.V.N.L have not been reconciled, the differences, if any, have not been adjusted in the books of account. The impact of such unreconciled</p>	<p>The issue of Settlement of opening balances of Assets and Liabilities with UP Jal Vidyut Nigam Limited is under process. The same shall be adjusted in the books of Accounts in the year of settlement.</p>

<p>entries on the Balance Sheet and Profit and Loss of the Company cannot be ascertained.</p>	
<p><b>(ii) STOCK, STORES AND SPARES (Rs. 6.82 Crores) Schedule VIII :</b></p>	
<p>a. The complete stock records and inventory as on 31.03.2005 have not been furnished to us.</p>	Noted
<p>b. The necessary documents and supporting, relating to the valuation of closing stock have not been made available to us for verification.</p>	
<p>c. The details of stock lying with the contractor are not quantified in the financial statements and its confirmation from them has not been made available to us for verification.</p>	
<p>Hence the impact, if any, on account of the above observations on the financial statements could not be determined.</p>	
<p><b>(iii) LOANS &amp; ADVANCES (Rs 90.60 Crores) XI :</b></p>	
<p>a. Detailed party-wise break-up of various head of Loans and Advances &amp; other receivables have not been provided to us for verification. In absence of above details, we could not ascertain the nature of transactions under various heads. Hence impact, if any, of such balances on the financial results and Balance Sheet can not be determined. Moreover the Balances are not</p>	<p>The head-wise details of Loans and advance and other receivables would be determined and reconciled only after finalization of transfer Scheme with UPJVNL.</p>

<p>confirmed and reconciled.</p> <p>b. The disclosure as stipulated in schedule VI of Companies Act, in respect of Loans &amp; Advances for less than six months and more than six months has not been made.</p>	<p>The classification of Six Month and more than Six Month old applies to Sundry Debtors</p>
<p><b>7. Current Liabilities (Rs. 217.40 Crores) Schedule – XII</b></p> <p>(i) The balances under this head have not been reconciled and confirmed. The difference in balance and their impact on the financial statements could not be ascertained.</p> <p>(ii) Detailed party wise breakup of various heads of current liabilities has not been provided to us for verification. In absence of above details, we could not ascertain the nature of transactions under various heads. Hence, impact if any, of such balances on the financial statement could not be determined.</p>	<p>The issue of Settlement of opening balances of Assets and Liabilities with UP Jal Vidyut Nigam Limited is under process. The same shall be adjusted in the books of Accounts, in the year of settlement</p>
<p><b>8. Profit &amp; Loss Account</b></p> <p>1. Leave Encashment of employees is accounted for on cash basis, as per details given in note no. A (9) FOR OTHER EMPLOYEES of Schedule-XXII of the Balance Sheet. This is not in accordance to the Accounting Standard 15 on "Accounting for Retirement Benefit in the Financial Statement of Employers" issued by ICAI. The effect of liability in respect of leave encashment &amp; its loss to the Company cannot be ascertained.</p> <p>2. As per Point No. (B) 11 of Schedule XXII of the Financial</p>	<p>Steps are being taken to compute the value of Leave Encashment on Actuarial valuation basis and same would be adjusted &amp; accounted for in future Accounts.. However for the intermediate period, the same is in line with the then Accounting policies of the Nigam.</p> <p>Under Reconciliation</p>

statement on provision has been made in the books of accounts for various amount deducted by UPCL from the bills of the Nigam for various reasons the amount of provision to be credited can not be quantified as such its impact on the financial statement can not be ascertained.

**Annexure to the Auditor's report**

**1. In Respect of its fixed assets**

a. The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.

b. As per the information and explanations given to us, the Fixed Assets of the Company have been physically verified by the consultants appointed by the management during the year 2007-08, which in our opinion is reasonable having regard to the size of the company and nature of its assets. Please also refer Para 4 of the main Auditors Report.

c. In Our Opinion, the company has not disposed off a substantial part of fixed assets during the financial year and therefore paragraph 4 (i) ( c ) of the Companies (Auditors Reports) order,2003(hereinafter referred to as the order) is not applicable.

No comments

No comments

No comments

**2. In respect of its inventories :**

a) The complete records in respect of the physical verification of inventory has not been produced before us for verification. In absence of the complete record we are not in a position to comment whether frequency of verification is reasonable or not . Kindly refer paragraph 7 (ii) of our main Auditors Report.

**b) We have been informed that physical verification of**

No comments

<p>stock has been conducted by the management during the financial year 2005-06, but in the absence of any supporting documents we are not in a position to comment whether procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. Kindly refer paragraph 7 (ii) of our main Auditors Report.</p> <p>c) We have been informed that proper records of inventories are maintained at the respective units. In absence of complete records we are not in a position to comment whether the company is maintaining proper records of inventory and whether any material discrepancies were noticed on physical verification and if so whether those material discrepancies have been properly dealt with in the books of account. Kindly refer paragraph 7 (ii) of our main Auditors Report.</p>	<p>Noted</p> <p>Noted</p>
<p>3. The company has not taken or granted any loan, secured or unsecured from/ to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. The company had neither granted nor taken any loan, secured or unsecured, to/from companies, firms, or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and therefore paragraph 4(iii) of the said order is not applicable</p>	<p>No Comments</p>
<p>4. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of company and the nature of its business with regard to purchase of store,</p>	<p>No Comments</p>



<p>components, plant and machinery, equipments and other assets and for the sale of goods.</p> <p>5. In our opinion and according to the information and explanation given to us, there are no transaction that need to be entered in the register maintained under section 301 of the companies Act, 1956, and therefore paragraph 4(v) of the said order is not applicable.</p>	
<p>6. In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits from the public to which the provision of Section 58 A&amp; 58AA of the Companies Act, 1956 and the Rules framed there-under and therefore paragraph 4(vi) of the said Order is not applicable.</p>	No Comments
<p>7. In our Opinion, the internal Audit system of the company is commensurate with the size of company and nature of its business</p>	No Comments
<p>8. We have broadly reviewed the books of accounts maintained by the company relating to power generating activities of the Company, pursuant to the Rules made by the Central government the maintenance of cost records has been prescribed under section 209 (1) (d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are true or not.</p>	No Comments
<p>9. a) In our opinion and according to the information and explanation given to us, the company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, custom duty, cess and any</p>	No Comments

other statutory dues applicable to it with the appropriate authority.

b) accordingly the information and explanation given to us, there are no undisputed amount payable in respect to Income Tax, wealth Tax, sales tax, Custom duty, cess and any other statutory dues as at 31<sup>st</sup> March, 2005, for a period of more than six months from the date they become payable.

10. According to the information and explanation given to us, the following are the particulars of disputed dues on account of Sales Tax, Income Tax and Customs duty that have not been paid deposited or adjusted ;

Name of the statute	Nature of dues	Amount of demand net of deposits (Rs in Lacs)	Period to which it relates	Forum where dispute is pending	
Income Tax Act, 1961	For A.Y 2002-03	Rs. 8.25 Crores	A.Y 2002-03	Appeal pending before CIT (Appeals ) Dehradun.	No Comments
Income Tax Act, 1961	For A.Y 2005-06	Rs. 11.83 Crores	A.Y 2005-06	Appeal pending before CIT (Appeals ) Dehradun.	

11. The Company has accumulated losses of Rs. 14.63 Crores and has incurred cash loss of Rs. NIL during the current & preceding financial year.	No Comments
12. In our Opinion and according to the information and explanation given to us, the company has not defaulted in repayment of dues to banks and financial institutions.	No Comments
13. According to the information and explanation given to us and based on the documents and records produced to us, the company has not taken or granted any loans or advances on the basis of security by way of pledge of shares, debenture and other securities.	No Comments
14. The Company is not a chit Fund or a midhi /mutual benefit funds/ society. Therefore, the provision of clause 4(xiii) of the companies (Auditor's Reports) Order, 2003 are not applicable to the Companies.	No Comments
15. The Company is not dealing or trading in shares, securities, debentures and other investments and therefore paragraph 4(xiv) of the Order is not applicable.	No Comments
16. According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from banks or financial institution and therefore paragraph 4(xv) of the order is not applicable.	No Comments
17. Based on the audit procedures applied by us & according to the information & explanation given to us, the term loan availed by the company during the year were prima facie, applied for the purpose for which they were obtained.	No Comments
18. According to the information and explanation given to us and an overall examination of the balance Sheet of the Company, in our opinion, funds raised on short term basis have, prima facie not been used for long term investment and vice	No Comments

versa.	
19 The Company has not made preferential allotment of shares during the year and therefore paragraph 4 (xviii) of the order is not applicable.	No Comments
20 The company has not issued any debenture during the year and therefore paragraph 4 (xix) of the order is not applicable..	No Comments
21. The company has not raised any money by way of public issue during the year and therefore paragraph 4 (xx) of the order is not applicable.	No Comments
22. In our Opinion and according to the information and explanation given to us by the management, we report that no fraud on or by the company has been noticed notice or reported during the year.	No Comments



19/09/08  
 Director (Finance) / Managing Director

Chairman