

**Independent Auditor's Report**

To,  
The Members,  
UJVN Limited  
Dehradun

**Report on the Financial Statements**

We have audited the accompanying financial statements of UJVN Limited formerly known as Uttarakhand Jal Vidyut Nigam Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Managements' Responsibility on the Financial Statements**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 2013 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, *except for the matters reported in Annexure-1 to this report:*

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.







### Report on other Legal & Regulatory Requirements

- i. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure-2, a statement on the matters specified in paragraphs 3 and 4 of the Order.
- ii. As required by section 143(3) of the Act, 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. proper books of account as required by law have been kept by the company and proper returns adequate for the purposes of audit have been received from branches not visited;
  - c. no accounts of any branch office of the company have been audited under sub-section (8) as it was not mandatory;
  - d. The company's balance sheet and profit and loss account dealt with in the report are in agreement with the books of account and returns;
  - e. the financial statements comply with the accounting standards;
  - f. there have been no observations or comments on financial transactions or matters which have any adverse effect on the functioning of the company;
  - g. no director is disqualified from being appointed as a director under sub-section (2) of section 164;
  - h. no qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith;
  - i. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure-3";
  - j. As per information & explanations given by the management, the Company has an internal audit system. *Please Refer point 7 of Annexure 1 of this report.*
- iii. As required by direction issued by the office of Comptroller & Auditors General of India under section 143(5) of Companies Act, 2013, we give in the "Annexure-4" a statement on the matters specified in the directions.

For DMA & Associates  
Chartered Accountants

FRN: 010129C



CA. Deepak Kumar Ghanshani  
(Partner)

Membership No. : 078742

Place: Dehradun

Date: 13-07-2016



Annexure-1 referred to in opinion paragraph of Our Report of even date to the members of UJVNL Limited on the accounts of the company for the year ended 31<sup>st</sup> March, 2016.

We further report as follows:

1. *Fixed Assets of the company are not verifiable due to non-maintenance of proper records.*
2. *Following balances of long term borrowings are not substantiated by third party confirmation:*
  - i. *LIC: Rs.43,78,04,300&*
  - ii. *Loans from State Government Rs.281,69,38,888*
3. *Opening balances of assets and liabilities acquired from UPJVNL were incorporated in the financial statements of the Company on the basis of allocations in the year 2001-02. Consequently the opening balances of the specific Assets & Liabilities vested in the Company is not identifiable or verifiable.*

*The management has stated that in absence of final transfer scheme between UPJVNL and UJVNL provisional opening balances have been incorporated in books of accounts. The accuracy of these opening balances of Assets & Liabilities is not ascertainable in absence of any agreement between UPJVNL & UJVNL on Final Transfer scheme.*

*These opening balances are unaudited and are not in agreement with the balances shown as transferred by UPJVNL in their audited accounts for the year ending 31.03.2002.*

*These assets transferred from UPJVNL are shown at a value as determined by the management. The value of such assets is neither in agreement with the fixed assets register of UPJVNL nor is the value taken certified by any approved valuer.*

4. *No details are available in respect of terms & conditions, securities provided, if any, the documents executed and balance confirmation towards loan from Life Insurance Corporation of India along with overdue principal, and interest payable there on, to verify the correctness of the liability and obligation of the company.*
5. *One of the major debtors of the Company, i.e. UPCL, is not making payment in respect of cess and royalty which is payable to state government. The amount of Rs.431.42 crores is included in the figure of sundry debtors in respect of royalty and cess, no provision towards the same has been made in the books of accounts. The total outstanding in the name of UPCL as on 31<sup>st</sup> March, 2016 is Rs. 788.45 crores, no confirmation in this regard is available on records.*
6. *The company has not allotted equity shares against share application money of Rs. 20,80,37,570.00 received during the year within 60 days of the date of receipt in contravention of companies (Acceptance of Deposits), Rules 2014.*







7. *The company has outsourced internal audit function to external auditors and received the reports for the financial year 2015-16 however compliance of the same is largely in arrears.*

For DMA & Associates  
Chartered Accountants  
FRN: 010129C

CA. Deepak Kumar Ghanshani  
Partner  
M. No. : 078742



Place: Dehradun  
Date: 13.07.2016



Annexure-2 referred to in paragraph 1 of Our Report of even date to the members of UJVN Limited on the accounts of the company for the year ended 31<sup>st</sup> March, 2016.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- i. *Fixed Assets of the company are not verifiable due to non-maintenance of proper records.*

Assets transferred from UPJVNL are shown at a value as determined by the management. *The value of such assets is neither in agreement with the fixed assets register of UPJVNL nor is the value taken certified by any approved valuer.*

*As per the information, explanation and relevant records provided to us by the management, the title deeds of immovable properties are not fully held in the name of company. Out of total area of land of 36826924.89 sqm.in possession of the company, area of 1752961.63 sqm is mutated in favour of the company. The amount invested in such immovable properties (where title deeds are not in the name of the company) is not ascertainable due to non-maintenance of proper records.*

- ii. *Valuation of stocks has been done at cost as certified by the management instead of cost or Net realizable value whichever is lower in term of AS-2 issued by ICAI.*

*Records of inventories maintained at the units are incomplete. In absence of complete records it is not ascertainable that 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.*

- iii. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- iv. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loan and advances and providing of guarantees and securities to its directors and other entities in which directors are interested under section 185 of companies act, 2013 & has not given any loan and providing of guarantees and securities to any other body corporate or person u/s 186 of companies act, 2013.
- v. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not accepted any public deposits.
- vi. We have broadly reviewed the books of account maintained by the company relating to power generating activities of the company, pursuant to the Section 148(1) of the Companies Act 2013 and 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 records with a view to determine whether they are true or not.
- vii. (a) According to the information and explanation given to us there are no undisputed Amount payable including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-tax, Sales-tax, Custom Duty, Excise Duty, Cess and other Statutory dues as at 31.03.2016, for a period of more than six months from the date they become payable **except amount of Rs. 431.42 crores which is payable to state government towards Royalty & Cess.**







(b) 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 custom duty that have not been paid deposited:

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	Demand	2495	AY 2007-08	CIT (Appeal)
Income Tax Act, 1961	Demand	243	AY 2010-11	Assessing Officer
Income Tax Act, 1961	Demand	475	AY 2011-12	ITAT
Income Tax Act, 1961	Demand	1997	AY 2012-13	CIT (Appeal)

- viii. 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 institution *except repayment of loan from LIC of India for Rs. 43,78,04,300 (Provisionally considered by the management as against Rs. 437.80 crore) transferred by the UPJVN and Interest of Rs. 1,53,00,87,363/-*. As explained to us the loan amount is under transfer scheme and in absence of finalization of transfer scheme the amount is not repayable.
- ix. As per written representation received from the management, 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.
- x. Based on the audit procedures performed and 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, nor have we been informed of such case by the management.
- xi. According to the information and explanations given to us, the company has paid remuneration to directors within the limits specified under section 197 of companies act, 2013.
- xii. Provisions relating to Nidhi, mutual benefit fund and society are not applicable to company.
- xiii. The auditor has verified the entries made in the register maintained under section 189 of the Act from the declarations made by the directors in Form MBP-1 i.e., general notice received from a director under Rule 9(1) of The Companies (Meetings of Board and Power) Rules, 2014. The auditor has also obtained a written representation from the management concerning the completeness of the information so provided to the auditor.
- xiv. The company has not made any preferential allotment or Private Placement of shares or fully or partly convertible debentures as defined in Section 42 of the act





- xv. The company has not entered into any non-cash transactions with directors or connected persons during the year.
- xvi. The Company is not required to be registered with Reserve Bank of India u/s Section 45IA of the RBI Act

For DMA & Associates  
Chartered Accountants  
FRN: 010129C

CA. Deepak Kumar Ghanshani  
Partner  
M. No. : 078742



Place: Dehradun  
Date: 13.07.2016



**Annexure - 3 to the Auditors' Report****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **UJVN Limited formerly known as Uttarakhand Jal Vidyut Nigam Limited ("the Company")** as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that







receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DMA & Associates  
Chartered Accountants  
FRN: 010129C

CA, Deepak Kumar Ghanshani  
Partner  
M. No. : 078742



Place: Dehradun  
Date: 13.07.2016



Annexure-4 referred to in opinion paragraph of Our Report of even date to the members of UJVN Limited on the accounts of the company for the year ended 31<sup>st</sup> March, 2016.

**Report on Revised and sector specific directions under section 143 (5) of the Companies Act, 2013**

Sr. No.	Directions	Remarks
01	Whether the company has clear title/ lease deeds for freehold and leasehold respectively? If not please state the area of freehold and leasehold land for which title/ lease deeds are not available?	Please refer point no. i of Annexure-2 of our main report.
02	Whether there are any cases of waiver/ write off of debts/ loans/ interest etc. If yes, the reasons there for an amount involved.	As per information and explanation provided to us, there were no such case of waiver/write off of debts/ loans/ interest etc. during FY 2015-16
03	Whether proper records are maintained for inventories lying with third parties & assets received as gift/ grant(s) from the Government or other authorities.	Please refer point no. ii of Annexure-2 of our main report.  Further, no such case of asset received as gift/grant from the Government or other authorities.
04	Adequacy of steps to prevent encroachment of idle land owned by Company may be examined. In case land of the Company is encroached, under litigation, not put to use or declared surplus, details may be provided.	As Statutory Auditors of the company, this point does not fall under the purview of our education, training and expertise however as per information and explanation provided to us, the company has adequate system to prevent encroachment of idle land owned by Company.
05	Where land acquisition is involved in setting up new projects, report whether settlement of dues done expeditiously and in a transparent manner in all cases. The cases of deviation may please be detailed.	As per information and explanation provided to us, in case of land acquisition is involved in setting up new projects, the company settled the dues expeditiously and in a transparent manner.
06	Whether the Company has an effective system for recovery of revenue as per contractual terms and the revenue is properly accounted for in the books of accounts in compliance with the applicable Accounting Standards?	As per information and explanation provided to us, the Company has an effective system for recovery of revenue as per contractual terms and the revenue is properly accounted for in the books of accounts in compliance with the applicable Accounting Standards except as reported in Point no. 5 of Annexure-1 of our main report.
07	How much cost has been incurred on abandoned projects and out of this how much cost has been written off?	Please refer Point no. 13 of "Note No.26: Explanatory Statement" of Financial Statements. Further, Nil cost has been written off during the year.







08	In the case of Hydroelectric Projects the water discharge is as per policy/ guidelines issued by the State Government to maintain biodiversity. For not maintaining it penalty paid/ payable may be reported.	As Statutory Auditors of the company, this point does not fall under the purview of our education, training and expertise however as per information and explanation provided to us, the company adheres to the guidelines issued from time to time by State Government regarding discharge of water and no penalty is paid or payable during FY 2015-16 in this regard.
09	Examine the system of effective utilization of Loans/ grant-in-Aid/Subsidy. List of cases of diversion of funds.	As per information and explanation provided to us and as revealed by our test checks performed on the books of accounts, the company has adequate system of effective utilization of loans/grant-in-aid/subsidy.
10	Examine the cost benefit analysis of major capital expenditure/ expansion Including IRR and payback period.	As per information and explanation provided to us and as revealed by our test checks performed on the books of accounts, the company has established mechanism to examine the cost benefit analysis of major capital expenditure / expansion including IRR and payback period.
11	If the audited entity has computerized its operations or part of it, assess and report, how much of the data in the company is in electronic format, which of the area such as accounting, sales personnel information, pay roll, inventory etc. have been computerized and the company has evolved proper security policy for data/ software/ hardware?	As per information and explanation provided to us, the company has blend of computerized and manual systems for its operations. Areas of pay roll, accounting (partly) and Inventory (partly) have been computerized. Further, the company has adequate security arrangements for its data/software/hardware.

For DMA & Associates  
Chartered Accountants  
FRN: 010129C



CA. Deepak Kumar Ghanshani  
Partner  
M. No. : 078742

Place: Dehradun  
Date: 13.07.2016

## Statutory Auditors' Report for FY 2015-16 and Management replies thereon.

Sr. No	Statutory Auditors Report	Management Replies
1	<p><b>Report on the Financial Statements</b></p> <p>We have audited the accompanying financial statements of <b>UJVN Limited formerly known as Uttarakhand Jal Vidyut Nigam Limited</b> ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.</p>	<p>In pursuance to provisions of Companies Act, 2013 and Accounting Standards issued there under as applicable to the Company, the Financial Statements such as Balance Sheet and Statement of Cash Flow as on 31-3-2016 and Statement of Profit and Loss for FY 2015-16 has been prepared by the Company.</p>
2	<p><b>Managements' Responsibility on the Financial Statements</b></p> <p>The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 2013 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.</p>	



Sr. No	Statutory Auditors Report	Management Replies
	<p><b>Auditors' Responsibility</b>  Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.</p> <p>An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.</p>	<p>Information and supporting documents as demanded by auditors have been provided by the Company.</p>

Sr. No	Statutory Auditors Report	Management Replies
3	<p><b>Qualified Opinion</b></p> <p>In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, <b>except for the matters reported in Annexure-1 to this report:</b></p> <ul style="list-style-type: none"> <li>a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;</li> <li>b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and</li> <li>c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.</li> </ul>	<p>Company has maintained books of Accounts in conformity with the generally accepted accounting principles and Rules and Regulations applicable thereto.</p>
4	<p><b>Report on other Legal &amp; Regulatory Requirements</b></p> <ul style="list-style-type: none"> <li>i) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the <b>Annexure-2</b>, a statement on the matters specified in paragraphs 3 and 4 of the Order.</li> </ul>	<p>In pursuance to provisions of Companies Act, 2013 and Accounting Standards issued there under as applicable to the Company, the Financial Statements such as Balance Sheet and Statement of Cash Flow as on 31.3.2016 and Statement of Profit and Loss for FY 2015-16 has been prepared by the Company.</p>



Sr. No	Statutory Auditors Report	Management Replies
	<p>ii. As required by section 143(3) of the Act, we report that:</p> <ol style="list-style-type: none"> <li>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;</li> <li>b. proper books of account as required by law have been kept by the company and proper returns adequate for the purposes of audit have been received from branches not visited;</li> <li>c. no accounts of any branch office of the company have been audited under sub-section (8) as it was not mandatory;</li> <li>d. The company's balance sheet and profit and loss account dealt with in the report are in agreement with the books of account and returns;</li> <li>e. the financial statements comply with the accounting standards;</li> <li>f. there have been no observations or comments on financial transactions or matters which have any adverse effect on the functioning of the company;</li> <li>g. no director is disqualified from being appointed as a director under sub-section (2) of section 164;</li> <li>h. no qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith;</li> <li>i. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure-3";</li> <li>j. As per information &amp; explanations given by the management, the Company has an internal audit system. <b>Please Refer point 7 of Annexure 1 of this report.</b></li> </ol> <p>iii. As required by direction issued by the office of Comptroller &amp; Auditors General of India under section 143(5) of Companies Act, 2013, we give in the "Annexure-4" a statement on the matters specified in the directions.</p>	

**Annexure -1 referred to in opinion paragraph of Our Report of even date to the members of UJVN Limited on the accounts of the Company for the year ended 31<sup>st</sup> March 2015.**

Sr. No	Statutory Auditors Report	Management Replies
1	Fixed Assets of company are not verifiable due to non-maintenance of proper records.	Noted for future compliance however, preparation of Fixed Assets Register (FAR) is under process.
2	<p>Following balances of long term borrowings are not substantiated by third party confirmation:</p> <p>i. LIC of India: 43,78,04,300 &amp;</p> <p>ii. Loans from Sate Government Rs. 281,69,38,888</p>	<p>i. Govt. of India vide Notification No. SO 1228 dated 02-09-2005 had allocated part liability amounting to Rs. 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. This has also been protested and communicated to Life Insurance Corporation severally that LIC loan liability not pertains to the Nigam. However, in accordance to Govt. of India's Notification dated 5-11-2001 10% Liability of such Loan i.e. Rs. 43.78 crores was provisionally considered in the books of accounts as on 09-11-2001. Since the loan is provisionally provided and liability is disputed hence confirmation could not be available.</p> <p>ii. Govt. of Uttarakhand (GOU) has not provided confirmation of loan availed at year end however Nigam regularly intimates the balance outstanding on different loan accounts to GoU and Accountant General (Account) time to time.</p>



Sr. No	Statutory Auditors Report	Management Replies
3	<p>Opening balances of assets and liabilities were incorporated in the financial statements of the Company on the basis of allocations in the year 2001-02. Consequently the opening balances of the specific Assets &amp; Liabilities vested in the Company is not identifiable or verifiable.</p> <p>The management has stated that in absence of final transfer scheme between UPJVNL and UJVNL provisional opening balances have been incorporated in books of accounts. The accuracy of these opening balances of Assets &amp; Liabilities is not ascertainable in absence of any agreement between UPJVNL &amp; UJVNL on Final Transfer scheme.</p> <p>These opening balances are unaudited and are not in agreement with the balances shown as transferred by UPJVNL in their audited accounts for the year ending 31.03.2002.</p> <p>These assets transferred from UPJVNL are shown at a value as determined by the management. The value of such assets is neither in agreement with the fixed assets register of UPJVNL nor is the value taken certified by any approved valuer.</p>	<p>The issue of Settlement of opening balance of Assets &amp; Liabilities with UP Jal Vidyut Nigam Limited is under process. Nigam has derived its provisional opening balances on the basis of information available with it and as per Central Government Order No. 42/7/2000-R&amp;R dated 5-11-01 to complete its accounts. On Finalisation/ settlement of the issue, any adjustments emerging there from would be accounted for in the year of settlement. However, in accordance to the line of action decided by the management the opening balances have been re-grouped / adjusted in the books of accounts and the requisite disclosure with details thereof has been made in the Financial Statements of the Nigam.</p> <p>Appropriate disclosure in this regards has been made in the Financial Statements of the Nigam.</p>
4	<p>No details are available in respect of terms &amp; conditions, securities provided, if any, the documents executed and balance confirmation towards loan from Life Insurance Corporation of India along with overdue principal, and interest payable there on, to verify the correctness of the liability and obligation of the company.</p>	<p>As already stated above, UJVNL limited Accounted for the Value of Fixed Assets acquired from UPJVNL on provisional basis. Appropriate disclosure in this regards has been made in the Financial Statements of the Nigam.</p> <p>Govt. of India vide Notification No. SO 1228 dated 02-09-2005 had allocated part liability amounting to Rs. 352.59 crore of Loan from LIC taken by erstwhile UPSEB to the state of Uttarakhnad against Hydro Electric Projects transferred to the State. The said loan is to the state of Uttarakhnad and not to UJVNL Limited. This has also been protested and communicated to Life Insurance Corporation severally that LIC loan liability not pertains to the Nigam. However, in accordance to Govt. of India's Notification dated 5-11-2001 10% Liability of such Loan i.e. Rs. 43.78 crores was provisionally considered in the books of accounts as on 9-11-2001.</p> <p>The terms &amp; conditions, details of securities etc against this loan has also not been provided by UPJVNL to UJVNL. Appropriate disclosure in this regard has been made in the Financial Statements of the Nigam.</p>

Sr. No	Statutory Auditors Report	Management Replies
5	<p>One of the major debtors of the Company, i.e. UPCL, is not making payments in respect of Cess &amp; royalty which is payable to State Government. The amount of Rs. 431.42 Crores is included in the figure of Sundry Debtors in respect of Royalty &amp; Cess, no provision towards the same has been made in the books of accounts. The total outstanding in the name of UPCL as on 31<sup>st</sup> March 2016 is Rs. 788.45 Crores, no confirmation in this regard is available on records.</p>	<p>The balance appears against UPCL A/c mainly represents royalty and cess payable up to August, 2015, balances prior to formation of UJVN limited etc. UPCL (a GoU owned Company) was making payments regularly during the year under audit. Continuous follow-ups with UPCL at different fronts are being made to recover the balances. Further, UPCL has not provided confirmation of balance at year end however Nigam regularly intimates the o/s balance to UPCL time to time.</p>
6	<p>The company has not allotted equity shares against Share application money of Rs. 20,80,37,570.00 received during the year within 60 days of the date of receipt on contravention of companies (Acceptance of Deposits) Rules 2014.</p>	<p>The equity shares will be allotted during FY 2016-17 and necessary entries will also be passed accordingly.</p>
7	<p>The company has outsourced internal audit function to external auditors and received the reports for the financial year 2015-16 however compliance towards the same is largely in arrears.</p>	<p>Internal audit is a continuous process and compliances towards the audit reports received till the date of statutory audit have been duly submitted to the auditors for their verification.</p>



**Annexure-2 referred to in paragraph 1 of Our Report of even date to the members of UJVN Limited on the accounts of the company for the year ended 31<sup>st</sup> March, 2016.**

Sl. No	Statutory Auditors Observation	Management Reply
i	<p>Fixed Assets of the company are not verifiable due to non-maintenance of proper records.</p> <p>Assets transferred from UPJVNL are shown at a value as determined by the management. The value of such assets is neither in agreement with the fixed assets register of UPJVNL nor is the value taken certified by any approved valuer.</p> <p>As per the information, explanation and relevant records provided to us by the management, the title deeds of immovable properties are not fully held in the name of company. Out of total area of land of 36826924.89 sqm. in possession of the company, area of 1752961.63 sqm is mutated in favour of the company. The amount invested in such immovable properties (where title deeds are not in the name of the company) is not ascertainable due to non-maintenance of proper records.</p>	<p>Noted for future compliance however, preparation of Fixed Assets Register (FAR) is under process.</p> <p>The issue of Settlement of opening balance of Assets &amp; Liabilities with UP Jal Vidyut Nigam Limited is under process. Nigam has derived its provisional opening balances on the basis of information available with it and as per Central Government Order No. 42/7/2000-R&amp;R dated 5-11-01 to complete its accounts. UJVN limited Accounted for the Value of Fixed Assets acquired from UPJVNL on provisional basis. Appropriate disclosure in this regards has been made in the Financial Statements of the Nigam.</p>
ii	<p>Valuation of stocks has been done at cost as certified by the management instead of cost or Net realizable value whichever is lower in term of AS-2 issued by ICAI.</p> <p>Records of inventories maintained at the units are incomplete. In absence of complete records it is not ascertainable that 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.</p>	<p>There were established procedures in erstwhile UPSEB/UPJVNL for maintaining stocks at sub division/division level and the same are being followed remained in force in Nigam during the FY 2015-16.</p> <p>Available reports of physical verification report of inventory of various divisions were available at site and produced for verification at the time of audit.</p>
iii	<p>According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.</p>	<p>No Comments</p>

Sr. No	Statutory Auditors Report	Management Replies																									
iv	According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loan and advances and providing of guarantees and securities to its directors and other entities in which directors are interested under section 185 of companies act, 2013 & has not given any loan and providing of guarantees and securities to any other body corporate or person u/s 186 of companies act, 2013.	No Comments																									
v	According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not accepted any deposits.	No Comments																									
vi	We have broadly reviewed the books of account maintained by the company relating to power generating activities of the company, pursuant to the Section 148(1) of the Companies Act 2013 and 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 records with a view to determine whether they are true or not.	No Comments																									
vii	(a) According to the information and explanation given to us there are no undisputed Amount payable including Provident fund, Investor Education and Protection fund, Employees State Insurance, Income-tax, Sales-tax, Custom Duty, Cess and other Statutory dues as at 31.3.2016, for a period of more than six months from the date they become payable except amount of Rs. 431.32 Crores which is payable to State government towards Royalty & Cess.	As stated in point no. 5 of Annexure-1 to the auditors' report, UPCL (a GoU owned Company) was not making payments on account of royalty and cess till August, 2015 afterwards continuous payments of royalty and cess are being made. The amount of royalty of cess will be paid to GoU as and when received from UPCL.																									
	(b) 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 custom duty that have not been paid deposited.	No Comments																									
	<table border="1"> <thead> <tr> <th data-bbox="984 831 1089 1055">Name of the Statute</th> <th data-bbox="1089 831 1195 1055">Nature of dues</th> <th data-bbox="1195 831 1300 1055">Amt. of demand net of deposits (Rs. in lacs)</th> <th data-bbox="1300 831 1406 1055">Period to which it relates</th> <th data-bbox="1406 831 1511 1055">Forum where dispute is pending</th> </tr> </thead> <tbody> <tr> <td data-bbox="984 1055 1089 1167">Income Tax Act, 1961</td> <td data-bbox="1089 1055 1195 1167">Demand</td> <td data-bbox="1195 1055 1300 1167">2495</td> <td data-bbox="1300 1055 1406 1167">AY 2007-08</td> <td data-bbox="1406 1055 1511 1167">CIT (Appeal)</td> </tr> <tr> <td data-bbox="984 1167 1089 1279">-Do-</td> <td data-bbox="1089 1167 1195 1279">Demand</td> <td data-bbox="1195 1167 1300 1279">243</td> <td data-bbox="1300 1167 1406 1279">AY 2010-11</td> <td data-bbox="1406 1167 1511 1279">Assessing Officer</td> </tr> <tr> <td data-bbox="984 1279 1089 1391">-Do-</td> <td data-bbox="1089 1279 1195 1391">Demand</td> <td data-bbox="1195 1279 1300 1391">475</td> <td data-bbox="1300 1279 1406 1391">AY 2011-12</td> <td data-bbox="1406 1279 1511 1391">ITAT</td> </tr> <tr> <td data-bbox="984 1391 1089 1503">-Do-</td> <td data-bbox="1089 1391 1195 1503">Demand</td> <td data-bbox="1195 1391 1300 1503">1997</td> <td data-bbox="1300 1391 1406 1503">AY 2012-13</td> <td data-bbox="1406 1391 1511 1503">CIT (Appeal)</td> </tr> </tbody> </table>	Name of the Statute	Nature of dues	Amt. of demand net of deposits (Rs. in lacs)	Period to which it relates	Forum where dispute is pending	Income Tax Act, 1961	Demand	2495	AY 2007-08	CIT (Appeal)	-Do-	Demand	243	AY 2010-11	Assessing Officer	-Do-	Demand	475	AY 2011-12	ITAT	-Do-	Demand	1997	AY 2012-13	CIT (Appeal)	
Name of the Statute	Nature of dues	Amt. of demand net of deposits (Rs. in lacs)	Period to which it relates	Forum where dispute is pending																							
Income Tax Act, 1961	Demand	2495	AY 2007-08	CIT (Appeal)																							
-Do-	Demand	243	AY 2010-11	Assessing Officer																							
-Do-	Demand	475	AY 2011-12	ITAT																							
-Do-	Demand	1997	AY 2012-13	CIT (Appeal)																							



Sr. No	Statutory Auditors Report	Management Replies
viii	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 institution except repayment of loan from LIC of India for Rs. 43,78,04,300 (Provisionally considered by the management as against Rs. 437.80 crore) transferred by the UPJVNL and Interest of Rs. 1,53,00,87,363/-. As explained to us the loan amount is under transfer scheme and in absence of finalization of transfer scheme the amount is not repayable.	Please refer reply to point no. 2(i) of Annexure-1 to Auditors' Report
ix	As per written representation received from the management, 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.	No Comments
x	Based on the audit procedures performed and 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, nor have been informed of such case by management.	No Comments
xi	According to the information and explanations given to us, the company has paid remuneration to directors within the limits specified under section 197 of companies act, 2013.	No Comments
xii	Provisions relating to Nidhi, mutual benefit fund and society are not applicable to company.	No Comments
xiii	The auditor has verified the entries made in the register maintained under section 189 of the Act from the declarations made by the directors in Form MBP-1 i.e., general notice received from a director under Rule 9(1) of The Companies (Meetings of Board and Power) Rules, 2014. The auditor has also obtained a written representation from the management concerning the completeness of the information so provided to the auditor.	No Comments
xiv	The company has not made any preferential allotment or Private Placement of shares or fully or partly convertible debentures as defined in Section 42 of the act	No Comments
xv	The company has not entered into any non-cash transactions with directors or connected persons during the year.	No Comments
Xvi	The Company is not required to be registered with Reserve Bank of India u/s Section 45IA of the RBI Act.	No Comments

**Annexure - 3 to the Auditors' Report  
Report on the Internal Financial Controls under Clause (j) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

Sr. No	Statutory Auditors Report	Management Replies
i	<p><b>Opinion</b> In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.</p>	No Comments

**Annexure-4 referred to in opinion paragraph of Our Report of even date to the members of UJVN Limited on the accounts of the company for the year ended 31st March, 2016.  
Report on Revised and sector specific directions under section 143 (5) of the Companies Act, 2013**

Sr. No.	Directions	Remarks	Management Replies
01	Whether the company has clear title/ lease deeds for freehold and leasehold respectively? If not please state the area of freehold and leasehold land for which title/ lease deeds are not available?	Please refer point no. i of Annexure-2 of our main report.	Noted for future compliance
02	Whether there are any cases of waiver/ write off of debts/ loans/ interest etc. If yes, the reasons there for an amount involved.	As per information and explanation provided to us, there were no such case of waiver/write off of debts/ loans/ interest etc. during FY 2015-16	No comments
03	Whether proper records are maintained for inventories lying with third parties & assets received as gift/ grant(s) from the Government or other authorities.	Please refer point no. ii of Annexure-2 of our main report. Further, no such case of asset received as gift/grant from the Government or other authorities.	No comments



Sr. No.	Directions	Remarks	Management Replies
04	Adequacy of steps to prevent encroachment of idle land owned by Company may be examined. In case land of the Company is encroached, under litigation, not put to use or declared surplus, details may be provided.	As Statutory Auditors of the company, this point does not fall under the purview of our education, training and expertise however as per information and explanation provided to us, the company has adequate system to prevent encroachment of idle land owned by Company.	No comments
05	Where land acquisition is involved in setting up new projects, report whether settlement of dues done expeditiously and in a transparent manner in all cases. The cases of deviation may please be detailed.	As per information and explanation provided to us, in case of land acquisition is involved in setting up new projects, the company settled the dues expeditiously and in a transparent manner.	No comments
06	Whether the Company has an effective system for recovery of revenue as per contractual terms and the revenue is properly accounted for in the books of accounts in compliance with the applicable Accounting Standards?	As per information and explanation provided to us, the Company has an effective system for recovery of revenue as per contractual terms and the revenue is properly accounted for in the books of accounts in compliance with the applicable Accounting Standards except as reported in Point no. 5 of Annexure-1 of our main report.	No comments
07	How much cost has been incurred on abandoned projects and out of this how much cost has been written off?	Please refer Point no. 13 of "Note No.26: Explanatory Statement" of Financial Statements. Further, Nil cost has been written off during the year.	No comments

Sr. No.	Directions	Remarks	Management Replies
08	In the case of Hydroelectric Projects the water discharge is as per policy/ guidelines issued by the State Government to maintain biodiversity. For not maintaining it penalty paid/ payable may be reported.	As Statutory Auditors of the company, this point does not fall under the purview of our education, training and expertise however as per information and explanation provided to us, the company adheres to the guidelines issued from time to time by State Government regarding discharge of water and no penalty is paid or payable during FY 2015-16.	No comments
09	Examine the system of effective utilization of Loans/ grant-in-Aid/Subsidy. List of cases of diversion of funds.	As per information and explanation provided to us and as revealed by our test checks performed on the books of accounts, the company has adequate system of effective utilization of loans/grant-in-aid/subsidy.	No comments
10	Examine the cost benefit analysis of major capital expenditure/ expansion including IRR and payback period.	As per information and explanation provided to us and as revealed by our test checks performed on the books of accounts, the company has established mechanism to examine the cost benefit analysis of major capital expenditure / expansion including IRR and payback period.	No comments
11	If the audited entity has computerized its operations or part of it, assess and report, how much of the data in the company is in electronic format, which of the area such as accounting, sales personnel information, pay roll, inventory etc. have been computerized and the company has evolved proper security policy for data/ software/ hardware?	As per information and explanation provided to us, the company has blend of computerized and manual systems for its operations. Areas of pay roll, accounting (partly) and Inventory (partly) have been computerized. Further, the company has adequate security arrangements for its data/software/hardware.	No comments