



**INDEPENDENT AUDITOR'S REPORT**

To the Members of UJVN Limited

Report on the Audit of the Financial Statements

**Qualified Opinion**

We have audited the accompanying financial statements of UJVN Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS"), and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

**Basis for Qualified Opinion**

1. During the year under consideration, the Company allotted 10,600 equity shares of Rs.1,000/- each through circular resolution. As per Section 175 of Companies Act 2013 read with the Secretarial Standard (SS)-1 as prescribed by the ICSI, issue of securities is not allowed through circular resolution. Hence the allotment of equity shares mentioned above is null and void.
2. In the absence of availability of relevant records with respect to property, plant and equipment pertaining to individual assets as on 1<sup>st</sup> April 2016, the carrying cost of all its property, plant and equipment transferred from UPJVNL are provisional. As stated by the management these provisional balances are taken in absence of final transfer scheme between UPJVNL and UJVNL. The accuracy of these balances of the specific assets is not ascertainable in absence of any agreement between UPJVNL and 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 are these certified by the approved valuer. Hence, we are unable to comment on the correctness of carried forward balances.



3. The Title Deeds of Land are not produced for our verification except as reported in Para (i)(c) of CARO (Annexure 1) and therefore we are unable to comment on the ownership status thereof.
4. Company has written off the investments of various abandon projects amounting to Rs.48.14 Crore during the financial year 2019-20 but till date the company has not taken the impact of realisable value of the inventory and assets lying at these projects into financial statements for the year under consideration. The impact of the same is not ascertainable.
5. The amount receivable from suppliers/ contractors/ employees/ other parties and amounts due to suppliers/ contractors/ employees/ other parties incorporated in the books of the company as on 31.03.2002 is still pending for confirmation. The impact of the same is not ascertainable.
6. During the financial year 2013-14 and 2014-15, 21 Small Hydro Projects (SHPs) and 3 distribution lines were handed over to Uttarakhand Renewable Energy Development Agency (UREDA) as per the directives of Govt. of Uttarakhand and approval of the board. The total amount of Rs 29.66 crore recoverable from UREDA on account of aforesaid transfer as on 31.03.2021 is pending since 31-03-2015. The said amount is not confirmed by the party (Refer Note 44.3). We are unable to comment on the appropriateness of the carrying value of such recoverable and their consequential impact on the financial statements.
7. During the financial year 2007-08, Rs. 4.00 Cr. was paid to M/s Shring Construction Co. Private Limited on account of escalation works. The said amount is shown as Advance to Contractor – Capital under Note No.7. We are unable to comment on the appropriateness of the carrying value of such loans and advances and their consequential impact on the financial statements.
8. Trade Receivables include Rs.53.21 Crore as electricity charges raised on Uttar Pradesh Irrigation Department (UPID), Kalagarh by erstwhile UPSEB and thereafter by UJVNL till March 2012 (thereafter the distribution network was handed over to UPCL). No payment of such bills have been made by UPID, Kalagarh so far. Instead of making payments they raised counter claim of maintenance bills. No provision towards the same has been made in the financial statements (Refer Note 45(5)). We are unable to comment on the appropriateness of the carrying value of such trade receivables and their consequential impact on the financial statements.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act ("SA"s) except as stated above. Our responsibilities under those Standards are further described in the 'Auditor's Responsibility for the Audit of the Financial Statements' section of our report.



We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified audit opinion on the financial statements.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.

### **Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the and other accounting principles generally accepted in India.



This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. 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 1" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by the direction issued by the Office of the Comptroller & Auditors General of India under Section 143(5) of the Act, we give in the Annexure-II, a statement on the matters specified in the directions.



3. As required by Section 143(3) of the Act, we report that:

- a) Except the matter described in Basis for Qualified Opinion, we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit except as stated in Basis for Qualified Opinion;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account except for effects of matters described in the Basis for Qualified Opinion;
- (d) Except for effects of the matter described in Basis for Qualified Opinion, In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) In terms of Notification No. G. S. R. 463(E) dated 05<sup>th</sup> June 2015 issued by the Ministry of Corporate Affairs, the provisions of Section 164(2) of the Act regarding disqualification of directors are not applicable to the Company.
- (f) 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 III" to this report;
- (g) In terms of Notification No. G.S.R. 463(E) dated 05<sup>th</sup> June, 2015 issued by the Ministry of Corporate Affairs, the provisions of Section 197 read with schedule V of the Act regarding managerial remuneration, are not applicable to the Company.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has no pending litigation which would impact its financial position except as disclosed under contingent liabilities in its financial statements. Refer Note 29 to the financial statements;
  - ii. The Company has long-term contracts as at March 31, 2021 for which there were no material foreseeable losses. The Company does not have long-term derivative contracts as at March 31, 2021.
  - iii. There were no amounts, which were required to be transferred to the Investor Education and Protection Fund by the company during the year ended March 31, 2021.

For BRAN & Associates  
Chartered Accountants

ICAI Firm Registration No.: 014544N



*[Signature]*

A. Brijesh Kaushik  
Partner

Membership No.: 092573

UDIN: 21092573AAAABZ3685

Place: Delhi

Date: 29.09.2021

## ANNEXURE - I TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of UJVN Limited of even date)

- (i) In respect of the Company's property, plant and equipment:
  - (a) The Company has maintained proper and updated records showing full particulars, including quantitative details and situation of property, plant and equipment except for the assets transferred to it from UPJVNL.
  - (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and relevant record provided to us by the management, the title deeds of the immovable properties are not fully held in the name of the company. Out of total area of identified land of 2274.8867 hectare, title of area of 171.2840 hectare is mutated in favour of the company land identification of area of land at Chibro, Dakpathar, Kuteti Devi, Dharasu, Rishikesh, Pashulok, Power Chennel Chilla, Haridwar, etc. is under progress.
- (ii) As explained to us, the inventories (excluding materials in transit and stock lying with third parties) were physically verified during the year by the Management, at reasonable intervals, and no material discrepancies were noticed on physical verification between the physical stock and the books of accounts.
- (iii) According to the information and explanations given to us, during the year, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 (the "Act"). Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b), and (iii)(c) of the said Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, to the extent applicable, in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2021 and therefore, the provisions of the clause 3(v) of the Order is not applicable to the Company.
- (vi) The maintenance of cost records has been prescribed by the Central Government under section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Act and are of the opinion, prima facie, the prescribed records have been made and maintained by the company. We have not, however, made a detailed examination of the cost records with a view to determine whether they are adequate or complete.
- (vii) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion:



- (a) The Company has been generally regular during the year, in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues, as applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Custom Duty, Cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.
- (c) As at March 31, 2021, the dues on account of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Goods and Service Tax, Value Added Tax and Cess matters that have not been deposited on account of disputes are as under:

Name of Statute	Nature of Dues	Amount (INR Lacs)	Period	Forum where the dispute is pending
Income Tax Act	Income tax	282.10	AY 2004-05	Assessing Officer
Income Tax Act	Income tax	482.55	AY 2008-09	Assessing Officer
Income Tax Act	Income tax	339.64	AY 2009-10	Assessing Officer
Income Tax Act	Income tax	787.70	AY 2018-19	Assessing Officer
Income Tax Act	TDS Demand	3.06	Different Assessment Years	Assessing Officer

- (viii) In our opinion and according to information and explanation given to us, during the year, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government except on repayment of loan from NABARD of Rs. 32.11 crores (Refer Note No.15). The Company has not issued any debentures during the year.
- (ix) In our opinion and according to information and explanation given to us, during the year, money raised by way of the term loans have been applied by the Company for the purposes for which they were raised. The Company has neither raised moneys by way of initial public offer or further public offer (including debt instruments) nor were such proceeds pending to be applied, during the year.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year, nor have we been informed of any such case by the Management.
- (xi) In view of exemption given in terms of Notification No. G.S.R. 463E dated 05<sup>th</sup> June, 2015 issued by the Ministry of Corporate Affairs, the provisions of Section 197 read with schedule V of the Act regarding managerial remuneration, are not applicable to the Company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it, hence reporting under clause 3(xii) of the Order is not applicable to the Company.





- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Act where applicable. The details of such related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the Company is a Government company and all the shares are held by Governor of Uttarakhand. Hence requirement of provision of Section 42 of the Companies Act, 2013 with regard to preferential allotment or private placement does not apply to the company. The Company has not made any preferential allotment of fully or partly paid convertible debentures during the year under review.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected to its directors. Hence provisions of section 192 of the Act are not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For BRAN & Associates  
Chartered Accountants

Firm Registration No.: 014544N



A handwritten signature in black ink, appearing to read "Brijesh Kaushik".

CA Brijesh Kaushik  
Partner

Membership No: 092573

UDIN: 21092573AAAABZ3685

Place: Delhi  
Date: 29.09.2021

## ANNEXURE - II TO THE INDEPENDENT AUDITORS' REPORT

(As referred to in paragraph 2 under the heading "Report on Other Legal and Regulatory Requirements" of our report even date)

Re: UJVN Limited

S. No.	Directions	Report
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	According to the information and explanations given to us and based on our audit, the Company has a system in place to process all the accounting transactions through IT system and for this purpose SAP-ERP has been implemented by the Company. Period end Financial Statements are compiled offline based on balances and transactions generated from such SAP-ERP system.  We have neither been informed nor we have come across during the course of our audit any accounting transactions which have been processed outside the IT system having impact on the integrity of the accounts.
2.	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	According to information and explanations given to us and based on our audit, there is no case of restructuring of an existing loan or cases of waiver/ write off of debts/loans/ interest etc. made by the lender to the Company.
3.	Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	According to information and explanations given to us and based on our audit, the Company has not received any funds from central/ state agencies for specific schemes.

### Sub-directions under Section 143(5) of the Companies Act, 2013

#### Power Sector

S. No.	Directions	Report
1.	Adequacy of steps to prevent encroachment of idle land owned by the Company may examine. In case land of the Company is encroached, under litigation, not put to use or declared surplus, details may be provided.	According to information and explanations given to us, the idle land owned by the Company is free from encroachment and litigation.



2.	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.	According to information and explanations given to us, land is acquired or procured through Government agencies and the dues are settled expeditiously in a transparent manner.
3.	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 Standard?	According to information and explanations given to us and based on our audit, 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 Standard.
4.	How much cost has been incurred on abandoned projects and out of this how much cost has been written off?	According to information and explanations given to us by the Company, Ministry of Environment and Forest, Government of India has declared a total area of 4179.59 kilometers as an Eco-Sensitive Zone (ESZ) on the river Bhagirathi and all its tributaries from Gaumukh to Uttarkashi and prohibited setting up of new hydro electric power plants except micro and mini hydel power projects. In consequence to the said notification Government of Uttarakhand vide its letter no. 03/1(2)/2010-04(8)/52/208 dated 03/01/2011 informed about Government of India decision to suspend Bhaironghati HEP and directed to close all the ongoing works & ongoing contracts pertaining to different works of this project. Accordingly, all ongoing works were stopped and process for foreclosure of all the agreements was initiated. During the year, the company has written off Survey and Investigation of Rs.21.13 crore on Bhaironghati HEP (Refer Note 44.7).
5.	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.	According the information and explanation given to us by the Company, the company adheres to the guidelines issued from time to time by State Government regarding discharge of water and no penalty is paid / payable during the financial year 2020-21 in this regard.



Others

S. No.	Directions	Report
1.	Examine the system of effective utilisation of Loans/Grant-in-Aid/Subsidy. List the cases of diversion of funds.	According to information and explanations given to us and based on our audit, the Company has adequate system of effective utilisation of Loans/Grant-in-Aid/Subsidy.
2.	Examine the cost benefit analysis of major capital expenditure/expansion including IRR and payback period.	According to information and explanations given to us and based on our audit, the company has established mechanism to examine the cost benefit analysis of major capital expenditure / expansion including IRR and payback period.
3.	If the audited entity has computerised 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 computerised and the company has evolved proper security policy for data/ software/ hardware?	According to information and explanations given to us and based on our audit, the Company has computerised its operations. The users of the above module have been allotted user id to ensure proper security of the data.

For BRAN & Associates  
Chartered Accountants  
ICAI Firm Registration No.: 014544N



*[Handwritten Signature]*

CA. Brijesh Kaushik  
Partner

Membership No.: 092573  
UDIN: 21092573AAAABZ3685

Place: Delhi  
Date: 29.09.2021

## **Annexure - III To The Independent Auditor's 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 ("the Company") as of March 31, 2021 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 Board of Directors of the Company 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. 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 of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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, to the best of our knowledge and according to the explanations given to us, 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 March 31, 2021, 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 BRAN & Associates  
Chartered Accountants  
Firm Registration No.: 014544N



  
CA Brijesh Kaushik  
Partner

Membership No: 092573  
UDIN: 21092573AAAABZ3685

Place: Delhi  
Date: 29.09.2021

## Statutory Auditors Report for the Financial Year 2020-21 and Management Replies thereon

Sl. No.	Statutory Auditors Observations	Management Replies
Para 1 of Main Report	<p>During the year under consideration, the Company allotted 10,600 equity shares of Rs. 1,000/- each through circular resolution. As per Section 175 of Companies Act 2013 read with the Secretarial Standard (SS)-1 as prescribed by the ICSI, issue of securities is not allowed through circular resolution. Hence the allotment of equity shares mentioned above is null and void.</p>	<p>Section 2(84) of the Companies Act, 2013 (hereinafter referred to as Act) "share" means a share in the share capital of a company and includes stock. This definition contains the provision that lays down the rule for the culmination of the process of conferring on a person the status of the owner of the share, which process begins with the creation of a share. Thus, the process of becoming a member of a Company goes through various stages. In this context, the expression that is/are used commonly are i) creation of shares ii). Issue/offer of shares; and iii).allotment of shares.</p> <p>The authorized share capital comes into existence or is said to be created, as provided in the MOA of the Company (i.e., in MOA of the UJVNL). Next, the issue/offer of shares means presenting shares for subscriptions by making them known to the public or members to subscribe to them and thereby becoming members of the Company. Accordingly, the funding including the equity component to be issued/offered to the Government of the Uttarakhand (i.e. shareholder of the UJVNL) is/are articulated in the DPRs, as approved by the Board of Directors for each project in perse, which is line with the provision of Sec 179 (3) (c) of the Act. And finally, the allotment is the appropriation of certain numbers of shares to a person, out of the previously unappropriated shares. Therefore, on allotment of the shares, the shares come into existence.</p> <p>It was discussed and further clarified the above process too, to the Secretarial Auditor, and the same has been included in their report.</p> <p>Given the above, the allotment or coming into existence of a</p>

		<p>new share of 10600 equity shares of Rs 1000 each in the financial year 2020-21, by circular resolution is permissible, as the issue/offer of such shares, prima facie being articulated in the DPRs, including the equity component to be offered to the Government of Uttarakhand, which had been approved too, by Board.</p> <p>The Nigam has carried the opening balances of property, plant and equipment's on 9.11.01, in its Balance Sheet as on 31.03.2021, as agreed between UJVNL and UPJVNL.</p> <p>The Transfer Scheme for transfer of balances of assets &amp; liabilities though agreed in general by UJVNL and UPJVNL has not yet finalized. The differences, if any, between opening balances so incorporated and final opening balances as per final Scheme of Transfer will be accounted for in the year the Final Transfer Scheme as approved by the Government.</p> <p>Proper disclosure in this regards is made in Note No. 44(1) appended to Balance sheet.</p>
Para 2 of Main Report	<p>In the absence of availability of relevant records with respect to property, plant and equipment pertaining to individual assets as on 1<sup>st</sup> April 2016, the carrying cost of all its property, plant and equipment transferred from UPJVNL are provisional. As stated by the management these provisional balances are taken in absence of final transfer scheme between UPJVNL and UJVNL. The accuracy of these balances of the specific assets is not ascertainable in absence of any agreement between UPJVNL and 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 are these certified by the approved valuer. Hence, we are unable to comment on the correctness of carried forward balances.</p>	
Para 3 of Main Report & Point No 1 (c) of Annexure-I	<p>The Title deeds of Land are not produced for our verification except as reported in Para (i) (c) of CARO (Annexure 1) and therefore we are unable to comment on the ownership status thereof.</p> <p>According to the information and explanations given to us and relevant record provided to us by the management, the title deeds of the immovable properties are not fully held in the name of the company. Out of total area of identified land of 2274.88[67 hectare,</p>	<p>Out of total area of identified land 2274.8867 hectare, title of area of 171.2840 is mutated in favour of the company and identification of area of land at Chibro, Dakpathar, Kuteti Devi, Dharasu, Rishikesh, Pashulok, Power Channel Chilla and Haridwar is under progress.</p>



	<p>title of area of 171.2840 hectare is mutated in favour of the company land identification of area of land at Chibro, Dakpathar, Kuteti Devi, Dharasu, Rishikesh, Pashulok, Power Channel Chilla, Haridwar, etc. is under progress.</p>	
Para 4 of Main Report	<p>Company has written off the investments of various abandon projects amounting to Rs. 48.14 Crore during the financial year 2019-20 but till date the company has not taken the Impact of realizable value of the inventory and assets lying at these projects into financial statements for the year under consideration. The impact of the same is not ascertainable.</p>	<p>The Board in its 99<sup>th</sup> meeting held on 01.09.2020 accorded approval for write off the expenditure of Rs.48.14 crores for projects suspended due to declaration of Eco Sensitive Zone. The board has also directed to conduct an independent third party assessment of assets, CWIP and stock etc. to ascertain the proper realization. As per board's directions, a chartered engineer for the said assessment has already been appointed by the Nigam and has submitted its report. Further necessary action for disposal of the above will be taken as per rules and regulations in this regard.</p>
Para 5 of Main Report	<p>The amount receivable from suppliers/contractors/employees/ other parties and amounts due to suppliers/contractors/employees/ other parties incorporated in the books of the company as on 31.03.2002 is still pending for confirmation. The impact of the same is not ascertainable.</p>	<p>Nigam considered the figures of opening balances as confirmed with the books of accounts of the various divisions and informed &amp; confirmed by UPJVNL. Majority of such balances have been identified and recovered/ paid/ adjusted in the books of accounts.</p>
Para 6 of Main Report	<p>During the financial year 2013-14 and 2014-15, 21 Small Hydro Projects (SHPs) and 3 distribution lines were handed over to Uttarakhand Renewable Energy Development Agency (UREDA) as per the directives of Govt. of Uttarakhand and approval of the board. The total amount of Rs. 29.66 crore recoverable from UREDA on account of aforesaid transfer as on 31.03.2021 is pending since 31.03.2015. The said amount is not confirmed by the party (Refer Note 44.3). We are unable to comment on</p>	<p>During the financial year 2013-14 and 2014-15, 21 Small Hydro Projects (SHPs) and 3 distribution lines were handed over to UREDA as per the directives of Govt. of Uttarakhand and approval of the board of the Nigam in its 66<sup>th</sup> Board meeting held on 12.03.2012 vide agenda item no. 66.35. The total amount recoverable from UREDA on account of aforesaid transfer as on 31.03.2021 is Rs. 29,66,13,756.</p>

	<p>the appropriateness of the carrying value of such recoverable and their consequential impact on the financial statements.</p>	<p>As per the prudent accounting practices, the Nigam has debited the account of transferee with the historical cost of assets transferred and shown the same as recoverable from UREDA. The same was invariably communicated to UREDA and no denial on this account was received till date.</p> <p>Since the claim raised by UJVNL is not denied by UREDA i.e. a govt. agency; the amount recoverable from UREDA on account of aforesaid transfer as on 31.03.2021 for Rs.29,66,13,756 is considered good.</p> <p>Matter has also been referred to GoU for issue of necessary directives to UREDA in this regard.</p>
<p>Para 7 of Main Report</p>	<p>During the financial year 2007-08, Rs. 4.00 Cr. was paid to M/s Shring Construction Co. Private Limited on account of escalation works. The said amount is shown as Advance to Contractor- Capital under Note No. 7. We are unable to comment on the appropriateness of the carrying value of such loan and advances and their consequential impact on the financial statements.</p>	<p>For construction of Dharasu Power House &amp; appurtenant works, principal agreement No 01/SE/1983-84 dated 23-01-1984 read with supplementary agreement No 01(S)/SE/83-84/2002-03 dated 03-07-2002 for MB-II, HEP was executed by Irrigation Department with M/s Shring Construction Co. Pvt Ltd. Before handover of MB-II, project, all works under this agreement was executed &amp; paid by Irrigation Department.</p> <p>Irrigation Department vide letter no C-214/CE(Yamuna) dated 19-03-2008 requested to release of Rs.4.00 Cr to facilitate payment on account of escalation for the period 01-08-2002 to 30-09-2007 in terms with principal agreement No 01/SE/1983-84 dated 23-01-1984 read with supplementary agreement No 01(S)/SE/83-84/2002-03 dated 03-07-2002 for MB-II, HEP. Accordingly payment of Rs.4.00 crore was released to M/s Shring Company as miscellaneous advance.</p>

<p>Para 8 of Main Report</p>	<p>Trade receivable include Rs. 53.21 Crores as electricity Charges raised on Uttar Pradesh Irrigation Department (UPID), Kalagarh by erstwhile UPSEB and thereafter by UJVNL till March 2012 (thereafter the distribution network was handed over to UPCL). No payments of such bills have been made by UPID, Kalagarh so far. Instead of making payments they raised counter claim of maintenance bills. No provision towards the same has been made in the financial statements (Refer Note 45 (5)). We are unable to comment on the appropriateness of the carrying value of such trade receivable and their consequential impact on the financial statements.</p>	<p>Due to non-submission of verified &amp; passed bills by Irrigation Department for escalation, the paid amount of Rs.4.00 Cr could not be adjusted &amp; still kept in miscellaneous advance.</p>
	<p>As already mentioned in the Explanatory Statement, amount of trade receivables includes Rs.53.21 crores as electricity bills against Uttar Pradesh Irrigation Department (UPID), Kalagarh were raised by erstwhile UPSEB (Rs.42.98 crore) and thereafter by UJVNL till March'2012 (Rs.10.23 crore) (afterwards the distribution network has been handed over to UPCL) but no payments of such bills have been made by UPID, Kalagarh so far. UPID is raising counter claims on UJVNL which were never acknowledge by erstwhile UPSEB or by UJVNL.</p> <p>Matter has also been referred to GoU.</p> <p>Since the claim raised by UJVNL are acknowledged by UPID i.e. a Govt. agency; the electricity charges billed are being classified and carried forward as Trade Receivable Unsecured –Considered good.</p>	