

**INDEPENDENT AUDITOR'S REPORT**

To the Members of,  
**UJVN Limited**

Report on the Audit of Financial Statements

**Qualified Opinion**

We have audited the accompanying financial statements of **UJVN Limited** ("the Company"), which comprise the Balance Sheet as at **March 31, 2024**, and the Statement of Profit and Loss including the statement of Other Comprehensive Income, the Cash flow statement, the Statement of Changes in Equity for the year then ended, and notes to the financial statements, 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, ("IndAS"), and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, 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. As stated in Note No. 46(1), the carrying cost of all the property, plant and equipment transferred from UPJVNL are subject to finalization of transfer scheme between UPJVNL and UJVNL. The balances carried by UJVNL, as per records available with accounting units, under the transfer scheme as on 09.11.2001 are unverified and not in agreement with the balances shown by UPJVNL as incorporated in their audited accounts for the year ending 31.03.2002. Hence, we are unable to comment on the accuracy of such balances.
2. The total identified land, as per the details provided to us, is 2,475.51 hectares. Of this, 1,160.90 hectares is mutable, while the remaining land comprises forest areas and land belonging to SC/ST communities, where mutation is not possible. The company has completed the mutation process for 795.88 hectares, with the remaining area still under process. As informed to us, the company is actively obtaining the necessary documents related to land mutation and is in the process of reconciling the title documents with the financial records.



3<sup>rd</sup> Floor, MJ Tower

55, Rajpur Road

Dehradun - 248 001

+91.135.274 3283

+91.135.274 7084

vkalra.com

Consequently, we are unable to comment whether the title deeds of all the immovable properties are held in the name of the company.

3. In accordance with the tariff order issued by the Uttarakhand Electricity Regulatory Commission (UERC) dated March 28, 2024, it has been directed that a refund of Rs. 128.88 crores (comprising Rs. 126.14 crores for UPCL and Rs. 2.74 crores for HPSEB) to be made to UPCL & HPSEB in twelve equal installments from April 2024 to March 2025, related to the true-up for the financial year 2022-2023. However, liability for the refund amount has not been recognized in the financial statements which has led to an understatement of other current liabilities and overstatement of profit by Rs. 128.88 crores.
4. We draw attention to Note No. 11 of the financial statements, which includes receivables related to the Yamuna Colony Staff Quarters pertaining to period prior to 2004 amounting to Rs. 4.26 crores. The provision for impairment has not been made in the books of accounts. This has resulted in overstatement of trade receivables and profit for the year by Rs. 4.26 crores.

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of Matter**

1. As stated in the Note No. 46(25), 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 are still pending for confirmation. The impact of the same is not ascertainable.
2. As stated in Note No. 16, the balance of share application money pending allotment received on August 11, 2023, which amounted to Rs 0.61 crores as of March 31, 2024, has not been allotted within the time frame specified by the Companies Act.



3. As stated in Note No. 46(5), a sum of Rs. 29.66 crores is recoverable from UREDA relating to 21 Small Hydro Projects (SHPs) and three distribution lines which were handed over to UREDA as per the directives of Govt. of Uttarakhand and approval of the Board of Directors in the 66<sup>th</sup> Board meeting held on 12.03.12 vide agenda item no. 66.35. Such trade receivables are pending since 2015 as they are recoverable in management's view.
4. We have not received any confirmation with respect to loan balances payable to Government of Uttarakhand (as stated in Note no.17). Thus, we are not in a position to comment on the existence and completeness of such balances.
5. As stated in Note No. 46(8), during F.Y. 2007-08, Rs. 4.00 crores were paid to M/s Shring Construction Co. Pvt. Ltd. on account of escalation works, as per principal agreement no. 01/SE/1983-84 dated 23.01.1984 read with supplementary agreement no. 01/(S)/SE/83-84/2002-23 dated 03.07.2002 for construction of MB-II HEP. The work was completed, and project had started its operations. This advance to contractor (refer Note No. 8) has not been capitalized. As a result, Property, Plant & Equipment have been understated, and consequently, depreciation on this amount has not been recorded in the financial statements.
6. As stated in Note No. 46(11), the Government of Uttarakhand transferred Rs. 35.93 crores to the company with the instructions to remit the funds to Orissa Integrated Power Limited (OIPL). The receipt of amount has been acknowledged by OIPL through a letter dated March 5, 2013. However, the financial asset for amount transferred to procure land has not been reflected in the financial statements of the company based on the management's view that it was transferred in capacity of the Nodal Agency. We are unable to express our opinion on the accounting treatment in absence of confirmations from OIPL and the Government of Uttarakhand.

Our opinion is not modified in respect of these matters.

#### **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 Company's 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 Ind AS 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibility for the audit of 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 judgement 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- To 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 entity's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the Financial Statements, including the disclosures and whether these financial statements represent underlying transactions and events in a manner that achieves fair presentation in accordance with the financial reporting framework.

We communicate with the those charged with governance regarding 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 the management 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.



**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A", 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 B", 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 appears from our examination of those books;
  - c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - 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 Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - e) On the basis of written representations received from the directors as on March 31, 2024, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms section 164(2) of the Act.
  - 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 C." Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/



provided by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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) Rule, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i) The Company has disclosed the impact of pending litigation on its financial position in its financial statements. Refer Note 30 to the financial statements;
- ii) The Company has long-term contracts as at March 31, 2024 for which there were no material foreseeable losses. The Company does not have long-term derivative contracts as at March 31, 2024;
- 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, 2024;
- iv) (a) The Management has represented to us that, to the best of its knowledge and belief, as disclosed in the notes to the accounts no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The Management has represented to us that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that cause us to believe that the representation under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.



- v) The dividend declared or paid during the year by the Company is in compliance with Section 123 of the Act.
- vi) Based on our examination carried out in accordance with the Implementation Guidance on Reporting on Audit Trail under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (Revised 2024 Edition) issued by the Institute of Chartered Accountants of India, which included test checks, we report that the company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with. Our examination of the audit trail was in the context of an audit of financial statements carried out in accordance with the Standard of Auditing and only to the extent required by Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014. We have not carried out any audit or examination of the audit trail beyond the matters required by the aforesaid Rule 11(g) nor have we carried out any standalone audit or examination of the audit trail.

For **Verendra Kalra & Co.**  
Chartered Accountants  
(Firm Registration No. 006568C)

  
  
**Verendra Kalra**  
Partner  
M No. 074084

Signed at Dehradun on August 27, 2024  
UDIN: 24074084BKDHPJ2705



**Annexure A to Independent Auditors' Report**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members for the year ended March 31, 2024)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) (A) The company has maintained proper records showing full particulars including quantitative details and situation of its Property, Plant & Equipment based on the information available.
  - (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) According to the information and explanation given to us and based on our examination of the records of the company, Property, Plant and Equipment were physically verified by the management in accordance with a planned programme of verifying them once in three years which is reasonable having regard to the size of the Company and the nature of its asset.
- (c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the lease agreement are duly executed in favor of the lessee) disclosed in the financial statements are held in the name of the Company as on the balance sheet date except in Annexure 1 to Note 4.1 where the title deeds are not in the name of the Company.
- (d) According to the information and explanation given to us, the Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2024.
- (e) According to information and explanations given to us and based on our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) As informed, the inventory except for inventory in transit and stocks lying with third parties has been physically verified by the management / outside agencies at reasonable intervals during the year. In our opinion and according to the Information and explanation given to us, the frequency of such verification is reasonable, and procedures and coverage as



followed by Management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory. Minor discrepancies noticed during physical verification were properly dealt within the books of account.

- (b) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns/statements filed by the Company with such banks are in agreement with the books of accounts of the Company (Refer Note No.46(15)).
- (iii) According to the information and explanations given to us and based on our verification of the documentation shared, the Company has not made any investments in, provided any guarantee or security, or 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 Act. Accordingly, the provisions of clause 3 (iii) (a) to (f) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, the Company has in respect of loans, investments, guarantees, and security complied with the provisions of section 185 and 186 of the Act, to the extent applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of sections 73 to 76 of the Act and the Rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of the Company's products to which said rules are made applicable and are of the opinion that prima facie, the prescribed records have been made and maintained. We have not, however, made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and based on our examination of records of the Company, in our opinion, the company is regular in depositing the undisputed statutory dues in respect of Income Tax, Provident Fund, Goods and Service Tax and other material statutory as applicable, with appropriate authorities.



- (b) According to the information and explanations given to us, the details of disputed dues of Income Tax & Service Tax as on March 31, 2024, are as follows:

Name of Statute	Nature of Dues	Period	Forum where the dispute is pending	Disputed Amount (Rs. in Crores)	Amount Deposited under Protest
Income Tax Act	Income Tax	AY 2021-22	Assessing Officer	0.18	-

- (viii) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year except the detail of default given below:

Nature of Borrowing	Name of Lender	Amount of Default (Rs. in Crores)	Whether Principal or Interest	Delay (Months)	Remarks
Term Loan	GOU Loan-NABARD Funded	3.36	Principal	121	Refer Note 17.1 of Financial Statements
		10.65	Principal	111	
		18.10	Principal	75	
Interest On loan		12.01	Interest	-	

- (b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not been declared a willful defaulter by any bank or financial institution or government or government authority.
- (c) As per the information and documentation provided to us and based on our review of transactions on test-check basis, Term loans have been applied for the purpose for which the loans were obtained.



- (d) Based on information and documentation provided to us by the management, the company has not utilized any short-term borrowings for long term purposes.
- (e) According to the information and explanations given to us and an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or joint ventures. Accordingly, clause 3(ix)(e) of the Order is not applicable.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries or joint ventures. Accordingly, clause 3(ix)(f) of the Order is not applicable.
- (x) (a) In our opinion and according to the information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer (including debt instrument) during the year.
- (b) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially, or optionally convertible) during the year.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of our audit.
- (b) In view of the fact mentioned above, no reporting under sub section (12) of section 143 of the Companies Act, 2013 by auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, no whistle blower complaints have been received by the company during the year.
- (xii) 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. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) Based on the audit procedures performed and the information and the explanations provided to us, transactions with related parties are in compliance with Section 177 and 188 of Companies Act, 2013 wherever applicable and the details have been disclosed in the financial statements as required by the applicable accounting standard.
- (xiv) (a) In our opinion and as per the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.





(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with directors. Accordingly, clause 3(xv) of the Order is not applicable

(xvi) According to the information and explanations given to us and based on our examination of the records of the Company:

(a) The Company is not required to be registered under section 45-IA of Reserve Bank of India Act, 1934.

(b) The Company has not conducted any Non-Banking Finance or Housing Finance activities during the year.

(c) The Company is not a Core Investment Company as defined in regulations made by the Reserve Bank of India.

(d) The Company is not a part of any group (as per the provisions of the Core investment Companies (Reserve Bank) Directions, 2016 as amended).

Accordingly, clause 3(xvi)(a), (b), (c) and (d) of the Order is not applicable.

(xvii) The company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) Based on the information and explanation provided to us, financial ratios determined by the management, ageing analysis and expected dates of realization of financial assets and payment of financial liabilities along with other information accompanying the financial statements and the auditor's knowledge of the Board of Directors and management plans regarding expected future financial support by shareholders, we are of the opinion that no material uncertainty exists with respect to company's capability of meeting its liabilities existing on the balance sheet date as and when they fall due within a period of one year from the balance sheet date.

(xx) (a) In respect of other than ongoing projects, the company has transferred the unspent amount to a fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the Act.



(b) In respect of ongoing projects, the company has transferred the unspent amount to a special account in compliance with the provision of sub-section (6) of section 135 of the said Act.

(xxi) The underlying financial statements are standalone and hence, this clause is not applicable.

For **Verendra Kalra & Co.**  
Chartered Accountants  
(Firm Registration No. 006568C)



  
**Verendra Kalra**  
Partner  
M No. 074084

Signed at Dehradun on August 27, 2024  
UDIN: 24074084BKDHPJ2705

**Annexure B to Independent Auditors' Report**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members for the year ended March 31, 2024)

**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?	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, during the year no project has been abandoned.
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 to 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 2023-24 in this regard.

**Others**

S. No.	Directions	Report
1	Examine the system of effective utilization 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 utilization 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 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?	According to information and explanations given to us and based on our audit, the Company has computerized its operations and has evolved proper security policy for protection of data/software/hardware.

For **Verendra Kalra & Co.**  
Chartered Accountants  
(Firm Registration No. 006568C)



**Verendra Kalra**  
Partner  
M No. 074084

Signed at Dehradun on August 27, 2024  
UDIN: 24074084BKDHPJ2705

### **Annexure C to Independent Auditors' Report**

(Referred to in paragraph 3(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members for the year ended March 31, 2024)

### **Report on the Internal Financial Controls over Financial Reporting 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 ("the Company") as on 31st March 2024 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 and Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements 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 (the "Guidance Note"). 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to the financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and standard issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. 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 with reference to financial statements was established and maintained and whether such controls operate effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of



internal financial controls 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 judgement, 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 with reference to the financial statements.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control with reference to the financial statements 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 with reference to the financial statements 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 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 information 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 with reference to financial statement were operating effectively as at 31st March 2024, based on the criteria for internal financial control over financial



reporting established by the Company considering the essential components of internal control stated in the Guidance Note.

For **Verendra Kalra & Co.**  
Chartered Accountants  
(Firm Registration No. 006568C)



  
**Verendra Kalra**  
Partner  
M No. 074084

Signed at Dehradun on August 27, 2024  
UDIN: 24074084BKDHPJ2705



### Statutory Auditors Comments and Managements Reply FY 2023-24

SL. No	Statutory Auditors Comments	Management Replies
1	As stated in Note No. 46(1), the carrying cost of all the property, plant and equipment transferred from UPJVNL are subject to finalization of transfer scheme between UPJVNL and UJVNL. The balances carried by UJVNL, as per records available with accounting units, under the transfer scheme as on 09.11.2001 are unverified and not in agreement with the balances shown by UPJVNL as incorporated in their audited accounts for the year ending 31.03.2002. Hence, we are unable to comment on the accuracy of such balances.	<p>The Nigam has carried the opening balances of property, plant and equipment's on 9.11.01, in its Balance Sheet as on 31.03.2024, 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 regard is made in Note No. 46(1) appended to the Balance sheet.</p>
2	The total identified land, as per the details provided to us, is, 2475.51 hectares. Of this, 1160.90 hectares is mutable, while the remaining land comprises forest areas and land belonging to SC/ST communities, where mutation is not possible. The company has completed the mutation process for 795.88 hectares, with the remaining area is still under process. As informed to us, the Company is actively obtaining the necessary documents related to land mutation and is in the process of reconciling the title documents with the financial records. Consequently, we are unable to comment whether the title deeds of all the immovable properties are held in the name of the company.	Most to the title deeds / mutation of land have been provided to the auditors. However, the Company is in process of reconciling mutation of land with books of accounts.

3	<p>In accordance with the tariff order issued by the Uttarakhand Electricity Regulatory Commission (UERC) dated March 28, 2024, it has been directed that a refund of Rs. 128.88 crores (comprising Rs. 126.14 crores for UPCL and Rs. 2.74 crores for HPSEB) to be made in 12 equal installments from April 2024 to March 2025, related to the true-up for the financial year 2022- 2023. However, liability for the refund amount has not been recognized in the financial statement which has led to an understatement of other current liabilities and overstatement of profit by Rs. 128.88 crores.</p> <p>As per UERC Regulations, Hon'ble UERC determines tariff of UJVNL on year to year basis. Tariff order issued for any year is applicable for that year. The tariff order issued by UERC consists of two parts. First AFC charges for next year and the true up for the immediate previous year on the basis of Audited Accounts. UERC allow adjustment of true up of FY 2022-23 in the tariff of FY 2024-25 under both the scenarios, i.e. under-recovery or over-recovery. Energy Charges Billing is done as per the said tariff order for that year and revenue is also recognized accordingly. This practice is being followed by UJVNL consistently on year to year basis.</p> <p>In the instant case, UERC Tariff order dated 28 March 2024 is applicable for FY 2024-25. Tariff Order includes ₹ 128.88 crore towards refund of true up amount of FY 2022-23 to be adjusted in twelve equal installments starting from April 2024 to March 2025. Simultaneously , UERC has adjusted the ARR of UPCL with amount of true up ( Page No. 172 of UPCL Tariff Order 2024-25).</p> <p>Accordingly accounting for True-Up will be done in financial year 2024-25. Further, UJVNL has filed a review petition with UERC to review the negative true up of ₹ 128.88 crore which is under consideration.</p> <p>In additions to above it is also to appraise that The Expert Advisory Committee of The Institute of Chartered Accountants of India on 20-6-2022 (Query No.25) has issued an opinion on “Accounting treatment of true-up value arising as per Rate Regulations”, which is relevant in the instant matter.</p> <p>Proper disclosure in this regard is made in the Balance sheet. It is to reiterate the followings:-</p> <ol style="list-style-type: none"> <li>1. The accounting treatment is being done as per the applicable tariff/regulations specified for the electricity companies.</li> </ol>
---	--

		<ol style="list-style-type: none"> <li>1. The accounting treatment is being done as per the applicable tariff/regulations specified for the electricity companies.</li> <li>2. Matter pertains to adjustment of revenue and does not pertain to expenditure/liability. UERC has adjusted the revenue of UJVNL and Simultaneously of UPCL with the true amount applicable for FY 2024-25.</li> <li>3. The Expert Advisory Committee of ICAI has also accepted the accounting treatment in the similar issue where revenue is adjusted with the value of true up.</li> </ol>
4	<p>We draw attention to Note No. 11 of the financial statements, which includes receivables related to the Yamuna Colony Staff Quarters pertaining to period prior to 2004 amounting to Rs. 4.26 crores. The provision for impairment has not been made in the books of accounts. This has resulted in overstatement of trade receivables and profit for the year by Rs. 4.26 crores.</p>	<p>Noted for future compliance. The amount of electricity dues pertains to Yamuna Colony, Dehradun are very old and relates to initial year of incorporation of the Company. Necessary provision shall be made in the accounts after analysis of the dues.</p>