

**COMMENTS OF STATUTORY AUDITORS AND MANAGEMENT REPLIES THERETO FOR
FINANCIAL YEAR 2008-09**

Sl. No	Statutory Auditors Observation	Management Reply
1	As required by the Companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of sub-section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order	No Comments.
2	Audited Financial Statement for the financial year 2006-07 & 2007-08 have not been placed in the AGM of the Company.	Audited Financial Accounts for Financial Year 2006-07 have been adopted in AGM held on 26-2-2011.
3	The books of accounts presented before us for Tax Audit u/s 44AB of Income Tax Act have been re-casted by the management. Consequently the company is required to obtain revised Audit Report u/s 44AB of Income Tax Act and revised return of income tax is to be filed.	As per the applicable provisions of the Income Tax Act, 1961 the tax audit report u/s 44AB was filed with the Income Tax department with in the stipulated time. Assessment proceedings have also been completed and Assessment order released.
4 a.	As referred in Note No. B (1) of Schedule XXI annexed to the balance Sheet. The management has stated that in absence of final transfer scheme between UPJVNL and UJVNL provisional opening balances have been incorporated in books of accounts. <i>The accuracy of these opening balances of Assets & Liabilities could not be verified by us in absence of any agreement between UPJVNL & UJVNL and notification of Final Transfer scheme. The details and breakup of Assets & Liabilities so transferred were not trade available to us and the consolidated balances have been incorporated in the Financial statements of the Company for the year 2001-02. Consequently the opening balances of the specific Assets & Liabilities vested in the Company is not identifiable or verifiable. 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. Substantial difference were observed in the opening Balances taken in the books of accounts as</i>	The issue of Settlement of opening balance of Assets & Liabilities with UP Jal Vidyut Nigam Limited is under process. Nigam has derived its provisional opening balances on the basis of information available with it and as per Central Government Order No. 42/7/2000-R&R dated 5-11-01 to complete its accounts. On Finalisation/ settlement of the issue, any adjustments emerging there from would be accounted for in the year of settlement. However, in accordance to the line of action decided by the management the opening balances have been re-grouped / adjusted in the books of accounts and the requisite disclosure with details thereof has been made in the Notes on Accounts. Appropriate disclosure in this regards has been made in the Notes on Accounts.

	<p>compared with audited balance sheet of UPJVNL as on 31.03.2002. During the year the management has made certain changes in their opening balances taken on 09.11.01 as given in schedule XXI Note B(1). In the absence of such details, and in light of above facts we are unable to express our opinion on the correctness of the accounting of the transactions relating to such balances and also to verify and ascertain the true nature and proper disclosure of the balances appearing in the final accounts of the Company. We are also unable to ascertain the correctness or otherwise of the payments made by the Company on account of the liabilities taken over and also the reliability and nature of assets so taken over by the company.</p>	
4 b	<p>The financial accounts presented before us for audit are:</p>	
i	<p>Not in conformity with accounting policy No. 2 (1), since the fixed assets are taken at estimated provisional value in place of historical cost as given in the policy.</p>	<p>The issue of Settlement of opening balance of Assets & Liabilities with UP Jal Vidyut Nigam Limited is under process. Nigam has derived its provisional opening balances on the basis of information available with it and as per Central Government Order No. 42/7/2000-R&R dated 5-11-01 to complete its accounts.</p> <p>UJVN limited Accounted for the Value of Fixed Assets acquired from UPJVNL on provisional basis.</p> <p>On Finalization/ settlement of the issue, any adjustments emerging there from would be accounted for in the year of settlement.</p> <p>Appropriate disclosure in this regards has been made in the Notes on Accounts.</p>
ii	<p>Records/ Title deeds in respect of Land & Buildings included in Schedule IV to the Balance Sheet have not produced before us for our verification. The ownership rights and the charges or obligations, if any, against the fixed assets have not been provided for our verification. We are unable to comment upon</p>	<p>Most of the Land had been given on lease by Forest Department of Uttarakhnad to Irrigation department which is now under the use of the Nigam. Steps are being taken to transfer the land in the name of the Nigam. All Buildings constructed & situated at LHP's are part of transfer scheme</p>

4 c.	<p>the impact, if any, on the final accounts of the Company.</p> <p><i>As referred to Note No. B (7) of Schedule XXI annexed to the Balance Sheet, though vide Central Government Notification No. SO 1228 (E) dated 2-9-2005 the amount of Loan from Life Insurance Corporation of Rs. 352.59 Crores has been transferred to State of Uttarakhnad against Hydro Electric Projects transferred to the state. However The Company has considered only Rs. 43.78 Crores as liability against above loan. The management has made less provision of Rs. 22.93 Crores towards interest payable to LIC on account of rate difference (14.29 % as per the terms of sanction and 11% taken by the management) and a less provision of Rs. 331.66 Crores on account of interest payable to LIC due to less liability shown in the balance sheet.</i></p>	<p>from UPJVNL for which settlement is under process.</p> <p>Un-secured loans Rs. 43.78 crores being 10% of the LIC loan of Rs. 437.80 crores taken by erstwhile UPSEB and transferred to Uttar Pradesh Jal Vidyut Nigam Ltd. (UPJVNL) by the Govt. of Uttar Pradesh vide its notification dated 25/1/2001. UPJVNL proposed to transfer the said loan to UJVNL which was contested by UJVNL as loan was not project specific. However, to complete the accounts such liability of UJVNL was provisionally taken as 10% as per GOI Order No. 42/7/2000-R&R dated 5-11-2001.</p> <p>Subsequently GOI vide its order NO. S.O. 1228 dated 2.9.2005 allocated partly Rs. 352.59 crores of LIC loan to the state of Uttarakhnad against Maneri Bhali stage -II hydro electric project located in Uttarakhnad.</p> <p>The transfer of above LIC loan of Rs. 352.59 crores to the state of Uttarakhnad is being contested hence the same has not being accounted for in the books of accounts.</p> <p>However, an amount of Rs. 308.81 crores (Rs. 352.59 crore i.e. loan amount as per Central Govt. order dated 2.9.2005 - Rs. 43.78 crore loan amount acknowledged in the books) has been classified as contingent liability in Notes on Accounts along with appropriate disclosures.</p> <p>Interest @11% has been provisionally provided on Rs. 43.78 crores, as stated above, subject to adjustment on finalization of the issue.</p>
(1)	<p><i>Further, the management has not provided the other terms & conditions, details of securities provided, if any, the documents executed and balance confirmation in respect of loan from Life Insurance Corporation of India along with overdue principal, and interest payable there on, to verify the correctness of the liability and obligation of the company. The</i></p>	<p>Un-secured loans Rs. 43.78 crores being 10% of the LIC loan of Rs. 437.80 crores taken by erstwhile UPSEB and transferred to Uttar Pradesh Jal Vidyut Nigam Ltd. (UPJVNL) by the Govt. of Uttar Pradesh vide its notification dated 25/1/2001. UPJVNL proposed to transfer the said loan to UJVNL which was contested by UJVNL as</p>

	<p><i>balance sheet & profit & loss account is subject to above adjustment.</i></p>	<p>loan was not project specific. However, to complete the accounts such liability of UJVNL was provisionally taken as 10% as per GOI Order No. 42/7/2000-R&R dated 5-11-2001. The terms & conditions, details of securities etc against this loan has also not been provided by UJVNL to UJVNL. Appropriate disclosure in this regard has been made in the Schedule-III of the Balance Sheet.</p>
(ii)	<p><i>The Company has acknowledged liability of Rs. 43.78 crores towards Loan from LIC against MB-II projects. The interest provision for Rs. 41.61 crores has been debited to Profit & Loss A/c instead of capitalizing the same. Hence the cost of project MB-II has been undercapitalized by the same amount and depreciation thereon.</i></p>	<p>As was subsequently evidenced by GOU Notification No.SO 1228(E) dated 2-9-2005,the LIC loan though now being contested was transferred to the State of Uttarakhand against the Hydro Power Projects transferred to the State of Uttarakhand by the State of Uttar Pradesh. Further as per available evidence on record namely AGUP communication dated 07-06-2002, the amount was not utilized for MB-II project. Since Matter is under dispute interest on such LIC loan provided in the Books of Accounts was not Capitalised, hence has been charged to Profit and Loss Accounts.</p>
	<p>The company has not provided to us bill for civil construction done by Irrigation Department or any documentary evidence in support of the capitalization of MB-II Project. Therefore we are unable to comment upon the correctness of the value of fixed assets capitalized against MB II project. The company has produced contracts valuing Rs. 469.62 crores as against payment of Rs. 1134.43 Crore to the contractors for civil construction of MB II, Approval for variation in quantities, extension of times, has not been furnished to us. Adjustment for bills for power consumption, cements and steel consumed, LD deducted, penalty imposed has not been shown to us for our verification. Therefore we are unable to comment upon the correctness of value of capitalisation of Assets against MB-II. As certified by the management no provision for the</p>	<p>Irrigation Department was requested to provide the necessary details. Whenever details were provided by the Irrigation Department were produced before the Auditors for verification.</p>

	liability towards Centage charges on civil construction was made since it was neither payable nor acknowledged by the company.	
4e	The company has not disclosed in the financial statements, the key actuarial assumptions on employee benefits and details thereto. In absence of such details we are unable to critically analyze the same.	Approved valuer namely LIC have valued on actuarial basis the gratuity payable to employees. Disclosure of the key actuarial assumptions in the financial statements is noted for future compliance.
4f	The company has transferred an amount of Rs. 81.73 crores under head loan and advance from Capital Work in Progress. As explain to us the amount represents money spent on Vishnuprayag/ Srinagar project prior to 09-11-2001. The above project has been awarded to private companies by State Government later date. Hence the transfer of Assets from UPJVNL to UJVNL is governed by the State of Uttarakhand the amount should be written off. Further more, the amount is not acknowledged by the parties. Hence Loans & Advances has been overstated by the company consequently the Reserve & Surplus is overstated by the similar amount.	This issue related to Settlement of opening balance of Assets & Liabilities with UP Jal Vidyut Nigam Limited is under process. Nigam has derived its provisional opening balances on the basis of information available with it and as per Central Government Order No. 42/7/2000-R&R dated 5-11-01 to complete its accounts. On Finalisation/settlement of the issue, any adjustments emerging there from would be accounted for in the year of settlement. In view of the above the amount of Rs. 81.73 crores has been transferred from CWIP to "Loans and Advances" being claims recoverable.
4g	The company has not paid Royalty & Cess amounting to Rs. 27.44 crore as per details provided by commercial Department, however as per books of account balance shown under Royalty & Cess payable is Rs. 15.32 crore. The difference amounting to Rs. 12.14 crore needs to be reconciled. In absence of further details provided by the company in this regard we are unable to comment upon the consequences of same in financial accounts.	Cess and Royalty is accounted for in the books of accounts on the basis of energy bills raised and remittance received thereagainst. However the reconciliation of energy account including cess and royalty along with payment received thereagainst is in process with UPCL.
4h	The company has not made any accounting policies regarding amortization of lease hold property, in absence of any such policy the impact on the profit & loss cannot be ascertained and quantified.	Nigam has undertaken extensive exercise to examine Land records which also includes records relating to Lease Hold Land. The accounting policy pertaining to amortization of leasehold property if required shall be firmed up after completion of said exercise.
4i	An amount of Rs. 4.47 crores has been shown under head CWIP - Land & Land rights. Hence, the Fixed Assets of the company is understated and CWIP of the company is overstated by the same amount.	An amount of Rs.4.47 Cr. was paid for acquisition of land for Pala Maneri HEP & Small Hydro Power projects. The transfer of title of such land in favour of UJVNL is yet in process. Hence the amount was charged to CWIP to be

	<p>subsequently transferred to Fixed Assets on transfer of such land in favour of UJVN Ltd.</p> <p>Interest earned during construction period has been capitalized in accordance with the generally accepted accounting procedures and applicable accounting standards.</p>		
4 j	<p>The company has deducted an amount of Rs. 39,647,068/- (Interest income) from Incidental Expenditure instead of Crediting to Profit & Loss A/c. because of which the profit of the company and Incidental expenditure during the year have been understated by the same amount.</p>	<p><i>Share deposit Account (shareholder fund) has been overstated by Rs. 83.97 crores amount being received from Government of Utrakhand for preparation of DPR as given in Note No.10 of schedule XXI (B) of balance sheet consequently deferred capital grant was understated by the similar amount</i></p>	<p>Funds of Rs.83.97 crores were received from GOU for preparation of DPR. GoU has not categorically specified such funds as against grant or loan. In the absence of any clarification, in this regard, such amount received has been booked under the head "Share Deposit Account Pending Allotment".</p> <p>However classification in this regard has been requested from GoU. Necessary adjustment would be incorporated in the books of accounts, if required, in the subsequent years on receipt of such clarification from GoU.</p>
4 k			<p>The details of the provisional opening balance adopted as on 9-11-2001 have not been made available by UPJVNL in spite of repeated follow-up and persuasion. In absence of such details, the opening balances of sundry debtors is being considered good since no details to the contrary are available.</p> <p>As and when the details are made available by UPJVNL or on finalization of transfer scheme necessary adjustments emanating there from would be made in subsequent years.</p> <p>The reconciliation exercise has been taken up with UPCL to obtain the desired confirmation.</p>
4 l			<p>The details of the provisional opening balance adopted as on 9-11-2001 have not been made available by UPJVNL in spite of repeated follow-up and persuasion. In absence of such details, the opening balances of sundry debtors is being considered good since no details to the contrary are available.</p> <p>As and when the details are made available by UPJVNL or on finalization of transfer scheme necessary adjustments emanating there from would be made in subsequent years.</p> <p>The reconciliation exercise has been taken up with UPCL to obtain the desired confirmation.</p>
4 m			<p>The applicability of Wealth Tax is being examined.</p>

4 n	<p>subject to the provision under the Act.</p> <p>The internal control system is not commensurate with size and nature of business of the Company except for sales and purchase of goods. The default is persisting in nature & was also reported by various auditors in their reports. Losses incurred by the company cannot be quantified. The instances of lapses are given below:</p> <p>The internal Audit System of the company has been collapsed. The company has an internal audit department but the department is not looking after the Internal Audit and the job was outsourced to consultants. As explained to us the Internal Audit department is doing special assignments only. The consultant appointed for Internal Audit has not submitted their Report for the financial year 2008-09 till the date of our audit report. Hence the purpose of the internal audit of the company cannot be justified and payment if made will be prejudicial to the interest of the company. As explained to us no records of various special assignment carried out by the internal audit department is not maintained in absence of such record it is not possible to comment whether the action to outsource all the works to consultants and not utilizing the available man power with the department is not prejudice to the interest of the company. The internal auditors appointed for 2007-08 ahs also not submitted their report till the date of Audit for 2007-08. The same has also reported by us in our earlier report. The management has not takes any steps to rectify the same.</p> <p>As explained to us the department is not maintaining any Penal of consultants and firms are invited to limited tender's arbitrarily looking into such practice possibility of mal function cannot be ruled out.;</p>	Noted for compliance in future. Necessary steps have been initiated to strengthen the internal control system.
4 o	<p>The balances in personal accounts, other receivables, loans and advances including accounts of Government Companies / departments have not been reconciled and confirmed. The</p>	Noted for compliance in subsequent years.

		<i>differences in balances, if any and their impact on the financial results and Balance Sheet could not be determined</i>	
4 p	<i>An amount of Rs. 84.09 crores standing under the head of Survey and investigation forms part of Capital Work in Progress. In the absence of project feasibility report by the surveyor's we are unable to quantify the amount charged to profit and loss account of the company.</i>		The amount of Rs. 84.09 Cr. mainly pertains to expenses on preparation of DPRs of new greensite projects/RMUs of projects. On confirmation of non viable projects appropriate adjustment would be incorporated in the books of accounts.
4 q	<i>Detailed party-wise break-up of various head of Loans and Advances have not been provided to us for verification. Further since due to nail-availability of above details, we could not ascertain the nature of transactions under various heads. Hence impact, if any, of such unexplained balances on the financial results and Balance Sheet can not be determined.</i>		Steps have been initiated to prepare detailed party wise breakup of various heads of loans and advances. Noted for compliance in subsequent years.
4 r	<i>As certified by the management the physical verification of inventory of stocks has been done on 31.03.09 however complete stock verification reports were not produced before us for verification. Valuation of stocks has been done at cost as certified by the management in place of cost or Net realizable value which ever is lower in term of AS-2 issued by ICAI. Huge inventory of obsolete damaged scrap items were observed for which the management has not made any accounting entries. Stocks records maintained by the company are incomplete. Hence the impact, if any, on account of the above observations on the financial statements could not be determined. Profit & Loss account and value of inventory shown in the final accounts are subject to such adjustment.</i>		Available reports of physical verification of inventory of various divisions were produced for verification at the time of audit. Steps have been initiated to identify obsolete/damaged stocks and valuation of the same as per applicable accounting standards.
4 s	<i>The balances under the head Current liabilities have not been reconciled and confirmed. The difference in balance and their impact on the financial assets and Balance Sheet could not be ascertained. Detailed party wise breakup of various heads of current liabilities has not been provided to us for verification. Further since due to non-availability of above details, we could not ascertain the nature of transactions under various heads.</i>		In the absence of finalization of transfer scheme and lack of details of opening balances the requisite details could not be provided. However, on finalization of the transfer scheme necessary adjustments would be made in the books of account. As regards party wise details of current liabilities, steps are being initiated to compile the same at division level.

	Hence, impact, if any, of such unexplained balances on the financial result and Balance sheet could not be determined and commented upon.	
4 t	The company has not complied with the provisions of service tax in case of payment to foreign consultants. Liability if any could not be quantified in absence of information made available to us.	Matter has been examined and provisions of service tax have been compiled with.
4 u	The Balance sheet includes Rs 30,31,64,706/- being Stock Stores & Spares. No valuation certificate and Physical Verification certificate have been received and in absence of such report we are unable to comment upon the correctness of the same.	Physical verification of inventory of stock, spares and stores has been conducted by respective units in accordance to the prevalent rules and regulations of the Nigam. Available physical verification report were made available to the auditors for verification.
5. i	We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purposes of our audit, except details of FDR along with TDS certificate, Utilization certificate for the grant received from secretariat for the project, compliances to comments made by various auditors, deeds & documents for the asset owned by the Company. Bill for civil Construction work down by Irrigation Department in MB-II project.	Noted for compliance in subsequent year.
5. ii	In our opinion proper books of accounts as required by law have been kept by the company so far as it appears from our examination of the books as no subsidiary records of sundry debtors, loans & Advances, sundry creditors and other liabilities has been kept by the company.	No comments.
5.iii	The Balance sheet and profit & Loss account dealt with by this report are in agreement with the books of Account	No Comments
5. iv	In our opinion, the balance sheet & profit and loss account dealt with by this report Comply with the accounting standards except AS-15,AS-9,AS-3,AS-2 and AS-12, referred to in sub-section (3c) of Section 211 of the Companies Act, 1956.	Noted for compliance in subsequent year.
5. v	Being a government Company pursuant to notification GSR 829 (E) dated 17.07.2003 issued by Government of India, Provisions of Clause (g) of Sub section (1) of Section 274 of Companies Act, 1956 are not applicable to the Company.	No Comments

5 vi

Subject to our observations in Point No.1 paras a to u of para 4 and significant Accounting Policies on revenue recognition (Policy No. 10), and Note No. 2(9),3,7,10,12 of the notes of accounts, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India.

- i. In the case of the balance sheet, of the state of affairs of the company as at 31.03.2009.
- ii. In the case of the profit and loss account, of the profit for the year ended on that date; and
- iii. In the case of the Cash Flow Statement, of the cash flows for the year Ended on that date

No Comments

Annexure referred to in paragraph 1 of our Auditors Report of Uttarakhand Jal Vidyut Nigam Limited for the year ended 31" March, 2009.

Sl. No	Statutory Auditors Observation	Management Reply
1.	<p>In respect to Fixed Assets:-</p> <p>a) As explained to us the Company has maintained records to show full particulars including quantitative details and situation of Fixed assets. Assets transferred from UPJVNL are shown at a value as determined by the management. The value of such assets are neither in agreement with the fixed assets register of UPJVNL nor is the value taken certified by any approved valuer.</p>	<p>The issue of Settlement of opening balance of Assets & Liabilities with UP Jal Vidyut Nigam Limited is under process. Nigam has derived its provisional opening balances on the basis of information available with it and as per Central Government Order No. 42/7/2000-R&R dated 5-11-01 to complete its accounts.</p> <p>UJVN limited Accounted for the Value of Fixed Assets acquired from UPJVNL on provisional basis.</p> <p>On Finalization/ settlement of the issue, any adjustments emerging there from would be accounted for in the year of settlement.</p> <p>Appropriate disclosure in this regards has been made in the Notes on Accounts.</p>
	<p>b) As per the information and explanation given to us, the fixed assets of the company have been physically verified by the management during the financial year 2008-09, which in our opinion is not reasonable having regard to size of the company and nature of its assets and discrepancies observed. Were not taken into accounts by the management.</p>	<p>Noted for compliance in subsequent years.</p>
	<p>c) In our opinion, the company has not disposed off a substantial part of fixed Assets during the financial year. However, SOBLA-I HEP has been flood-washed but same is included in the fixed asset of the company. Suitable adjustment in the books of accounts has not</p>	<p>Sobla-I project was partly damaged before the creation of UJVNL and not in operation since prior to 9-11-2001. The Loss due to such damage would have been reflected in the Books of earswhile UPJVNL. The balance amount of Rs. 7,62,74,653/- is the opening balance as on 9-11-2001 and continues to be carried forward. Since the amount pertains to opening</p>

	been made		balance the same can be settled and booked accordingly on the finalization of the transfer Scheme. However no depreciation has been charged on the said amount.
2.	In respect of inventories:-		
	a) The complete records in respect of the physical verification of inventory has not been produced before us for verification. In absence of the complete record we are not in a position to comment whether frequency of verification is seasonable or not. Kindly refer paragraph 4 (r) & 4 (u) of our main Audit Report.		Available reports of physical verification report of inventory of various divisions were produced for verification at the time of audit. Steps have been initiated to identify obsolete/ damaged stocks and valuation of the same as per applicable accounting standards.
	b) We have been informed that physical verification of stock has been conducted by the management during the financial year 2008-09, but in absence of any supporting documents we are not in a position to comment whether procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. Kindly refer paragraph 4 (r) & 4 (u) of our main Audit report.		Available reports of physical verification report of inventory of various divisions were produced for verification at the time of audit. Steps have been initiated to identify obsolete/ damaged stocks and valuation of the same as per applicable accounting standards.
	c) Records of inventories maintained at the units are incomplete. In absence of complete records we are not in a position to comment whether the company is maintaining proper records of inventory and whether any material discrepancies were noticed on physical verification and if so whether those material discrepancies have been properly dealt with in the books of account. Kindly refer paragraph 4 (r) & 4 (u) of our main Audit report		Available reports of physical verification report of inventory of various divisions were produced for verification at the time of audit. Steps have been initiated to identify obsolete/ damaged stocks and valuation of the same as per applicable accounting standards.
3.	The Company has not taken granted any loan, secured or unsecured from/ to companies; firms or other parties listed		No Comments.

	<p>in the register maintained under Section 301 of the Companies Act, 1956. The Company had neither granted nor taken any loans, secured or unsecured, to/from companies, firms, or other parties listed in the register maintained under section 301 of the Companies Act, 1956, and therefore paragraph 4 (iii) of the said order is not applicable.</p>	
4.	<p>On the basis of our observations, we are of the opinion that, the Company Internal Control Systems is not commensurate with the size of the company and the nature of its business, for the purchase of Inventory and fixed assets. The Default is persistent in nature, it is reported by various Auditors Time & again.</p>	<p>Noted for compliance in future. Necessary steps have been initiated to strengthen the internal control system.</p>
5.	<p>In our opinion and according to the information and explanation given to us, there are no transactions that need to be entered in the register maintained under section 301 of the companies Act, 1956.</p>	<p>No Comments</p>
6.	<p>The Company has not accepted any deposits from the public during the year under Audit with in the meaning Section 58A & 58AA or any other relevant provisions of the companies Act, 1956. No order has been passed by the Company Law Board or National Company Law Tribunal or reserve Bank of India or any court or any other tribunal in this respect.</p>	<p>No Comments</p>

7.	<p>On the basis of our observation, we are of the opinion that Internal Audit system of the company is not adequate and commensurate with the size and nature of the business of the company. Internal auditors were appointed by the company but the management has failed to evaluate the internal auditors report and ensure that the internal Auditor has conducted the audit as per the scope of audit given to them. Compliance of the observation made by the Internal Auditors has not been carried out by the Internal audit Department.</p>	Noted for compliance in subsequent years.
8.	<p>As per the explanation provided to us, three Audit Committee meeting was held during the year however internal audit report has not been put up in front of the committee for recommendation and compliance.</p> <p>We have broadly reviewed the books of account maintained by the company relating to power generating activities of the company, pursuant to the Rules made by the Central Government for the maintenance of cost records has been prescribed under Section 209(1) (d) of the Companies Act 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however made a detailed examination of records with a view to determine whether they are true or not.</p>	No Comments
9.	<p>(a) In our opinion and according to the information and explanation given to us the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales-tax, Custom Duty, Excise Duty, cess and any other Statutory dues applicable to it with the appropriate authorities except TDS, wealth tax and service tax. Kindly refer 4 (m) and 4 (t) of our main audit report.</p>	No Comments
	(b) Some delays have been noted in	Noted for compliance in subsequent years.

	depositing of some undisputed statutory dues of T.D.S, F.B.T & Advance Tax.	No Comments
	According to the information and explanation given to us there are no undisputed Amount payable including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-tax, Sales-tax, , Custom Duty, Excise Duty, cess and other Statutory dues as at 31.03.2009, for a period of more than six months from the date they become payable except wealth tax & service tax. Kindly refer 4 (m) and 4 (t) of our main audit report.	No Comments
	(c) According to the information and explanation given to us, the following are the particulars of disputed dues on account of sales Tax, Income Tax and custom duty that have not been paid deposited;	

Name of the Statute	Nature of dues	Amount of demand net of deposits (Rs in Lacs)	Period of which relates	Forum where dispute is pending	where
Income Act, 1961	Demand for the A.Y 2002-03	The revised assessed tax of Rs 84.43 Lacs as per notice of demand u/s 156 of Income Tax Department giving effect of order	A.Y 2002-03	Appeal is pending before Appellate Tribunal. ITAT has issued order to get approval from committee on disputes.	
Income Act, 1961	Demand for the A.Y 2002-03	Demand raised by Department for Rs. 103.85 lacs	A.Y. 2000-03	Matter is pending Before Dy. CIT Circle -2, Dehradun	
Income Act, 1961	Demand for the AN 2003-04	The revised assessed tax of Rs 27.95 crore as per notice of demand u/s 156 of Income Tax Department after giving effect of	A.Y 2001-04	Appeal is pending before Appellate Tribunal, New Delhi.	
Income Act, 1961	Demand for the AN 2003-04	Demand raised by Department for Rs. 63.75 lacs	A.Y 2001-04	Matter is pending Before Dy. CIT Circle -2, Dehradun	

10	Income Act, 1961	Demand for the A.Y. 2004-05	The assessed tax of Rs 4.42 crore as per notice of demand u/s 156 of Income Tax	revised A.Y. 2004-05	Appeal is pending before Appellate Tribunal.			
	Income Act, 1961	Demand for the A.Y. 2004-05	Demand raised by Department for Rs. 77.01 lacs	revised A.Y. 2004-05	Matter is pending Before Dy. CIT Circle -2, Dehradun			
	Income Act, 1961	Demand for the A.Y. 2007-08	The demand for tax raised by income tax department for Rs.	A.Y. 2007-08	Appeal is pending before Appellate Tribunal.			
	Income Act, 1961	Demand for the A.Y. 2008-09	The demand for tax raised by income tax department for Rs.	A.Y. 2008-09	Management is Preparing to file Appeal against The order.			
10	In our opinion, the accumulated losses of the company are not more than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit the immediately preceding financial year.							No Comments
11	In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayments of dues to banks and financial institution except repayment of loan from LIC of India for Rs 43,78,04,300 (Accepted by the management as against Rs. 437.80 crore transferred by the UPJNL and Interest of Rs. 51,00,47,271/- . As explained to us the loan amount is under transfer scheme and in absence of finalization of transfer							No Comments

	scheme the amount is not repayable. Kindly refer Para 4(c) of our main audit report		
12	According to the information and explanations given to us and based on the documents and records produced, the company has not taken or granted any loans or advances on the basis of security by way of pledge of shares, debentures & other securities	No Comments	
13	The Company is not a chit fund or a niche/mutual benefit fund/society. Therefore the provisions of clause 4 (xiii) of the companies (Auditor's Report) order 2003 are not applicable to the company.	No Comments	
14	As per information & explanations given to us & on the basis of examination of records, the Company is not dealing or trading in shares, securities, debentures & other investment. Further the Company has not made any investment in shares, securities, debentures and other securities	No Comments	
15	According to the information & explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions	No Comments	
16	As per written representation received from the Management, in our opinion the term loans availed by the company during the year were prima facie, applied for the purposes for which they were obtained.	No Comments	
17	As per written representation received from the Management, we report that the no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.	No Comments	
18	The Company has not made any preferential allotment of shares to parties & Companies covered in register maintained under section 301 of the Act	No Comments	

19	The Company has not issued any debenture during the year.		No Comments
20	The Company has not raised any money by way of public issue during the year.		No Comments
21	In our opinion and according to the information and explanation given to us by the Management, we report that no fraud on or by the company has been noticed or reported during the year.		No Comments