



To

The Members

State Infrastructure and Industrial Development Corporation of Uttarakhand Limited
Dehradun

Report on the Financial Statements

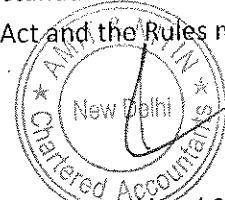
We have audited the accompanying financial statements of **State Infrastructure and Industrial Development Corporation of Uttarakhand Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.



We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

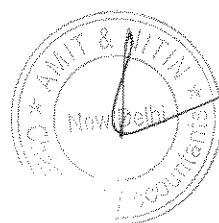
In our opinion and to the best of our information and according to the explanations given to us except for the effects of the matter described in the basis of adverse opinion paragraph, the aforesaid financial statements do not give the information required by the Act in the manner so required and do not give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its Profit/loss for the year ended on that date.

Basis for Adverse Opinion

- a) The company vides its notes on account No-9 treated interest earned on fixed deposit created out of amount received against land premium and lease rent, as income of the company . CAG Auditors in its comments of the report for the year 2007-08 U/s 619 (4) has commented that the same should not be treated as income of the company. In view of the fact that even after lapse of significant time the company does not get specific guidelines from state government, we are of the opinion that the amount should be treated as payable to state government. The accounts are subjected to such adjustment. Amount could not be quantified in absence of information made available to us.
- b) In term of accounting policy, Para no. 2 (a) Lease rent has to be recognized as liabilities on accrual basis by the company. However the company has recognized lease rent liabilities on cash basis. This is in contradiction to AS-19 "Leases" issued by the Institute of Chartered Accountants of India and provisions of section 128 of the Companies act, 2013.



- c) Salary has been paid to people who are employee of SIDA. Profit & Loss Account subjected to adjustment for the same.
- d) Floriculture project undertaken by Indo Dutch Horticulture Technologies (P) Ltd. For development of floriculture has been completed in Feb 2009. Income from the sale of the flowers and interest @ 18% thereon from March 2009 to March 2018 has not been accounted for in the books of accounts. Profit & Loss Account subjected to adjustment for the same.
- e) Revenue income from Eldelco has not been booked for the financial year. Profit & Loss Account and balance sheet subjected to adjustment for the same.
- f) Software of Rs. 2,99,25,971/- has been shown under Software WIP however the company do not have any license for that nor the company is having ownership of that. Further these payments do not relate to the company. Balance sheet subjected to adjustment for the same.
- g) The Company has not complied the AS-15 "Employee Benefits "with regards to provision for Retirement Benefits of Employees and AS-18 "Related party disclosures".
- h) No confirmation and reconciliation were provided to us for trade payables, advances given to creditors, debtors, loans and advances given, deposits for allotment of land, EMD. Balances are outstanding for more than one year and in absence of the details and documents amount could not be quantified and the effect of the same on profit & loss account and balance sheet.
- i) Bank statements for 33 bank accounts including Fixed deposits accounts were not available for the verification. In absence of the same we are not able to comment on that and the effect of that on profit & loss account and balance sheet.
- j) After reviewing the bank reconciliation statements, we have come to notice that there are entries amounting of Rs. 99,76,91,506/- which have been shown as uncleared amount of previous years/opening differences/ previous year's opening differences. Balance sheet & profit & loss account is subjected to adjustment for the same,
- k) The bank account of the company including amounts deposit on account of Cheques deposited by the entrepreneurs in the bank account of the company on account of land premiums & their other financial obligations. The details of cheques deposited have not been worked out & credit to the person who has paid the sum. In addition to above stale cheques is the Bank Reconciliation Statement. The accounts are subject to the adjustment stated above.
- l) In terms of accounting standard AS- 9 "Revenue Recognition", Income has to be booked as per accrual basis. The Company is charging Maintenance for the projects completed. In that case, Maintenance charges have to be recognized on accrual basis till March 2018 however the company has recognized the maintenance charges income only up to Dec-2017 in maximum cases only. This is in contradiction of AS-9 and subject to adjustment for the same. Amount could not be quantified in absence of information made available to us.
- m) As per Companies Act, 2013, depreciation is allowed on the basis of useful life of assets and residual value. While reviewing the same, we observed that deprecation has not been calculated according to the Schedule II of the Companies Act, 2013. Profit & Loss Account and balance sheet subjected to adjustment for the same.
- n) The company has shown all the expenditures related to Pant Nagar as Project WIP since these project have not been completed. However the company has booked Rs. 5,41,30,144/-

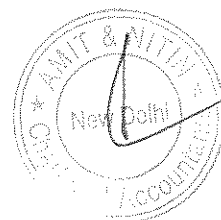


expenditures as operational maintenance during the financial year. Profit & Loss Account and balance sheet subjected to adjustment for the same.

- o) As per GST annual return GST input has not been adjusted during the FY 2017-18. This has resulted in Loss to SIDCUL of Rs 24,75,523/- which was not claimed in annual return.
- p) As per revised Schedule III of the Companies Act, 2013, all long term borrowings with current maturity should be disclosed under the head "Other Current Liabilities" instead of Long Term/Short Term Borrowings. This has resulted in over statement of Long Term Borrowings by ₹ 3.85 crore and understatement of 'Other Current Liabilities' by ₹ 3.85 crore.
- q) The above loan terms relating to the repayment of loan has not been disclosed as per the Schedule III of Companies Act, 2013.
- r) The Company has not complied with AS-22 Accounting for taxes on Income and deferred tax Asset/liability has not been assessed in the books of accounts.
- s) The company has placed their accounts in the Annual General Meeting for the FY 2014-15 & 2015-16 without the proper notice to us as Statutory Auditor. In terms of sub-section (3) of Section 101 of the Act, Notice of every Meeting of the company should be given to – (a) every Member of the company, legal representative of any deceased Member or the assignee of an insolvent Member; (b) the Auditor or Auditors of the company; and (c) every Director of the company. Further As per section 145 of Companies Act 2013, qualifications, observations or comments on financial statements or matters which have any adverse effect on the functioning of the company mentioned in the auditor's report shall be read before the company in general meeting and shall be open to inspection by any member of the company. However after reviewing the Minutes of Annual General Meeting for FY 2014-15 & 2015-16, it was observed that the our qualifications, observations or comments were even not read and discussed in the meeting. This is clear violation of Companies Act, 2013 Provisions related to the Annual General Meeting and question mark of validity of Annual General Meetings held for these Financial Years.

Other Matter

- a) An audited financial statement for the financial year 2016-17 has not been placed in the Annual General Meeting of the company.
- b) The Company had not complied with the provision of Section 173 of Companies Act, 2013. As per Section 173 of Companies Act, 2013 company is required to hold 4 meeting of board of directors every year.
- c) Separate audit report was issued under section 44AB of income tax act 1961 based on provisional balance sheet of the company as on 31.03.2018.
- d) Project under work in progress has old opening balances i.e. project has either completed or abundant since the management has not provided any status report of project under work in progress Files related to the project work were not available for the verification. we are unable to comment upon the same.
- e) We did not audit the joint venture companies wherein the company has made investment amounting to Rs. 26.05 crores. Further the company has not complied AS-27 Financial reporting



of Interests in Joint Ventures. Therefore the financials are incomplete with respect to the reporting according to AS-27.

- f) After reviewing the credit balances in Sundry debtors, we have come to know that the company has not booked Management fees and lease rent income and the payment has been received and outstanding as credit balances. The Company has not provided the list of companies/debtors along with the lease rent amount and Management fees to verify the same. In absence of the same, we are unable to comment upon the same.
- g) No financial & stock records are maintained for capital assets acquired or constructed out of grant received.
- h) The company has its head office at building IIE, Sahastradhara Road (IT PARK), Dehradun however the company do not have any record relating to the allotment of land to construct the building for head office. In absence of the documents we are not able to comment related to the capitalization of building and depreciation thereon.
- i) The company has kept his books of accounts at IIE, Sahastradhara Road (IT PARK), Dehradun instead of its registered office i.e. SBI Building, Secretariat, Dehradun-248001 without compliance of section 128. As per section 128 of companies act, 2013, every company registered under the act shall kept his books of accounts in registered office except if Board of Directors permits books to be kept at a place other than the registered office then the following conditions are required to be fulfilled –
- A resolution must be passed by the Board that books will be maintained at some other place.
 - A notice in writing within 7 days is required to be given to the Registrar of Companies by disclosing the full address of the location of the branch.
 - Summarized returns of branch transactions are sent to Registered Office at regular intervals for the period not exceeding 3 months.
- j) As per Accounting Companies Act, 2013 the depreciation has to be calculated as per Schedule III of Companies Act, 2013. The Company has prepared the deprecation chart according to the Schedule II however in absence of the working and documentary evidence, we are unable to comment on that.
- k) The Company has not complied SA-505 External Confirmation, issued by The Institute of Chartered Accountant of India.

Our opinion is not qualified in respect of these matters.



Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure-A" a statement on the matters specified in paragraphs 3 and 4 of the Order and As per Sec:143(3)(i) of Companies Act 2013, we give in the "Annexure-B" a statement on the matters specified.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) 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 other than the mentioned above in the basis of adverse opinion and in other matters.
 - (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 other than the mentioned above in the basis of adverse opinion and in other matters.
 - (c) The Balance Sheet, the Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.
 - (d) 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 (Accounts) Rules, 2014 except AS-3 Cash Flow Statements, AS-6 Depreciation Accounting, AS-9 Revenue Recognition, As-15 pertaining to the Employees benefits and AS-19 Accounting in Lease,As-22 Accounting for taxes on income and AS-21 Consolidated Financial Statements and AS-27 FINANCIAL REPORTING OF INTERESTS IN JOINT VENTURES
 - e) Being a government Company, pursuant to the exemption notification dated 5th June 2015 issued by Government of India, provision of sub section (2) of section 164 of the Company Act, 2013 are not applicable.
 - f) 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, 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 litigations on its financial position in its financial statements. Refer note No 2 to the financial statements.



ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Amit & Nitin
Chartered Accountants
Firm Reg. No. 020595N

Nitin kumar
Partner
M.No:- 098302
UDIN: 21098302AAAABZ1206

Dated: 26-02-2021
Place: Dehradun



**“Annexure A” to the Independent Auditors’ Report
State Infrastructure and Industrial Development Corporation of Uttarakhand Limited**

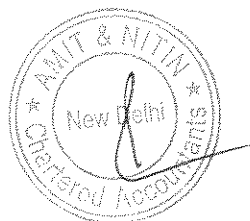
**Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of
our report of even date to the financial statements of the Company for the year ended
March 31, 2018:**

1. a) The Company has not maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- b) The Company has not physically verified the Fixed Assets. The Internal Auditor also reported the same in their report therefore we are unable to comment on that.
- c) The company of the land on which the head office is built up is not in the name of the company.
- d) The Company is not engaged in manufacturing activities so that Inventory clause is not applicable to the Company.
- e) 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 Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- f) 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 Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- g) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2016 with regard to the deposits accepted from the public are not applicable.
- h) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- i) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund,



Employees State Insurance, Income Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, there is no undisputed amounts payable in respect of the above were in arrears as at March 31, 2018 for a period of more than six months from the date on when they become payable.

- (b) According to the information and explanation given to us, there are no dues of sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute except income tax demand. However in absence of the documents, details could not be provided.
- j) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.
- k) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- l) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- m) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- n) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- o) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 however the details have not been disclosed in the Financial Statements as required by the applicable accounting standards.

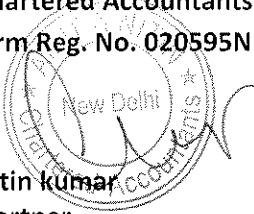


- p) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- q) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- r) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For Amit & Nitin
Chartered Accountants
Firm Reg. No. 020595N

Nitin Kumar
Partner
M.No:- 098302
UDIN: 21098302AAAABZ1206

Dated: 26-02-2021
Place: Dehradun



'Annexure – B' to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of M/S **State Infrastructure and Industrial Development Corporation of Uttarakhand Limited** ('the Company') as of 31 March 2018 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were 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 auditors' 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 the 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, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018 except in case of long bank reconciliation entries which have not been rectified and old balances in debtors, creditors and loans and advances, 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 Amit & Nitin
Chartered Accountants
Firm Reg. No. 020595N

Nitin kumar Partner
M.No:- 098302
Dated: 26-02-2021
Place: Dehradun

