

UJVN LIMITED

DIRECTORS' REPORT

To the Members,

UJVN Limited

Your Directors have pleasure in presenting the 11th Annual Report of your Nigam together with Audited Accounts, Auditors' Report and Supplementary comments of the Comptroller and Auditor General of India for the financial year ended 31st March, 2012.

1. FINANCIAL PERFORMANCE

Your Nigam completed the **Eleventh** year of operation. The sales turnover increase to ₹ 486.96 Crores as compared to ₹ 433.58 Crores for the year ending 31.03.2011; during the year the Nigam earned net profit of ₹ 56.47 Crores as compared to a net Profit of ₹ 17.23 Crores for the year ending 31.03.2011. The financial performance as on March 31st 2012 is summarized hereunder:-

FINANCIAL HIGHLIGHTS

(₹. in Crores)

Table 1

Particulars	2010-2011	2011-2012
Sale of Power	433.58	486.96
Profit before Depreciation, Interest, Prior Period & Tax	232.97	248.73
Less :-Depreciation	70.27	73.29
Profit after Depreciation and before Interest, Prior Period and Tax.	162.70	175.44
Less :-Interest Cost	144.64	127.60
Profit after Depreciation and Interest but before Prior Period items and Tax	18.06	47.84
Add/(Less) :-Prior Period Items	3.49	22.76
Profit before Tax	21.55	70.60
Less:-Tax	4.32	14.13
Profit after Depreciation, Interest and Tax	17.23	56.47

The following are the major reasons of changes in profit of the Nigam

- Increase in Net Energy Export by 346 MU and increase in tariff of LHP's except for MB-II HEP on sale to UPCL and increase in tariff for sale to HPSEBL from the 5 LHP comprising Yamuna Valley. However, increase in sale of power for aforesaid reasons was partially offset by increase in expenses particularly Repair & Maintenance expense, Employee cost and Rebate passed on to UPCL for timely payments;
- Increase in prior period income due to Receipt of arrears from HPSEBL on account of enhanced tariff;
- Increase in Other Income primarily on account of interest earned on deposits with banks.

2. POWER GENERATION

During the year under report the Nigam generated 5261.82 MUs of electricity against the total generation of **4906.26 MUs** for the financial year 2010-11.

3. PROJECTS

During the year preliminary work on Lakwar Vyasi Hydro Electric Project in Yamuna river belt, Green-site SHP and RMU of existing LHPs & SHPs was in progress. The work of preparation of DPRs of Green-site LHPs was also in progress.

4. ENVIRONMENT MANAGEMENT

UJVN Ltd. believes that economic development of society depends on the judicious management of its natural resources, therefore, it accords utmost importance to the conservation of natural resources. The concept of sustained development has been integrated into the design, implementation and post implementation of hydro projects which causes zero pollution during operation phase.

5. DEPOSITS

The Company has not accepted any deposits from the Public.

6. INSURANCE

The Company has adequately insured the Company's Properties.

7. INFORMATION TECHNOLOGY & COMMUNICATIONS

UJVN Ltd. is committed to remain in the forefront in deploying tools and technologies in the areas of IT & Communications to create a state of the art information infrastructure in the organization covering Corporate Office, upcoming Projects and operating Power Stations. Desktop/Laptop computers have been provided in adequate numbers in order to create sufficient computing facilities. Also initiative has commenced to implement ERP solutions in the organisation.

8. CORPORATE GOVERNANCE

Your Company believes that good Corporate Governance practices pave the way towards building a Great Company. It lays stress on developing adequate control system in operations and increasing the efficiency of Business Enterprise for creation of wealth of enterprise and State as a whole.

9. BOARD OF DIRECTORS

Following Directors were appointed during the financial year 2011-12.

1. Shri. Dilip Jawalkar
2. Shri. Ravinath Raman
3. Dr. S.S.Sandhu

Following Directors ceased to be Directors during the financial year 2011-12.

1. Shri. Umakant Panwar
2. Shri. M.C. Upreti
3. Shri. Dilip Jawalkar

10. PROPOSED DIVIDEND

Your Directors do not recommend payment of any dividend for the financial Year 2011-12.

11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption, and foreign exchange earnings and outgo is as under for the period under review:-

- i. Our Company is not a specified Industry as per Schedule of Form-A under rule 2 for disclosures relating to conservation of energy.
- ii. The information required in Form-B under rule 2 in respect of Research and Development, Technology absorption, adaptation and innovation etc. is NIL and
- iii. The information relating to Foreign Exchange inflow and outflow is under.

Expenditure in Foreign Currency ₹ 48.59 Lacs

Earnings in Foreign Currency NIL

12. PARTICULARS OF EMPLOYEES

Information required under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is Nil.

13. AUDITORS

M/s. A.K.Kashyap & Co., Chartered Accountants, Dehradun, were appointed as Statutory Auditors by Comptroller and Auditor General of India for conducting the Audit of the Company for the financial year 2012-2013.

14. AUDITOR'S REPORT

The Auditor's Report refers to various notes incorporated by the Nigam in Note No-1 and 27, which are self-explanatory. The comments of the Auditors and Management's replies thereto are given in Annexure-I. The comments of the Comptroller and Auditor General of India and replies thereon are enclosed as Annexure-II to the Report.

15. MAJOR PROBLEMS BEING FACED BY THE COMPANY

It may be observed that most of the observations of the Auditors and CAG have emanated due to non finalization of transfer scheme between UPJVNL and UJVN Ltd. and other matters incidental/ related thereto as detailed in the enclosed Annexure.

All out efforts are being made to resolve such issues in compliance to the observation of the auditors. Nigam appoint consultant to resolving the problem related to finalization of transfer scheme between UPJVNL and UJVN Ltd.

Non payment of past dues on account of energy sale by UPCL has resulted in increase in debtors. Also non recovery of cess and royalty from UPCL may have adverse income tax implication on UJVN Ltd. All out efforts are being made to resolve the issue in consultation with GoU.

16. DIRECTORS' RESPONSIBILITY STATEMENT

As required under section 217 of the Companies Act, 1956, the Directors hereby confirm the following:

- i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) The Directors have selected such Accounting Policies and applied them consistently during the year and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Nigam at the end of the financial year and of the profit of the Nigam for that period;
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Nigam and for preventing and detecting fraud and other irregularities to the best of their knowledge and ability;
- iv) The Directors have prepared the annual accounts on a going concern basis.

17. ACKNOWLEDGEMENTS

The Board of Directors acknowledge with deep appreciation the cooperation and guidance received from the Government of Uttarakhand and in particular the Department of Energy, Department of Finance, Department of Company Affairs, Government of India, Central Electricity Authority, Central Water Commission, Uttarakhand Power Corporation Limited and HPSEB. The Board also places on record its appreciation for continuing support, faith and confidence reposed in the Nigam by the Banks/Financial Institutions. The Board places on record its deep appreciation for the cooperation extended by Statutory Auditors and Office of Comptroller & Auditor General of India. Further, the Board wishes to record its deep gratitude to all the members of UJVNL family whose enthusiasm, dedication and co-operation have made the achievement of a satisfying performance possible. The Board is also confident that the employees will continue to contribute their best in the coming years.

For and on behalf of the Board of Directors

Chairman

Date : / /2013

