

Report of the Directors' to the Shareholders

The Shareholders,
UJVN Limited,
Dehradun

Your Directors feel pleasure in presenting before you the 15th Annual Report of your Company together with audited accounts, report of Statutory Auditors as well as Comptrollers & Auditor General of India along with the management reply on the comments given by auditors as well as C & AG for the financial year 2015-16 that are annexed to this report along with other Statutory Annexures.

1. Financial highlights:

In the 15th year of the operations of the Company, your company had earned a net profit of Rs.181.82 Crores of Rupees in comparison to 4.43 Crores of Rupees for financial year 2014-15. The financial highlights in brief are as under:-
(Rs. in Crores)

Particular	2015-16	2014-15
Sale of Power	767.65	446.16
Profit before Depreciation, Interest, Prior Period adjustments & Tax	469.76	217.50
Less: Depreciation	214.16	78.80
Profit after Depreciation and before Interest, Prior Period adjustment and Tax	255.60	138.70
Less: Interest Cost	106.25	113.59
Profit after Depreciation and Interest before Prior Period adjustments and Tax	149.36	25.12
Insurance Claims received, pertaining to 2013-14	36.54	NIL
Add/(Less): Prior Period Items	(0.80)	(0.93)
Less: Extraordinary Item	-	18.49
Profit before tax	185.10	5.70
Less: Tax	3.28	1.27
Profit after Depreciation, Interest and Tax	181.82	4.43

The major reasons for changes in sale of energy and change in net profit are as under:-

(A) Increase in Sales is mainly due to:

- Rs. 122.97 Crores on account of True-up for 10 LHPs for FY 2013-14 and revision of project cost of MB-II HEP vide UERC's tariff order dated 11-4-2015.
- Rs. 102.21 Crores on account of Capacity charges and Capacity Index incentive Charges of earlier years admitted by UPCL (previously disputed) vide UERC's tariff order dated 27-4-2015.

c. Increase in energy export by 592.86 MUs amounting to Rs. 89.11 Crores during FY 2015-16 as compared to previous year.

(B) Increase in Depreciation and amortisation expenses is due increase in depreciation by Rs. 115.88 Crores on account of changes in rates of depreciation in UERC Tariff Regulations, 2015 issued under the Electricity Act 2003.

2. Extract of Returns

2.1 Annual Return

The extract of Annual Return in terms of Sec. 92(3) of The Companies Act, 2013 in the prescribed form MGT-9, is enclosed & forms essential part of this report.

The Share Capital at the start of the Financial Year was Rs. 1075.78 Crores. During the year under report, the paid up Capital increased by Rs 9.10 Crores and as on 31st March, 2016 the paid up Capital of the Company was Rs. 1084.89 Crores.

2.2 Salient features of Balance Sheet & P & L Account

Statement containing salient features of Balance sheet and Profit & Loss account in terms of first proviso of Section 136(1) and Rule 10 of The Companies (Accounts) Rules, 2014 in the prescribed form AOC-3 is enclosed as part of the Board report.

3. Board Meetings and change in Directors.

All statutory provisions relating to Board Meetings and Audit Committee Meetings have been complied. During the year under report, the Company had held four Board meetings and four Audit Committee meetings. By and large Directors were regular in attending the meetings except for the following two directors who have absented continuously for a period of 12 months from Board meetings with or without seeking leave of absence and have ceased to be a director by operation of law as per the provisions of Section 167(1)(b) of The Companies Act, 2013:

1. Sh. Rakesh Sharma
2. Sh. S. Ramaswamy

Since the directors of your company are appointed by Government of Uttarakhand, consequentially, the matter has been referred to energy department for re-appointment or replacement of these directors and decision in this regard from State Government is awaited.

4. Directors' Responsibilities Statement

Your directors affirm and declare that:

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) The directors had selected such accounting policies and applied them consistently 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 company at the end of the financial year and of the profit and loss of the company for that period;
- (c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of

