



UTTARAKHAND JAL VIDYUT NIGAM LTD. DIRECTORS' REPORTS

Dear Members,

Uttarakhand Jal Vidyut Nigam Ltd.

Your Directors have pleasure in presenting the 5th Annual Report of your Nigam together with audited Accounts, Auditors' Report and the Review of Accounts by the Comptroller and Auditor General of India for the financial year ended 31st March 2006.

1. FINANCIAL PERFORMANCE

Your Nigam completed the fifth year of operation. The sale turnover increased to Rs. 26590.55* Lacs as compared to Rs. 23358.50** Lacs for the period ending 31.03.2005, During the year the Nigam earned net profit of Rs 30.10 Crores as compared to a profit of Rs. 50.63 Lacs for the period ending 31.03.2005. The financial performance as on March 31st, 2006 is summarized hereunder :

FINANCIAL HIGHLIGHTS

(Rs. in Lacs)
Table 1

Particulars	2005-06	2004-05
Sale of Power	23358.50**	26590.55*
Operating Profit	2592.19	5951.95
Other Income	785.21	733.45
Profit Before Depreciation, interest & Tax	1806.98	5218.50
Depreciation	940.04	1035.13
Profit/(Loss) after Depreciation and before interest and Tax	866.94	4183.37
Interest Cost	715.00	862.90
Profit/(Loss) after Depreciation and interest but. before Prior Period items and Tax	151.94	3320.47
Prior Period Items-income/(Expenses)	17.20	• (97.59)
Profit/(Loss) before Tax	169.14	3222.88
Tax	118.50	212.67
Profit after Depreciation, interest and Tax.	50.64	3010.21

* Inclusive of Cess & Royalty of Rs. 12770.82 Lacs

** Inclusive of Cess & Royalty of Rs. 11552.78 Lacs

The increase in profit is primarily due to increases in revenue on account of energy sales consequent upon increase in generation by 382.09 MUs. The increase in generation has primarily has been achieved due to better maintenance, planning and increase water availability during the year under consideration.

The decrease in repair and maintenance expenses by Rs. 14.48 crores has also resulted in increase in profit.



2. POWER GENERATION

During the year under report the Nigam generated 3544 million units (MUs) of electricity against the total generation of 3162 MUs for the financial year 2004-05.

3. PROJECTS

During the year the construction work on Meneri Bhalli Stage - II was in full swing and preliminary work on Pala Maneri Hydro Electric Project (480 MW) in Uttarkashi District was also in progress.

4. ENVIRONMENT MANAGEMENT

UJVNL 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 cause 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

UJVNL 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 and Projects and Power Stations. As an initial step in that direction Desktop computers have been provided in adequate numbers in order to create sufficient computing facilities.

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 operation 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 F.Y. 2005-06

1. Sh. R. B. Misra

Following Directors ceased to be Directors during the F.Y. 2005-06

1. Sh. S. Ratnam
2. Sh. S.L. Rao

10. PROPOSED DIVIDEND

Your Directors do not recommend payment of any dividend for the Financial year 2005-06



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

Information in accordance with the provisions of Section 217(l) (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	Rs. 1288.13 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. RAG Associates, Chartered Accountants, Dehradun, were appointed as Statutory Auditors by Comptroller and Auditor General of India for conducting the Audit of the Company for the year 2006-2007

14. AUDITOR'S REPORT

The Auditor's Report refers to various notes incorporated by the Nigam in Schedule XXI, 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. 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 except the accounting for gratuity of employees covered under Employees Provident Funds & Miscellaneous Provisional Act, 1952 which has been accounted for on actuarial valuation basis as compare to cash basis last year and made judgements 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.

16. 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 & On Behalf of the Board

Sd/-
(Jayant Kumar)
Director (Finance)

Sd/-
(R.P. Thapliyal)
Managing Director

Dated : 31/03/2010
Place : Dehradun