

UJVN LIMITED

DIRECTORS' REPORT

To the Members,

UJVN Limited

Your Directors have pleasure in presenting the 7th 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, 2008.

1. FINANCIAL PERFORMANCE

Your Nigam completed the Seventh year of operation. The sales turnover increased to Rs. 30658.58 Lacs as compared to Rs. 23337.96 Lacs for the year ending 31.03.2007; During the year the Nigam earned net profit of Rs. 50.57 Crores as compared to a net Profit of Rs. 48.40 Crores for the year ending 31.03.2007. The financial performance as on March 31st 2008 is summarized hereunder:-

FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

Table 1

Particulars	2006-2007	2007-2008
Sale of Power	23337.96	30658.58
Profit before Extra Ordinary Adjustment, Depreciation, Interest & Tax	478.88	7208.28
Add :-Extra Ordinary Income	7816.54	0.00
Less :-Depreciation	1044.75	1058.69
Profit/(Loss) after Depreciation and before Interest and Tax.	7250.67	6149.59
Less :-Interest Cost	829.48	1584.18
Profit/(Loss) after Depreciation and Interest but before Prior Period items and Tax	6421.19	4565.41
Less :-Prior Period Items	(546.15)	568.11
Profit/(Loss) before Tax	6967.34	3997.30
Less:-Tax	2126.90	(1060.01)
Profit after Depreciation, Interest and Tax	4840.44	5057.31

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

- Increase in Income from Sale of Power was mainly due to recognition of Tax Recoveries from beneficiaries to the tune of Rs. 27.59 crores and increase in generation by 286,54 MU due to commissioning of MB-II project on 15-03-2008 and better hydrology in comparison to last year under consideration.
- Interest and other charges have increased due to the fact that interest on PFC Loan for MB-II project accrued between 15-03-2008 to 31-3-2008 has been charged against revenue.
- Previous year Nigam recognized Renovation and Modernization fund as Extra-Ordinary Income amounting to Rs.78.17 crores.

2. POWER GENERATION

During the year under report the Nigam generated **3602.69** million units (MUs) of electricity against the total generation of **3316** MUs for the financial year 2006-07.

3. PROJECTS

During the year the construction work on Maneri Bhali Stage II HEP was in full swing. The project was successfully commissioned and commercial operations of the project commenced w.e.f. 15.3.08. Further, preliminary work on Pala Maneri Hydro Electric Project (480 MW) in Uttarkashi, Greensite projects and RMU projects under SHP was also in progress. The company has also undertaken the preparation of DPR of LHPs.

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 and Projects and Power Stations. As an initial step in that direction Desktop/Laptop 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 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 2007-08

1. Shri. Yogendra Prasad
2. Shri. Shatrughan Singh
3. Shri. P.C. Sharma
4. Shri. R.P. Thapliyal

Following Directors ceased to be Directors during the financial year 2007-08

1. Shri. Indu Kumar Pandey
2. Shri. Mohan Chandra Joshi
3. Shri. N. Ravi Shankar
4. Shri. Brij Mohan Verma
5. Shri. S.S. Sandhu

10. PROPOSED DIVIDEND

Your Directors do not recommend payment of any dividend for the financial Year 2007-08.

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	Rs. 434.52 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 financial year 2008-2009.

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 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.

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 and on behalf of the Board of Directors

Date : / 2011