

UJVN LIMITED

DIRECTORS' REPORT

To the Members,

UJVN Limited

Your Directors have pleasure in presenting the 8th 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, 2009.

1. FINANCIAL PERFORMANCE

Your Nigam completed the Eightieth year of operation. The sales turnover increased to Rs.53432.06 Lacs as compared to Rs. 30658.58 Lacs for the year ending 31.03.2008; During the year the Nigam earned net profit of Rs. 26.48 Crores as compared to a net Profit of Rs. 50.57 Crores for the year ending 31.03.2008. The financial performance as on March 31st 2009 is summarized hereunder:-

FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

Table 1

Particulars	2007-2008	2008-2009
Sale of Power	30658.58	53432.06
Profit before Extra Ordinary Adjustment, Depreciation, Interest & Tax	7208.28	26962.15
Less :-Depreciation	1058.69	7041.79
Profit/(Loss) after Depreciation and before Interest and Tax.	6149.59	19920.36
Less :-Interest Cost	1584.18	16911.04
Profit/(Loss) after Depreciation and Interest but before Prior Period items and Tax	4565.41	3009.32
Add/(Less) :-Prior Period Items	(568.11)	15.27
Profit/(Loss) before Tax	3997.30	3024.59
Less:-Tax	(1060.01)	376.05
Profit after Depreciation, Interest and Tax	5057.31	2648.54

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

- Increase in Sale of Power was mainly due to increase in energy sold by 1049.44 MU on account of first full year of commercial operation by MB-II project which started commercial operation w.e.f 15.03.08.
- Increase in Repair & Maintenance expenses by Rs.15.33 Crore were mainly due to expenditure on account of MB-II project.
- Increase in Depreciation by Rs.59.82 Crore mainly due to Depreciation of MB-II project.
- Interest and other charges have increased due to overall interest and financial charges amounting to Rs159.00 Crs against loan from PFC and GoU during 2008-09 being charged to revenue on account of MB-II project which came into commercial operation w.e.f 15.03.2008.

2. POWER GENERATION

During the year under report the Nigam generated 4613.26 (MUs) of electricity against the total generation of 3602.69 MUs for the financial year 2007-08.

3. PROJECTS

During the year preliminary work on Pala Maneri Hydro Electric Project (480 MW) in Uttarkashi, Greensite projects and RMU projects under SHP were in full swing. 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 2008-09

- 1. Shri. C.Bhaskar
- 2. Shri. Saurabh Jain
- 3. Shri. C.M.Vasudev
- 4. Shri. S.C.Sen
- 5. Smt. Radha Raturi
- 6. Shri. P.K.Sarnagi
- 7. Shri. B.C.K. Mishra

Following Directors ceased to be Directors during the financial year 2008-09

- 1. Shri. S.P.Singh
- 2. Shri. Ramaballava Misra
- 3. Shri. S.Mohan Ram
- 4. Shri. J.L.Bajaj
- 5. Shri.Satrughana Singh
- 6. Shri. C.Bhaskar

10. PROPOSED DIVIDEND

Your Directors do not recommend payment of any dividend for the financial Year 2008-09.

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. 716.23 Lacs
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Earnings in Foreign Currency	NIL
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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 2009-2010.

14. AUDITOR'S REPORT

The Auditor's Report refers to various notes incorporated by the Nigam in Schedule XX, 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