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UJVN LIMITED

DIRECTORS' REPORT

To the Members,

UJVN Limited

Your Directors have pleasure in presenting the 12th 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, 2013.

1. FINANCIAL PERFORMANCE

Your Nigam completed the Twelveth year of operation. During the year the Nigam earned net profit of Rs. 17.12 Crores as compared to a net Profit of Rs. 56.47 Crores for the year ending 31.03.2012. The financial performance as on March 31st 2013 is summarized hereunder:-

FINANCIAL HIGHLIGHTS

(Rs. in Crore)

Table I

| Particulars | 2011-2012 | 2012-2013 |
|--|-----------|-----------|
| Sale of Power | 486.96 | 457.58 |
| Profit before Depreciation, Interest, Prior Period & Tax | 248.73 | 221.79 |
| Less :-Depreciation | 73.29 | 72.48 |
| Profit after Depreciation and before Interest, Prior Period and Tax. | 175.44 | 149.31 |
| Less :-Interest Cost | 127.60 | 114.12 |
| Profit after Depreciation and Interest but before Prior Period items and Tax | 47.84 | 35.19 |
| Add/(Less) :-Prior Period Items | 22.76 | 0.09 |
| Profit before Tax | 70.60 | 35.28 |
| Less:-Tax | 14.13 | 18.16 |
| Profit after Depreciation, Interest and Tax | 56.47 | 17.12 |

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

- o Decrease in sale of power is due to decrease in net energy export by 435 MU in the year under consideration as compare to previous year. However, it was partially offset by slight increase in tariff rate of LHP's except for MB-II HEP
- o Decrease in profit due to energy sale was also partially offset with decrease in Repair & Maintenance expenses by Rs.11.07 crore and decrease in Financial cost by Rs.13.46 Crore due to repayment of loan of PFC and GoU
- o Receipts of arrear from HPSEBL on account of enhanced tariff was accounted for as a prior period income in the financial year 2011-12.

2. POWER GENERATION

During the year under report the Nigam generated 4812.11 MUs of electricity against the total generation of 5261.82 MUs for the financial year 2011-12.

3. PROJECTS

During the year preliminary work on Lakwar Vyasi Hydro Electric Project in Yamuna river belt, Green-site SHP and RMU of LHPs 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 2012-13.

- 1. Shri. Subhash Kumar
- 2. Shri. Ashish Joshi
- 3. Shri Radha Raturi
- 4. Shri. M.C. Upreti
- 5. Shri. J.L.Bajaj

Following Directors ceased to be Directors during the financial year 2012-13.

- 1. Shri. S.Ramesh
- 2. Shri. Alok Kumar Jain
- 3. Shri. B.C.K.Mishra
- 4. Shri. Ravinath Raman
- 5. Shri. Ashish Joshi

10. PROPOSED DIVIDEND

Your Directors do not recommend payment of any dividend for the financial Year 2012-13.

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. 9.45 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.

M/s. DMA & Associates 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 2013-2014.

14. COST AUDITOR

M/s. Aman Malviya & Associates, Lucknow, were appointed as Cost Auditors of the Company for the financial year 2012-2013 with approval of Central Government.

15. 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 appointed 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

Date: / /2014