

## Report of the Directors' to the Shareholders

The Shareholders,  
UJVN Limited,  
Dehradun

Your Directors feel pleasure in presenting before you the 17<sup>th</sup> Annual Report of your Company together with audited accounts, report of Statutory Auditors as well as report of 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 2017-18 that are annexed to this report along with other Statutory Annexures.

### 1. Financial highlights:

In the 17<sup>th</sup> year of the operations of the Company, your company had earned a net profit after tax of Rs.63.73 Crores in comparison to Rs.79.57 Crores of Rupees for financial year 2016-17. The financial highlights in brief are as under:-

(Rs. in Crores)

Particulars	2017-18	2016-17
<b>Income</b>		
Sale of Power	734.50	591.18
Other Income	43.19	49.85
<b>Total Income</b>	<b>777.69</b>	<b>641.03</b>
<b>Expenditure</b>		
Operating & Direct Expenses	211.48	78.95
Employees Benefit Expenses	236.20	222.53
Financial Cost	108.64	115.10
Depreciation and Amortization Exp.	114.95	110.29
Other Expenses	45.49	40.77
<b>Total Expenditure</b>	<b>716.76</b>	<b>567.64</b>
<b>Net Profit/(Loss)</b>	<b>60.93</b>	<b>73.39</b>
Add:-Exceptional Items	6.19	4.23
Less:-Tax expense	3.39	(1.95)
<b>Net Profit after Tax</b>	<b>63.73</b>	<b>79.57</b>



**The major reasons for changes in profit & Loss of the Nigam:-**

**A. Income**

**Increase in sale:**

- a. Current year Energy Sales includes Rs.104.45 Crores on account of Royalty & Cess. The Govt. of Uttarakhand has amended the rates for Royalty and Cess during current year vide notification No. 601/l (2)/04(1)-1/2017 dt.31.5.2017 and covered all generating station which has tariff below Rs.2.00 per Unit. In previous year, the applicable tariff for Royalty and Cess was below 80 paise per Unit. Since, the tariff rates of all LHP unit were more than 80 paise per unit, the Cess and Royalty was not payable in F.Y. 2016-17. There had been an equivalent increase in operating expenses of Rs.104.45 Crores in F.Y. 2017-18 on account of Cess and Royalty resulting in NIL effect in profit.
- b. Increase in sale of Rs.34 Crores is mainly due to increase in generation by 351 MU.

**B. Expenses**

**Increase in Operating & Direct Expenses:**

- a. Operating expenses includes Rs.104.45 Crores on account of Royalty & Cess.
- b. Operating Expenses includes Solar power Purchase of Rs.12.00 Crores.
- c. There is increase in Repair and Maintenance expenses to tune of Rs.12.27 Crores in MB-II, Tiloth, Chilla and Chibro power house.

**Increase in Employees Benefit Expenses:**

- a. Increase of provision for Gratuity of Rs.10.03 Crores is due to amendment in The Payment of Gratuity Act, 1972 enhancing Gratuity payment limit from Rs.10 Lacs to Rs.20 Lacs in F.Y. 2017-18.
- b. There is also increase in provision for Earned Leave as per Actuarial valuation as compared to last year by Rs.9.51 Crores.

**Decrease in Financial Cost:** There had been a decrease in financial cost to the extent of Rs. 6.47 Crores on account of decrease in quantum of interest as a result of decrease in quantum of principal amount of loans.

The Company is having website i.e. <https://www.uttarakhandjalvidyut.com> and all Statutory Financial Statements of Company are available on such website.

## **2. Extract of Returns**

### **2.1 Annual Return**

The Annual Return of the Company in terms of section 92 (3) of the Companies Act, 2013 shall be available at Company website <https://www.uttarakhandjalvidyut.com> and would be in downloadable form.

The Share Capital at the start of the Financial Year was Rs.1105.69 Crores. During the year under report, the paid up Capital increased by Rs.62.17 Crores and as on 31st March, 2018 the paid up Capital of the Company was Rs.1167.86 Crores. The new shares have been fully paid up.

### **2.2 Salient features of Balance Sheet & P & L Account**

Since your company is mandatorily required to comply with Companies (Indian Accounting Standards) Rules 2015, therefore in compliance with the Companies (Accounts) amendments rules, 2018, Statement containing salient features of financial statement is enclosed in prescribed form AOC – 3A.

## **3. Board Meetings and change in Directors**

All statutory provisions relating to Board Meetings and Audit Committee Meetings have been complied with during the year under report. Your Company had held five Board meetings and four Audit Committee meetings. By and large, Directors were regular in attending the meetings. Smt. Radhika Jha, Secretary (Energy), GoU took over the charge as Chairperson of your Company w.e.f 16.05.2017 in place of Dr. Umakant Panwar, the then Principal Secretary (Energy), GoU. Shri. Bhagwati Prasad Pandey was appointed as Independent director of your Company on 05.03.2018. Shri. Purushottam Singh was appointed as Director (Operations) w.e.f 06.03.2018 due to cessation of office by Shri. B.C.K Mishra, the then Director (Operations). Shri. Sandeep Singhal, Director (Projects) ceased to be Director w.e.f 02.08.2018.

## **4. Directors' Responsibilities Statement**

In pursuance of the provision of section 134 (5) of The Companies Act, 2013 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 The Companies Act 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) The directors had prepared the annual accounts on a going concern basis;
- (e) Since your Company is not a listed Company therefore, Clause (e) is not applicable.
- (f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **5. Independent Directors and Women Director**

During the year under report, your Company had five Independent directors. Shri. J.L. Bajaj, Shri. C.M. Vasudev, Shri B.S.P Sinha and Shri. Raj Kumar continued to act as Independent Directors and Shri B.P Pandey was appointed as Independent director on 05.03.2018. Therefore, at present your Company has 5 Independent Directors and position of Woman Director is still vacant. However, with the appointment of Smt. Radhika Jha as Chairperson of the Company, there is a women representation on the Board.

The 4th meeting of the Independent Directors without the presence of other directors and the management personnel as prescribed under Schedule IV, Point VII of The Companies Act, 2013 was held on 1st August, 2018.

The contribution of Independent Directors was lauded by the Chairperson on behalf of the Board of Directors and placed on record her sincere thanks and deep appreciation for the valuable services rendered by Independent Directors that has helped the Company to attain greater transparency and Good Corporate Governance.



**6. Nomination & Remuneration Committee**

These provisions are not applicable to your Company due to the Exemption granted to the Government Companies relating to applicability of Section 178 of The Companies Act, 2013 notified by Ministry of Corporate Affairs on 5th June, 2015.

**7. Performance Evolution Mechanism**

The statement indicating the manner in which format annual evaluation has been made by the Board of its own performance and that of its Committees and individual directors as contemplated in section 134 (3) (p) of the Companies Act, 2013, is not enclosed in this report. Consequent to the exemption granted from these provisions for government companies, the State Government has been requested to frame guidelines in this regard that will be displayed on Company's website as and when received. The evolution mechanism from the State Government is still awaited.

**8. Audit Reports:**

The report of Statutory Auditors, report of Comptroller & Auditor General of India, Report of Secretarial Auditor and Report of Cost Auditors are enclosed along with reply of management on the individual observations of these auditors on various issues.

**9. Loans and Advances:**

Your directors declare that your Company has not given any loan or have not made any investment or have not given in security to any other company during the financial year under report.

**10. Related Party Contracts**

There were no related party transactions with other Companies. Other related party transactions were carried out with Government Companies like UPCL and PTCUL which are at arm's length and falls within the exempted category of Government Companies under the provisions of Section 188(i) of The Companies Act, 2013.

### **11. State of Company Affairs**

Your Company had a turnover of Rs. 734.50 Crores and Net Profit of Rs. 63.73 Crores during the year under report. Your directors are pleased to inform that your company is in profit. It is a forward looking organization that is poised for a constant growth.

### **12. Dividend**

The Board of directors of your Company has recommended a final dividend of Rs. 16.00 per equity share for the Financial Year 2017-18. The total dividend for the year comes to Rs.18,68,57,904/-(exclusive of dividend distribution tax). The total dividend pay-out on approval of final dividend of the Financial Year 2017-18 will be Rs.22,52,66,733/- crore (including dividend distribution tax of Rs.3,84,08,829/-) representing 35.35 % of the profits after tax, as against a dividend pay-out of Rs. 27,28,10,482/- crores @ Rs.20.50 per equity share representing 35.84 % of the net profits after tax in previous years. The dividend payment is subject to approval of members at the ensuing Annual General Meeting.

### **13. Material Changes**

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relates and the date of this report

### **14. Corporate Social Responsibility**

Your Company has an approved CSR Policy that has been formulated in line with the CSR policy prescribed under The Companies Act, 2013 and all those items that are allowed to be carried out by the Company under The Companies Act, 2013 have been incorporated. The CSR Policy of the Company is available at the website <http://www.uttarakhandjalvidyut.com> and also at link <http://uttarakhandjalvidyut.com/documents/CSR%20Policy.pdf>

The composition of CSR committee is as under:-

- (1) Sh. J.L. Bajaj, Independent Director
- (2) Sh. C.M. Vasudev, Independent Director
- (3) Sh. S.N. Verma, Managing Director
- (4) Sh. Sandeep Singhal, Director (Projects)\*
- (5) Sh. Arun Sabharwal, Secretary CSR Committee

\* Shri Sandeep Singhal has ceased to be a director w.e.f. 02.08.2018 therefore, he has ceased to be a member of CSR Committee also.

As per requirements of law a total sum of Rs 1.77 Crores is calculated towards CSR activities for F.Y. 2017-18. There has been an unspent carried over balance of Rs 5.68 Crore that has not been spent in previous years.

Your Company carries CSR activities strictly in accordance with CSR policy of the Company which is in conformity with provisions of the Companies Act, 2013.

The day to day functioning of CSR Committee are carried out by the Managing Director and Secretary, CSR Committee who had been authorized by CSR Committee in their meeting held on 23.06.2016.

### **15. Conservation of Energy**

#### **15.1 Energy Conservation Measures:**

The conventional street lights, flood light and fans have been replaced with energy efficient LED light and energy saving fans of 5 star ratings in various dams/barrages/power house buildings/office buildings/colonies such as Yamuna Colony, Ichari Dam, MB-I, MB-II, Chilla, Kalagarh, Vyasi/Lakhwar Bhawan, Pathri and Mohmmadpur. The special attention is being given on the efficiency in respect of the new procurement of other systems such as motors, pumps etc.

#### **15.2 Capital Investment and Proposals for Reduction of Consumption of Energy:**

Capital investment amounting to Rs. 1.20 Crore is proposed during FY 2018-19 for replacement of conventional street light and other conventional light by energy efficient (T-5/LED) light in Power House/Office Building, at various locations of UJVN Limited as mentioned hereunder:

Sl.No.	Place of Activity	Amount (In lack Rs.)
1.	Yamuna Valley	60.00
2.	Ganga Valley	

3.	Bhagirathi Valley	40.00
4.	Lakhtar Vyasi	20.00

**15.3 Utilization of Alternate Source Of energy:**

UJVN Limited continues to take initiative for development of Solar PV projects and Baggase based projects in the State.

**15.3.1 Solar PV Projects**

UJVNL's total solar installed capacity is 26.464 MW out of which 20 MWP Grid Connected Solar PV Plant have been installed at Yamuna Valley on Built Own and Operate Transfer (BOOT) basis and 5.864 MW Grid Connected Solar PV Plant have been installed on Built Own and Operate (BOO) basis.

**15.3.2. Cogeneration Baggase based project**

Project Development Agreement for implementation of 22 MW Cogeneration Baggase based project at Bajpur and 16 MW Cogeneration Baggase based project at Nadehi on BOO basis has been signed on 20-12-2016 with respective sugar mills and are proposed to be completed by November 2020.

**16. Technology absorption**

The information relating to foreign exchange inflow and outflow are as under:-

Earning in foreign currency	NIL
Expenditure in foreign currency	NIL

**17. Identification of Risk and Risk Management policy**

**17 (A) Identification of Risk**

UJVN Limited is facing various risks each of which need different approaches for mitigation.

- Risks common to several players in the power sector in the country.
- Risks very specific to the Company due to the way its businesses/operations are structured.



- Disaster Management and Business Continuity Risks which are by nature rare, but are events with dramatic impact.
- Risk of fire (electrical as well as waste paper/cloth etc.) has been identified. Fire extinguishers of different types (Co2 and general purpose) are provided in offices and plants. CO2 system for the protection of generators are under upgradation with the latest technology.

The key risks and concerns of your Company are as follows:

**17 (A) 1 UERC Regulations:**

**a) UERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2017**

Hon'ble Uttarakhand Regulatory Electricity Commission (UERC) has notified the UERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2017 on 06-02-2017 and thereafter order dated 23/03/2018 according to UERC (DSM) regulations shall come into force w.e.f. 01-10-2018. In this environment UJVN Limited has to adhere to their scheduled injection as there are penalties on non-adherences.

**b) Judgment of supreme Court:**

Supreme Court vide order dated August 2013 prohibited setting up of any new hydroelectric power project in Uttarakhand. However, the same has been modified in August, 2014 and kept limited to 24 projects.

**c) Order of National Green Tribunal**

Hon'ble National Green Tribunal's vide order dated 09/08/17 directed to maintain minimum 15% to 20% of the average lean season flow of in the rivers. The implementation of said directions of Hon'ble NGT, will also impact generations of Hydro projects of UJVN Ltd.

**d) Disaster Issues**

Environmental issues are among the biggest threats to UJVNL, as hydro power plants are directly affected with environmental issues, like land slide, loss of rain, flood, earth quake, etc..

In addition to above, Fires, Black out, Total Strike, Terrorist attacks are the standard threat.

**e) Operational Efficiency**

About 77% of installed capacity is older than 35 years. Due to high vintage, the operational efficiency of these plants has declined. The condition of the auxiliaries, instruments, protective relays and control equipment has deteriorated. Due to this, availability of many machines has been adversely affected, in spite of best and timely maintenance.

The Company is planning to do RMU of old Plants/Barrages with an estimated cost of Rs 376.77 Crores during 2018-19. The Project/Barrages wise details are as under:-

Sl.No.	Works/Projects	Estimated cost (Rs. in Crores)
1.	Additional capitalization/Capital Investment for Renovation & Modernization of Dhalipur (3X17 MW) HEP	28.54
2.	Additional capitalization/Capital Investment for Renovation & Modernization of Chibro (4X60 MW) HEP.	50.23
3.	Capital Expenditure for Capital Works of 4X76 MW MB-II HEP of UJVN Limited	41.85
4.	Additional capitalization/Capital Investment for Renovation & Modernization of Chilla (4X36 MW) HEP	37.54
5.	Additional capitalization/Capital Investment for Renovation & Modernization of MB-I (3X30 MW) HEP	37.81
6.	Additional capitalization/Capital Investment for Renovation & Modernization of Khatima (3X13.8 MW) HEP	53.56
7.	Additional capitalization/Capital Investment for Renovation & Modernization of Dhakrani (3X11.25 MW) HEP	34.25
8.	Additional capitalization/Capital Investment for Renovation & Modernization of Khodri (4X30 MW) HEP	56.61

9.	Additional capitalization of Kulhal (3X10 MW) HEP	22.25
10.	Additional capitalization of Ramganga (3X66 MW) HEP	14.13
<b>Total</b>		<b>376.77</b>

**f) Weather Dependent Business**

Hydro Power Generation is directly related to the weather. During winter season the generation goes down substantially. Moreover, the weather cycle is changing due to global effect which is directly affecting the future forecasting of generation from the project and hence the forecasting of revenue. This weather dependence is affecting the long term business plan of UJVNL.

**g) Competition from private developers**

Several private companies have successfully entered into hydro power generation business over the last decade. Private investment in hydro power is expected to be increased over the next decade with several power plants in various stages of completion. UJVN Limited shall have to compete with these private developers for expansion of its business, with its upcoming projects. Hence, UJVN Limited must ensure to adopt the best project management practices and the best available and commercially viable technologies, to make its upcoming projects competitive with those developed by the private developers.

**17 (B) Risk Recovery /Risk Management Policy**

At project selection stage concern lies with the reliability of feasibility studies, economic forecasts and environmental impacts, for example flood risk, noise risk, water quality issues or fish impact.

In the financing stage the risks are political and economic stability, government commitment to policy, reliability of cost estimates and revenue projections; and financial measures, for instance currency and interest rate.

After necessary permissions for development there are further risks during the construction period including completion risk, cost overruns risk, meeting environmental obligations, political and other forces majeure, changes in taxation and in law.

In the operation and maintenance stage, risks include weather risk, for example the availability of water, price risk, breakdown risk, inflation risk, changes in taxation and in law, political and other forces majeure, technical performance risk, damage to third party, risk of innovation and finding costs higher than planned.

For improving the Operational Efficiency and life of old plant, "Renovation, Modernization and Up-gradation" activities are being carried out by UJVNL.

To sum up, it is important to consider risks through all stages of the product life-cycle.

**18. Information about Directors/Key Managerial Persons & Changes**

The following were the Directors/Key Managerial Personnel of the Company as on 31<sup>st</sup> March, 2018.

Sl. No.	Name	Designation
1.	Smt. Radhika Jha	Chairperson
2.	Shri. J.L. Bajaj	Independent Director
3.	Shri C.M. Vasudev	Independent Director
4.	Shri. B.S.P. Sinha	Independent Director
5.	Shri. B.P Pandey*	Independent Director
6.	Shri Raj Kumar	Independent Director
7.	Shri S.N. Verma	Managing Director, UJVNL
8.	Shri Sandeep Singhal**	Director (Projects), UJVNL
9.	Dr. A.C. Joshi	Director (HR), UJVNL
10.	Shri. L.M. Verma	Director (Finance), UJVNL and CFO and KMP
11.	Shri. Purushottam Singh***	Director (Operations), UJVNL
12.	Shri Arun Sabharwal	Company Secretary and KMP

\* Appointed as Independent Director, UJVN Limited w.e.f 05.03.2018

\*\*Ceased to be Director (Projects), UJVN Limited w.e.f 02.08.2018

\*\*\* Appointed as Director (Operations), UJVN Limited w.e.f 06.03.2018

During the period 1<sup>st</sup> April, 2017 till 31<sup>st</sup> March, 2018, following changes took place in the composition of Board of Directors & Key Managerial Personnel :-

Sl. No.	Name	Appointment/Cessation/ Change in Designation	Date
1.	Smt. Radhika Jha	Appointment as Chairperson	16.05.2017
2.	Dr. Umakant Panwar	Cessation as Chairman due to transfer	16.05.2017
3.	Shri B.P Pandey	Appointment as Independent Director	15.03.2018
4.	Shri. Purushottam Singh	Appointment as Director (Operations )	06.03.2018
5.	Shri. B.C.K Mishra	Cessation as Director (Operations) due to his appointment in Uttarakhand Power Corporation Limited (UPCL) as Managing Director	07.04.2017

As on the date of report, following are the Key Managerial Personnel of your Company:-

1.	Shri S.N. Verma	Managing Director
2.	Shri Arun Sabharwal	Company Secretary
3.	Dr. A.C. Joshi	Director (HR)
4.	Shri. L.M. Verma	Director (Finance) ,CFO
5	Shri. Purushottam Singh	Director (Operations )

#### **19. Details of Subsidiary, Joint Venture etc**

Your Company does not have any subsidiary, joint venture or associate company during the year under report.

#### **20. Acceptance of Deposit**

Your company has not accepted any deposit from other body corporate and on general public hence a Nil disclosure under Chapter 5 is made.

#### **21. Impact on financials due to orders of the Courts etc.**

The following orders of the regulators/ Hon'ble Courts/ Tribunals during F.Y. 2017-18 within the meaning of Section 134 (3) read with section 134 (5) of Companies Act 2013 read with Rule 8 (5) (vii) of Companies (Accounts) Rules 2014, have an impact on operations of company as a whole in future.

##### **21.1 Tariff Order dated 29.3.2017 for MB-II**

Tariff Order on True up for FY 2015-16, Annual Performance Review for FY 2016-17 & AFC for FY 2017-18 for 10 LHP's for UJVN Ltd.

The Hon'ble UERC like in previous Tariff Orders has not allowed the RoE on Equity invested out of PDF for MB-II and rejected to consider delay of last six month in Commissioning of MB-II as uncontrollable in True up of FY 2015-16.

The impact of disallowance of RoE on Equity invested out of PDF for MB-II is to the tune of Rs. 53 Crore per annum.

Disallowance of capital investment of Rs. 38.10 Crore due to non-consideration of delay of last six month in commissioning of MB-II as uncontrollable can not be recovered in future tariff .

**21.2 Tariff Order dated 25.5.2017**

**Order on review petition filed by UJVN Ltd against the Hon'bler UERC's order dated 30.11.2016 on Redetermination of Tariff for Parhtri and Mohammadpur SHPs.**

The Hon'ble Commission issued order on this petition on dated 25.05.2017 granting partial relief to UJVN Ltd by allowing RoE on first year of commissioning thus revising the levelised tariff as Rs. 1.42/kWh for Pathri & Rs. 1.92 /kWh for Mohammadpur.

UJVN Ltd has filed appeals before the Hon'ble APTEL on dated 10.07.2017 against the UERC's orders dated 30.11.2016 and 25.05.2017. The matter is still pending.

**21.3 Tariff Order dated 27.6.2017**

**Order on prior approval of Capital Investment for Renovation and Modernization of 3x11.25 MW Dhakrani HEP**

The Hon'ble Commission issued order on this petition on dated 27.06.2017 granting approval of Capital Investment for Renovation and Mordernisation of 3X11.25 MW Dhaknai HEP

**21.4 Tariff Order dated 12.12.2017**

**Order on Suo-moto proceeding in the matter of application seeking revision of tariff of Mohammadpur and Pathri SHP's of UJVN Ltd**



**determined by the Commission vide its Order dated 30.11.2016 & 25.05.2017 consequent to the amendments in RE Regulations, 2013**

The Hon'ble Commission by this order dated 12.12.2017 has revised the levelized tariff of Mohammadpur & Pathri SHP's to Rs. 2.04 /unit & Rs 1.53 /unit against already approved levelised tariff of Rs 1.92 /unit & Rs 1.42/unit

**21.5 Tariff Order dated 21.3.2018**

**Tariff Order on True up for FY 2016-17, Annual Performance Review for FY 2017-18 & AFC for FY 2018-19 for 10 LHP's for UJVN Ltd.**

The Hon'ble UERC like in previous Tariff Orders has not allowed the RoE on Equity invested out of PDF for MB-II and rejected to consider delay of last six month in Commissioning of MB-II as uncontrollable in True up of FY 2016-17.

The impact of disallowance of RoE on Equity invested out of PDF for MB-II is to the tune of Rs.53 Crore per annum.

Disallowance of capital investment of Rs.38.10 Crore due to non-consideration of delay of last six month in commissioning of MB-II as uncontrollable cannot be recovered in future tariff.

In this regard UJVN Ltd already filed Appeals against Tariff Order dated 11.04.2015, Tariff Order dated 05.04.2016 and Tariff Order dated 29.03.2017 before the Hon'ble APTEL. The matter is still pending.

**21.6 Effect on Project Development as per the directives of Hon'ble Supreme Court**

- As per the Hon'ble Supreme court order in the matter of Alaknanda Hydro Power Co. Ltd. vs Anil Joshi (case no 6736 of 2013), 24 Hydro-electric projects in river Bhagirathi and Alaknanda basins are under review and hence held-up.
- Ministry of Environment, forest & Climate change, Govt. of India constituted Expert Body (EB II) in pursuance of the order dated May 12, 2015 of Hon'ble Supreme Court for carrying out Cumulative Impact

Assessment and Carrying Capacity Study in upper reaches of river Ganga.

- As per the directive, EB-II has taken up the assigned work and after several rounds of meetings finalized its report in September 2017 and the report was submitted to MoEF&CC.

**21.7 Effect on Project Development Due to NGRBA Decision, BESZ otification and Hon'ble Supreme Court Decision**

- Due to decision of National Ganga River Basin Authority (NGRBA), Declaration of Bhagirathi Eco Sensitive Zone (BESZ) and Hon'ble Supreme Court Order 33 Hydro Electric Projects total combined capacity of 4060 MW in the state (in Alaknanda & Bhagirathi Basin) have come to a halt despite significant investments.
- The State of Uttarakhand has been facing acute power shortage in recent times and is forced to purchase electricity amounting to Rs.1000 Crores annually, casting an additional burden on the finances of the hilly state. The State Government also realizes the criticality of the hydro power generation for the nation.

**21.8 Effect on Project Development by the order of Ministry of WR,RD &GR on E-flow**

- Minister of Water Recourses, River Development & Ganga Rejuvenation, Govt. of India vide letter no. M(WR,RD&GR)/1(29)VIP/2056/2015, in Nov.2015 wrote a letter to the Minister of Power, Govt. of India that, a committee is constituted to recommend E-flow in Ganga and not to approve or design any dam or barrage or any structure till report of the committee is finalised. After finalization of the report Hydro Power Projects located in Ganga Basin would thereafter be expeditiously appraised in the light of recommendation of the aforesaid committee.
- A constituted committee of MOWR, RD&GR to finalize E-flow recommendation, had conducted a meeting on 11.09.2017 under the chairmanship of Secretary MOWR, RD & GR in which Chief Secretaries of various States were called to discuss the findings of the committee report.



## **22. Internal Auditors**

As per provisions of Section 138, your company is required to appoint an internal auditor of the Company. In compliance to these provisions your company is having a dedicated Internal Audit Cell as per the requirements of the Act under the Control of Director Finance. Apart from this, C.A. firms have been engaged to conduct concurrent audits. The observation and comments of auditors are reviewed constantly by the Audit Committee in their meetings as an essential agenda items.

## **23. INTERNAL FINANCIAL CONTROL**

The Company has in place adequate internal financial controls with reference to financial statements. No reportable material weakness in the design or operation was observed during the year.

## **24. COST RECORD**

The provision of Cost audit as per section 148 applicable on the Company and company has maintained proper records and account of the same as required under the act.

## **25. AUDITOR**

### **1. Statutory Auditors**

The Auditors, M/s DSM & Associates, Chartered Accountants, (Firm Registration No.007104C), hold office until the conclusion of the (FY 2017-18) Annual General Meeting.

M/s DMA & Associates, Chartered Accountant (Firm Registration No. 010129C) are appointed as Statutory Auditor by Comptroller and Auditor General of India for conducting the audit of the Company for the financial year 2018-19.

### **2. Cost Auditor**

M/s K.G. Goyal & Associates, Cost Accountants are appointed as Cost Auditor for the F.Y. 2018-19

### **3. Secretarial Auditors**

Divya Khare, Company Secretaries are appointed as Secretarial Auditor for the F.Y. 2018-19

**26. Reportable Frauds**

The company's Auditors have not reported any fraud under subsection (12) of section 143 of the companies Act and hence nil discloser is given under section 134(3)(ca) of the Companies Act,2013.

**27. Disclosures about Remuneration & Net Worth**

The following are the Statutory Declarations as per clause (5) of Appointment & Remuneration of Managerial Personnel Rule, 2014.

- Your company is not a listed Company on any of the stock exchange.
- The net worth of the Company as on 31st March, 2018 was Rs.1738.41 crores in comparison to Rs.1540.92 Crores as on 31st March, 2017. Thus, resulting in increase of 12.81 %. The major reasons for increase in net worth are as under:
  - (a) Increase due to fresh Share application money received during the year.
  - (b) Increase due to surplus transfer to reserves and adjustment for opening balances with UPJVNL.
- As per requirement of Section 134(3) of The Companies Act, 2013 read with Rule 5(2) & (3) of The Appointment and Remuneration of Managerial Personnel Rules, 2014 and as amended by Gazette Notification dated 30-06-2016, none of the employees of the Company had the remuneration:-
  1. If employed throughout the financial year was in receipt of remuneration in aggregate Rs. 1,02,000,00/- or more;
  2. None of the employees employed for part of the financial year were in receipt of remuneration of Rs. 8,50,000/- per month or more;
- None of the employees hold any share in the Company. Hence, Clause (iii) is not applicable.

**28. Information Technology**

UJVNL has engaged M/s Accenture solution Pvt. Limited as system Integrator for implementation of ERP system. Development and implementation of ERP system is under process.



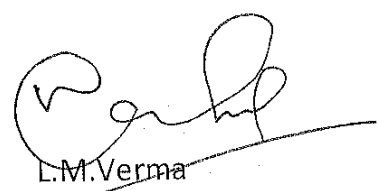
**29. CONSTITUTION OF COMMITTEE – SEXUAL HARASSMENT AT WORKPLACE**

The Company has constituted "Internal complaints committees" for the women employees working in UJVNL. These committees have been constituted under the sexual harassment of women at workplace (prevention, prohibition and Redressal) Act, 2013 to comply with the provisions of the same.

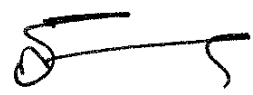
**30. Acknowledgement:**

The Board of Directors acknowledge with deep appreciation, the co-operation 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, Uttarakhand Electricity Regulatory Commission, Central Electricity Authority, Central Water Commission, UPCL, PTCUL, HPSEB. The Board also places on record its appreciation for continuing support, faith and confidence reposed and record its deep appreciation for the co-operation extended by statutory Auditors, Office of Comptroller and Auditor General of India, Cost Auditors and Secretarial Auditors. Further, the Board wishes to record its appreciation and deep gratitude to all the Officers and Employees 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 Officers and employees will continue to contribute their best in the coming years as they had been doing in the previous years and would be able to escalate the milestones that have been achieved this year.

For and on behalf of the Board of Directors



L.M.Verma  
Director (Finance)



S.N.Verma  
Managing (Director)

Place: Dehradun  
Date:-29.09.2018

**FORM AOC-3A**

(Pursuant to first proviso to sub-section (1) of section 136 of the Act and Rule 10 of Companies (Accounts) Rules, 2014)

**Form of Abridged Financial Statements  
Part -1**

Name of the Company: **UJVN Limited**

Abridged Balance Sheet as at 31<sup>st</sup> March 2018

(₹. in Crores)

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	<b>ASSETS</b>			
I	<b>Non-current assets</b>			
	(a) Property, Plant and Equipment	2,150.69	2,132.44	2,046.80
	(b) Capital work-in-progress	1,079.62	897.75	741.83
	(c) Financial Assets			
	(i) Trade Receivables	-	-	-
	(ii) Others financial assets	35.34	0.39	0.11
	(d) Other non-current Assets	214.30	99.76	65.18
II	<b>Current Assets</b>			
	(a) Inventories	160.80	60.79	48.17
	(b) Financial Assets			
	(i) Trade Receivables	587.94	811.21	878.42
	(ii) Cash & Cash Equivalents	530.96	610.03	537.82
	(iii) Others financial assets	49.12	51.96	50.44
	(c) Current Tax Assets (net)	52.00	50.23	17.31
	(d) Other Current Assets	38.03	80.93	70.99
	<b>Total Assets</b>	<b>4,898.80</b>	<b>4,795.49</b>	<b>4,457.07</b>
	<b>EQUITY AND LIABILITIES</b>			
	<b>Equity</b>			
	(a) Equity Share Capital	1,167.86	1,105.69	1,084.89
	(b) Other Equity	842.62	854.37	759.27
	<b>Liabilities</b>			
I	<b>Non-current liabilities</b>			
	(a) Financial Liabilities			
	(i) Borrowings	1,216.88	1,091.44	1,036.39
	(ii) Other Financial Liabilities	22.37	18.49	12.74
	(b) Provisions	126.41	99.51	89.43
	(c) Deferred tax liabilities (Net)	17.95	15.61	16.44
	(d) Other non-current liabilities	169.39	164.94	137.31

II	<b>Current liabilities</b>			
	(a) Financial Liabilities			
	(i) Borrowing	74.09	48.83	48.83
	(ii) Trade Payable	4.48	0.53	-
	(iii) Other Financial Liabilities	529.19	481.29	422.74
	(b) Provisions	104.78	116.04	58.24
	(c) Current Tax Liabilities (net)	-	-	-
	(d) Other Current liabilities	278.03	454.00	446.04
III	<b>Regulatory Deferral Balance</b>	344.75	344.75	344.75
	<b>Total Equity and Liabilities</b>	<b>4,898.80</b>	<b>4,795.49</b>	<b>4,457.07</b>
<b>Note: Complete Balance Sheet, Statement of Profit and Loss, other statements and notes thereto prepared as per the requirements of Schedule III to the Act are available at the Company's website at link <a href="http://www.ujvnl.com">www.ujvnl.com</a></b>				

#### Abridged Statement of Changes in Equity for the period ended 31.3.2018

A. Equity Share Capital	(₹. in Crores)
Balance as at April 1, 2016	1,084.89
Add: Shares issued during the year	20.80
<b>Balance as at March 31, 2017</b>	<b>1,105.69</b>
Balance as at April 01, 2017	1,105.69
Add: Shares issued during the year	62.17
<b>Balance as at March 31, 2018</b>	<b>1,167.86</b>

B. Other Equity	Share application money pending allotment	Reserve and Surplus			Other items of OCI	Total
		General Reserve	Capital Reserve	Retained Earnings		
Balance at the end of the reporting period March 31, 2016	20.80	-	348.80	324.45	-	694.05
Changes in accounting policy or prior period error	-	-	(78.40)	145.15	-	66.75
Change in Deferred Tax	-	-	-	(1.53)	-	(1.53)

Balance at the beginning of the reporting period April 01, 2016	20.80	-	270.40	468.07	-	759.27
Profit during the year				79.57		79.57
Balance carried to Other comprehensive income	-	-	-	(0.13)	-	(0.13)
Dividend paid during the year	-	-	-	(12.21)	-	(12.21)
During the Year 2016-17	26.20	-	1.67		-	27.87
Balance at the end of the reporting period March 31, 2017	47.00	-	272.07	535.30	-	854.37
Balance at the beginning of the reporting period April 01, 2017	47.00	-	272.07	535.30	-	854.37
Total comprehensive income for the year	-	-	-	(1.20)	-	(1.20)
Profit during the year				63.73		63.73
Dividend paid during the year	-	-	-	(27.28)	-	(27.28)
During the Year 2016-17	(47.00)	-	-	-	-	(47.00)
Balance at the end of the reporting period March 31, 2018	0.00	-	272.07	570.55	-	842.62

## Part II

## Abridged Statement of Profit &amp; Loss for the period ended 31.3.2018

(₹. in Crores)

Particulars		Year Ended March 31, 2018	Year Ended March 31, 2017
<b>Income</b>			
i)	Revenue From Operations	734.50	591.18
ii)	Other Income	43.19	49.85
	<b>Total Income</b>	<b>777.69</b>	<b>641.03</b>
<b>Expenses</b>			
i)	Operating and Direct Expenses	211.48	78.95
ii)	Employees' Benefit Expenses	236.20	222.53

iii)	Finance Cost	108.64	115.10
iv)	Depreciation & Amortization Expenses	114.95	110.29
v)	Other Expenses	45.49	40.77
	<b>Total expenses</b>	<b>716.76</b>	<b>567.64</b>
	<b>Profit/(loss) before exceptional items and tax</b>	60.93	73.39
	Exceptional Items	6.19	4.23
	<b>Profit/ (loss) Before Tax</b>	<b>67.12</b>	<b>77.62</b>
	Tax expense:		
	(i) Current tax	1.02	(1.13)
	(ii) Deferred tax liability/ (assets)	2.37	(0.82)
	<b>Total Tax Expense</b>	<b>3.39</b>	<b>(1.95)</b>
	<b>Profit/(loss) for the period from continuing operations</b>	63.73	79.57
	<b>Profit/(loss) for the period from discontinuing operations</b>	-	-
<b>I</b>	<b>Profit/(loss) for the Period</b>	<b>63.73</b>	<b>79.57</b>
<b>II</b>	<b>Other Comprehensive Income</b>		
	(i) Items that will not be reclassified to profit or loss		
	- Remeasurements of net defined benefit plans	(1.23)	(0.13)
	- Tax relating to above items	(0.03)	(0.00)
	Other Comprehensive Income	<b>(1.20)</b>	<b>(0.13)</b>
	<b>Total Comprehensive Income for the period</b>	<b>62.53</b>	<b>79.44</b>
	Earnings per equity share :	56.33	72.54
	(1) Basic		
	(2) Diluted	55.19	71.73

### Part-III

#### Abridged Cash Flow Statement

(₹. in crores)

Sr. No	Particulars	Figures for the current reporting period (31/03/18)	Figures for the previous reporting period (31/03/17)
1	Cash flows from Operating activities	128.17	371.43
2	Cash flows from Investing activities	(287.88)	(320.90)
3	Cash flows from Financing activities	80.64	21.68
4	Net increase/(decrease) In cash and cash Equivalents	(79.07)	72.21
5	Cash and cash equivalents At the beginning of period	610.03	537.82
6	Cash and cash equivalents At the end of period	<b>530.96</b>	<b>610.03</b>

## NOTES TO THE ABRIDGED BALANCE SHEET AND THE ABRIDGED PROFIT AND LOSS ACCOUNT

### 1. Opening Balances as on 9/11/2001

The company was incorporated on 12/2/2001 by Uttarakhand Government for managing and undertaking hydropower projects in the State of Uttarakhand. Central Government vide its order dated 5/11/2001 transferred all hydro power plants located in the State of Uttarakhand to Uttarakhand Jal Vidyut Nigam. The company took the financial & administrative control of the plants immediately with effect from 9-11-2001. In absence of any final transfer scheme, Nigam had derived its opening balances and carried the same in its Balance Sheet up to FY 2006-07 on the basis of information available, to complete its accounts. The differences, if any between provisional opening balances so incorporated and final opening balances as per final scheme of transfer were to be accounted for in the year the final transfer scheme is approved by the Government. However, in case of Small Hydro Divisions, actual balances as appearing in Books of Account of the units transferred to UJVNL have been considered.

Since after the Lapse of considerable period of time, transfer Scheme has not been finalized and provisional opening balances with no details/ records appearing in the books were being carried forward and the following line of action was decided by the management:-

- (i) Where ever the figures of the balances as on 9.11.01 have been confirmed with the Books of account of the various divisions such confirmed opening balances be substituted in place of the existing provisional opening balances and difference between the assets and liabilities emerging there form be transferred to "Capital Reserve Account".
- (ii) Final Transfer Scheme for transfer of balances of assets & liabilities has not yet been finalized and differences if any between opening balances so incorporated and final opening balances as per final Scheme of Transfer will be accounted for in the year the Final Transfer Scheme is approved by the Government.

During the current financial year, Gross fixed Assets and accumulated depreciation for 9 LHP has been substituted in place of the existing provisional opening balances agreed by UPJVNL. Refer Schedule of Other equity and Note No.43.

The details of the regrouped / adjusted provisional opening balances are as follows:

(₹. in Crore)

Particulars	Value	
<b>Fixed Assets &amp; CWIP</b>		
Gross Fixed Assets (LHP & HO)	5,28,59,20,731	
Gross Fixed Assets (SHP)	52,81,99,100	
Depreciation Reserve Fund	(-)4,51,05,82,880	
Net Fixed Assets		1,30,35,36,951
Capital work in progress		1,96,24,66,379



Incidental Expenditure		4,31,50,855
<b>Current Assets</b>		
Stock Stores & Spares	13,24,09,158	
Sundry Debtors	57,24,11,110	
Cash incl. PI&TI	7,07,302	
Bank Balances	2,73,49,971	
Loan & Advances	7,16,56,836	
<b>Total Current Assets</b>	<b>80,45,34,377</b>	
<b>Less:</b>		
Current Liabilities	13,90,17,533	
Deposit for Electrification	3,70,426	
Security Deposit from Consumers	33,51,430	
Consumer Contribution grant	1,76,078	
<b>Total Current Liabilities</b>	<b>14,29,15,467</b>	
<b>Net Current Assets</b>		66,16,18,910
Misc. Exp. (Survey & Investigation)		97,67,951
<b>Total Assets</b>		<b>3,98,05,41,046</b>

<b>Liabilities</b>		
Capital Reserve (subsidy)		77,15,18,648
Reconstruction Reserves (Diff. of Assets – Liabilities including Capital Reserves)		2,72,07,18,098
Secured Loan from LIC	40,31,84,800	
Overdue principal (LIC)	3,46,19,500	43,78,04,300
State Govt. Loan		5,05,00,000
<b>Total Liabilities</b>		<b>3,98,05,41,046</b>

## 2. Contingent Liabilities

Sl. No.	Particulars	2017-18	2016-17
1.	Claims lodged by contractors against Deptt. of Irrigation for MB-I project not acknowledged by the Nigam.	4.41 Crore	4.41 Crore
2.	Claim lodged and pending at arbitration and different Courts	616.67 Crore	464.33 Crore
3.	Income Tax Liability (Excluding Interest u/s 220(2) of IT Act)	10.77 Crore	2.99 Crore

3. Commitment Charges

Sl. No.	Particulars	2017-18	2016-17
1	Estimated value of contracts remaining to be executed on Capital Account and not provided for	₹. 727.09 Crore	₹. 946.46 Crore

4. General description of various defined employee's benefits schemes are as under:

A. For Employee covered under General Provident Fund:

- a) Government of Uttarakhand had taken over the liabilities for Gratuity and Pension w.e.f. March, 2004 against payment of 19.08% of the Basic Salary, Grade Pay and Dearness Allowance and the same has been accounted for on accrual basis.
- b) Gratuity:

For Employee covered under Employees Provident Fund and Miscellaneous Provision Act, 1952:

- a) Gratuity in respect of employees covered under Employees Provident Fund and Miscellaneous Provision Act, 1952 have been accounted for on actuarial valuation basis. The said valuation is based on projected unit credit method. The scheme is funded by Company and manage by LIC.

As per Actuarial Valuation company's best estimates for FY 2017-2018 towards the Gratuity Fund Contribution is INR 12.24 Crores (including actuarial deficit of INR 1.00 Crores for 2016-2017).

B) Leave Encashment:

Eligible employees can avail the benefit of Leave encashment of 2.5 days in each month and the same can be carry forward and accumulated for maximum of 300 days during the service tenure. In case of Officers, accumulated leaves can be availed only at the time of separation/retirement from service. In any other case, encashment of accumulated earned leave is allowed after the accumulation of 60 earned leaves during service. The liability on this account is recognized on the basis of actuarial valuation.

C) Medical Leave:

Medical Leave benefit extends upto 365 days to its regular employees during the service period. The liability on this account is recognized on the basis of actuarial valuation

5. Disclosure of Related Party Transactions

36.1 Disclosures for Other than Govt. Related Entities

a. List of key management personnel

Name	Designation
Mr. S.N. Verma	Managing Director
Mr. B.C.K. Mishra (Period 1-4-2017 to 7-4-2017)	Director (Operation)
Mr. Purushottam Singh (Period 6-3-2018 to 31- 3-2018)	Director (Operation)

Mr. Snadeep Singhal	Director (Project)
Mr. L. M. Verma	Director (Finance) & CFO
Mr. A. C. Joshi	Director (Human Resource)
Mr. Arun Sabharwal	Company Secretary

**b. Compensation of key management personnel**

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Short-term benefits	1.68	1.37
Post-employment benefits	-	-
Other long-term benefits	-	-
Share-based payments	-	-
Termination benefits	-	-
<b>Total</b>	<b>1.68</b>	<b>1.37</b>
Recovery of Loans & Advances during the year	-	-
Advances released during the year	-	-
<b>Closing Balance of Loans &amp; Advances as on 31.03.2018</b>	<b>-</b>	<b>-</b>

**c. Transactions with Related Parties**

Particulars	I	
	2017-18	2016-17
Sale of goods and services	-	-
Purchase of raw material/goods and services	-	-
Purchase or sale of fixed assets	-	-
Transfers under finance arrangements (including loans and equity contributions in cash or in kind)	-	-
Other transactions	-	-

**d. Outstanding balances arising from sale/purchase of goods/services**

Particulars	I	
	2017-18	2016-17
Trade Payables	-	-
Trade receivables	-	-

**e. Loans to and from KMP**

Particulars	Name of KMP	
	2017-18	2016-17
Loans at beginning of the year	-	-
Loan advanced	-	-
Repayment received	-	-
Interest charged	-	-
Interest received	-	-
<b>Balance at end of the year including interest</b>	-	-

**f. Disclosure for transactions entered with Govt. and Govt. Entities**

Particulars	Nature of Relationship
Government of Uttarakhand	Wholly Owned

Nature of Transaction	Related Party	During 2018	Balance as on 31.03.2018	During 2017	March 31, 2017
Provision for Gurantee Fee	GoU	3.58	22.39	4.23	23.04
Receivable on account of transfer of SHP's	UREDA	-	29.66	-	29.66
Sale of Power	UPCL	685.87	515.18	550.72	723.98

The balances of suppliers, Contractors, Government Departments etc under the Current Assets, Loans and Advances and Current Liabilities are subject to confirmation and reconciliation.

6. Un-secured Loans include Rs. 43.78 crores being 10% of the LIC loan of Rs. 437.80 crores taken by erstwhile UPSEB and transferred to Uttar Pradesh Jal Vidyut Nigan Ltd.(UPJVNL) by the Govt. of

Uttar Pradesh vide its notification dated 25/1/2001 and the same has been considered provisionally in accordance to the GOI order dated 5.11.2001. Subsequently, Central Government vide its order No. SO 1228 dated 2.09.2005 has allocated the part liability of LIC Loan of Rs. 352.59 Cr taken for MB-II HEP by the erstwhile UPSEB to Govt. of Uttarakhand (GOU). Since such allocation of the above referred loan is to the state of Uttarakhand and not to the UJVNL, the effective amount of Rs. 308.81 crore (Rs. 352.59 crore - Rs. 43.78 crore) and provisional interest of Rs. 1010.58 crore thereon have not been accounted for in the books of account. This has also been communicated to Life Insurance Corporation vide letter No. 7714/UJVNL/LIC Loan dated 12-12-2013, letter No. 5757/UJVNL/MD/LIC Loan dated 13-06-2014, letter No. 8757/UJVNL/MD/LIC dated 14-10-2014, letter No. 152/UJVNL/01/MD/LIC dated 27-01-2015, letter No. 2912/UJVNL/01/MD/LIC dated 26-05-2015 and letter No.

4809/UJVNL/01/MD/LIC dated 24-08-2015 and Govt. of Uttarkhand vide Letter No.4024/UJVNL/PN/SHASHAN-6/LIC LOAN dated 05-05-2014 that LIC loan liability not pertain to the Nigam.

Since the amount of Rs. 43.78 crore of LIC loan has been provisionally considered hence the interest also has been provided there against at provisional rate of 11% per annum and no provision of penal interest on the same has been made.

7. Interest @ 13% p.a. provided on State Government Loan provisionally acquired from Uttar Pradesh Jal Vidyut Nigan Ltd. (UPJVNL).
8. Interest has been provided on opening balances of Employees GPF Trust Liability as certified by GPF trust-UJVNL.
9. Amount Recoverable from Uttarakhand Renewable Energy Development Agency (UREDA): During the financial year 2013-14 and 2014-15, 21 Small Hydro Projects (SHPs) and 3 distribution lines were handed over to Uttarakhand Renewable Energy Development Agency (UREDA) as per the directives of Govt. of Uttarakhand and approval of the board of the Nigam in its 66th board meeting held on 12.03.2013 vide agenda item no. 66.35. The total amount recoverable from UREDA on account of aforesaid transfer as on 31.03.2016 is Rs. 29,66,13,756 (Twenty nine crores sixty six lakhs thirteen thousand seven hundred fifty six).
10. Non-recovery of electricity charges billed to UP Irrigation department: Amount of trade receivables includes Rs. 10.23 crores as electricity bills against Uttar Pradesh Irrigation Department (UPID), Kalagarh were raised by erstwhile UPSEB and thereafter by UJVNL till March 2012 (afterwards the distribution network has been handed over to UPCL) but no payments of such bills have been made by UPID, Kalagarh so far. UPID is acknowledging the claims raised by UJVNL and they have also repeatedly asked for adjustment of the said claims against their provisional bills raised towards distribution of expenditure on account of maintenance of Ramganga Project. Non-realization of aforesaid amount is due to such counter claims initiated by UPID which were neither acknowledged nor paid by erstwhile UPSEB or by UJVNL. Since the claims raised by UJVNL are acknowledged by UPID i.e. a govt. agency; the electricity charges billed are being classified and carried forward as "Sundry Debtor considered good".
11. Centage Charges payable to Irrigation department: Govt. of Uttarakhand (GOU) has given the approval of the payment of actual expenditure of Rs. 60.84 as centage charges for the works carried out by Irrigation Department relating to Maneri Bhali -II project. (MB-II project commissioned in FY 2007-08). The aforesaid centage charges were never part of the Memorandum of Understanding between UJVNL and Uttarakhand Irrigation Department (UID) for construction of MB-II project and the same had neither been taken in the project cost of MB-II nor has the Nigam provided the cost in any of its budget. In view of above Nigam has not provided for the liability in its books of accounts. Further, the Nigam has requested GOU to provide the amount of Rs. 60.28 crore vide letter no. 744/MD/UJVNL/MB-II dated 23.08.2011 but it has not been provided to UJVNL for onward payment to UID till date.

12. As per letter no. 03/I(2)/2010-04(8)/52/2008 of Additional Secretary, Govt of Uttarakhand dated 03.01.2011, it was informed that in the meeting of National Ganga Basin Authority held on 01.11.2010, Govt. of India (GOI) has decided to stop the development work of Pala Maneri Project of the Nigam. Further, in the said letter, it was also directed to discontinue the construction work of the said project and submit the claim of total expenditure incurred on the project to the GOI. The assets and liabilities of the Nigam shown in the financial statements as at 31.03.2018 includes Rs. 108.65 crore and Rs. 1.28 crore respectively on account of said project.

### **13. Dues to in Micro, Small and Medium Enterprises**

The Company has not received any intimation from the suppliers regarding status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures regarding the following have not been provided:

- i. Principal amount remaining unpaid at the end of the year to Micro, Small & Medium enterprise;
- ii. Interest accrued & remaining unpaid at the end of the year to Micro, Small & Medium enterprise for the current year;
- iii. Amount of interest paid during the year along with the payment of principal amount made beyond 15 days or agreed time from the date of delivery / rendering of service;
- iv. Amount of interest carried forward from last accounting year with interest for the current year on such interest.

### **14. Suspended Projects as per Eco-Sensitive Zone**

Ministry of Environment and Forest, Government of India has declared a total area of 4179.59 kilometers as an Eco-Sensitive Zone (ESZ) on the river Bhagirathi and all its tributaries from Gaumukh to Uttarkashi and prohibited setting up of new hydro electric power plants except micro and mini hydel power projects. In consequence to the said notification, five projects of UJVNL namely Kaldigad, Asi-Ganga I, Asi-Ganga II, Swarigad and Limchagad are suspended as on date. The assets of the Nigam shown in the financial statements as at 31.03.2018 includes Rs.79.33 crore on account of said projects.

Government of Uttarakhand is consistently representing the matter with GoI for allowing construction of all the small hydro project under development prior to ESZ notification in ESZ area.

### **15. Exceptional Items**

a.)As per directive of the Board in its 86th meeting, the capital cost of Madhyamaheshwar SHP has been reinstated by enhancing Rs.5.17 crore and correspondingly shown as an Exceptional Item in Statement of Profit & Loss, as during restoration work of the said projects, it was found that structures constructed earlier were found safe except minor damages. Earlier during FY 2013-14 same was written off and shown under Extraordinary items for Loss due natural calamity of said project.

b) As per directive of the Board in its 182<sup>nd</sup> meeting, foreclosure of long pending contract

agreement with M/s Avantika Contractor for Asiganga –II SHP project, Losses amounting to Rs. 1.02 crore due to flash flood on expiry of insurance policy is being recovered from the said contractor and shown as an Exceptional Item in Statement of Profit & Loss. Earlier during FY 2013-14 same was written off and shown under Extraordinary items for Loss due natural calamity of said project.

16. Other disclosures as per Schedule-III of Companies Act, 2013

Sl. No.	Particulars	2017-18		2016-17	
		Current Year		Previous Year	
1	Licensed Capacity	N.A		N.A	
2	Installed Capacity ( In MW)	1317.96		1291.21	
3	Actual Generation ( In MU)	4745.89 MU		4380.72 MU	
4	<b>Sales</b>				
	UPCL & HPSEB (Net of Royalty & Cess )	4677.38 MU	₹. 728.17 Crores	4307.40 MU	₹. 564.27 Crores
	Others	₹. 6.33 Crores		₹. 5.15 Crores	
	Energy Sale pertains to previous years	Nil		21.76	
5	CIF value of Imports	Nil		Nil	
6	Expenditure in Foreign Currency	Nil		Nil	
7	Earnings in Foreign Currency	Nil		Nil	

17. Period and amount of defaults on the balance sheet date in repayment of loans and interest is as hereunder:

(₹. in crores)

Particulars	Figures for the current reporting period (31/03/18)		Figures for the previous reporting period (31/03/17)	
	Period of default	Amount	Period of default	Amount
GOU Loan- NABARD Funded	0 - 72 months	33.41	0 - 60 months	36.42

- As disclosed at Note 13 of Balance Sheet term and condition of GoU loan for NABARD funded SHP's are subject to revision as the same are to be repayable only after commissioning of Projects.

18. Details of cash and cash equivalents is as follows:

(₹. in crores)

Particulars	Figures for the current reporting period (31/03/18)	Figures for the previous reporting period (31/03/17)
(a) Cash on hand	0.06	0.05
(b) Balances with banks - in current accounts	201.51	265.87
(c) Cheques in Transit	1.35	0.55
<b>Other Bank Balance</b>		
Balances with banks (Deposits with maturity of more than three months but less than upto 12 months)	328.04	343.56
<b>Total</b>	<b>530.96</b>	<b>610.03</b>

## Salient feature of Director's Report

### 1. Details of Dividend Declared

The Board of directors of your Company has recommended a final dividend of Rs. 16.00 per equity share for the Financial Year 2017-18. The total dividend for the year comes to Rs.18,68,57,904/- (exclusive of dividend distribution tax). The total dividend pay-out on approval of final dividend of the Financial Year 2017-18 will be Rs.22,52,66,733/- crore (including dividend distribution tax of Rs.3,84,08,829/-) representing 35.35 % of the profits after tax, as against a dividend pay-out of Rs. 27,28,10,482/- crores @ Rs.20.50 per equity share representing 35.84 % of the net profits after tax in previous years. The dividend payment is subject to approval of members at the ensuing Annual General Meeting.

### 2. Reportable Frauds

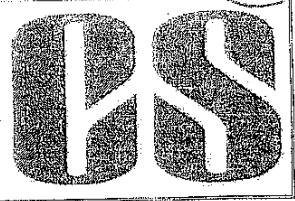
The company's Auditors have not reported any fraud under subsection (12) of section 143 of the companies Act and hence nil disclosure is given under section 134(3)(ca) of the Companies Act,2013.

### 3. Audit Reports:

Management reply on report of Statutory Auditors and Comptroller & Auditor General of India are enclosed.



**DIVYA KHARE**  
 COMPANY SECRETARIES  
 C-3/3, IRDE COMPLEX, VIGYAN VIHAR,  
 RAIPUR ROAD, DEHRADUN  
 Mob. # 09897892577  
 e-mail id: [divya.khare2007@gmail.com](mailto:divya.khare2007@gmail.com)



To,  
 The Members,  
 UJVN Limited,  
 Ujjwal, Maharani Bagh,  
 Dehradun-248001

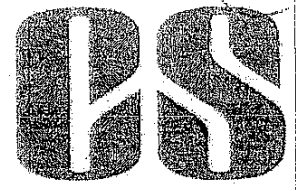
Our Report of even date is to be read along with this letter:

1. Maintenance of Secretarial record is the responsibility of the management. My responsibility is to express my opinion on these Secretarial records based on audit conducted by me.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The Verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, that were followed, provide a reasonable basis for my opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, and Standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

for Divya Khare  
 Company Secretaries  
 Place: Dehradun  
 Date: 11.04.2018



DIVYA KHARE  
COMPANY SECRETARIES  
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e-mail id: [divya.khare2007@gmail.com](mailto:divya.khare2007@gmail.com)



## Secretarial Audit Report

Form no. MR-3

(For the Period 2017-2018)

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
UJVN Limited,  
Ujjwal Maharanal Bagh,  
Dehradun- 248001

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by UJVN Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period ended on 31.03.2018, complied with the aforesaid laws. Material Compliances are listed in the annexures attached to this report.

### Management's Responsibility for Secretarial Compliances:

The management has discharged its responsibility for preparation and maintenance of secretarial records and for devising proper systems to ensure compliances with the applicable laws and regulations.

### Auditors Responsibility:

Our responsibility is to express an opinion on the Secretarial records, standards and procedures followed by the Company with respect to Secretarial compliances.

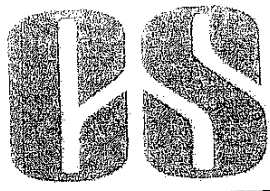
We believe that audit evidence and information obtained from the company's management is adequate and appropriate for us to provide a basis for our opinion.

### Opinion

I have examined the books, papers, minute books, forms and returns filed and other records maintained by UJVN LIMITED for the period from 01.04.2017 to 31.03.2018 according to the provisions of



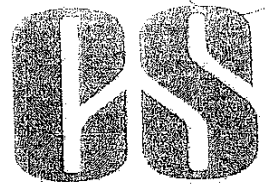
**DIVYA KHARE**  
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- I. The Companies Act, 2013 (**the Act**) and the Rules made there under;
- II. The Securities Contracts (Regulation) Act, 1956 (**'SCRA'**) and the Rules made there under; (**Not Applicable to the company**)
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under; (**Not Applicable to the company**)
- IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (**Not Applicable to the company**)
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (**'SEBI Act'**) to the extent applicable to the Company -
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (**Not Applicable to the Company**)
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; (**Not Applicable to the Company**)
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (**Not Applicable to the Company**)
  - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Employee stock option scheme and Employee stock purchase scheme guidelines 1999 / Securities and exchange Board of India (Share based Employee Benefits) Regulations 2014 (Effective 28<sup>th</sup> October 2014) Regulations, 1993 regarding the Companies Act and dealing with client; (**Not Applicable to the Company**)
  - e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations 2009; and; (**Not Applicable to the Company**)
  - f. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (**Not Applicable to the Company**)



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g. the Company has complied with the requirements under the Equity Listing Agreements entered into with BSE Limited, National Stock Exchange of India Limited; and; **(Not Applicable to the Company)**

VI. Based on the Certificates received by the various departments of the Company by and large, the Company has been complying with various provisions of industrial and Labour Laws, taxation laws, sector specific laws and other applicable laws/act, central/state government regulations as applicable to them and as has been certified by the respective departments as authorised by the management.

**I have also examined compliance with the applicable clauses of the following:**

- i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii) The Listing Agreements entered into by the Company with the BSE Limited, National Stock Exchange of India Limited; **(Not Applicable)**

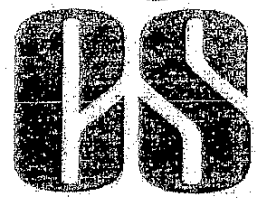
During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, Listing Agreements etc mentioned above.

Based on information received and records maintained, we further report that:

- 1) The Board of Directors of the Company is duly constituted with proper balance of Managing Director, Executive Director, Non-Executive Director and Independent Directors. The Changes in the composition of the Board of Directors, which took place during the financial year under review, were carried out in Compliance with the acts.
- 2) Adequate notice of at least seven days was given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent in advance of at least three days before the meeting. There exists a system for directors to seek and obtain further information or clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- 3) Majority decision is carried through while the dissenting member's views are captured and recorded as Part of the Minutes of the Meetings.
- 4) The Company has obtained all necessary approvals under the various provisions of the Act; and
- 5) The Company has proper Board processes.



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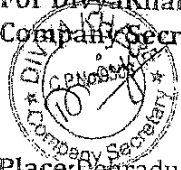


Based on the Compliance mechanism established by the company and on the basis of the Compliance Certificate issued by the Company Secretary to us I am of the opinion that the management has:

- a) Adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines; and
- b) Company by and large has been compiling the Provisions of specific Acts as are applicable to the company;

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

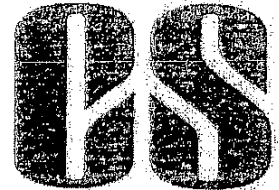
For Divya Khare  
 Company Secretary



Place: Dehradun  
 Date: 11.06.2018

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**DIVYA KHARE**  
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**ANNEXURE TO SECRETERIAL AUDIT REPORT**

In our opinion and to best of our information and according to the examinations carried out by us and explanations furnished and representations made to us by the Company, its officers and agents, I report that the Company has during the financial year under review complied with the provisions of the Acts and rules made there under an Memorandum and Articles of Association of the Company with regard to:-

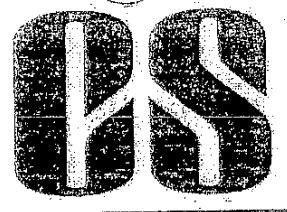
- a) Maintenance of various statutory registers and documents and making necessary entries therein;
- b) contracts, common seal, registered office and publication of name of the Company;
- c) forms, returns, documents and resolutions required to be filed with the Registrar of Companies, Regional director and the Central Government;
- d) service of documents by the Company on its Members, Directors, Auditors and the Registrar of Companies;
- e) Constitution of the Board of Directors, Audit Committee and Corporate Social Responsibility.
- f) Appointment, retirement and reappointment of Directors including the Managing Director and Executive Directors and payment of remuneration to them.
- g) Disclosure of interests and concerns in contracts and arrangements, shareholdings and directorships in other companies and interest in other entities by Directors.
- h) Establishing a Vigil Mechanisms under consideration with Board of Directors of the Company and providing to the complainants, if any, unhindered access to the chairman of the Audit Committee. An effort is being made to have a joint vigil mechanism for the three organisations of energy sector.
- i) Constituting the Social Responsibility Committee formulating and adopting Corporate Social responsibility policy indicating the activities to be undertaken by the company and hosting the same on the website of the Company.

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- j) Notice of Board meetings and Committee meetings of Directors;
- k) The meetings of Directors and Committees of Directors including passing of resolutions by circulation;
- l) Notice of the 16<sup>th</sup> Annual General Meeting held on 28.09.2017;
- m) Minutes of proceedings of General Meetings and of the Board and its Committee meetings;
- n) Approvals of the Members, the Board of Directors, the Committees of Directors and the government authorities, wherever required;
- o) Appointment and remuneration of Statutory Auditors and Cost Auditors;
- p) transfers and transmissions of the Company's shares and issue and dispatch of duplicate certificates of shares;
- q) borrowings and registration, modification and satisfaction of charges wherever applicable;
- r) investment of the Company's funds including investments and loans to others;
- s) form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule VI to the Act;
- t) Directors' report;
- u) Closure of the Register of Members.; and
- v) Generally, all other applicable provisions of the Act and the Rules made under the Act.
- w) Transfer of amounts as required under the Act to the investor Education and Protection Fund.

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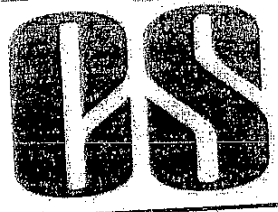
I/We Further Report that during the Financial Year under review:-

1. All the forms related to ROC Compliances were timely filed by the Company.
2. Smt. RadhikaJha was appointed as Chairperson of the Company in place of Dr.UmakantPanwarw.e.f. 16<sup>th</sup> May, 2017.



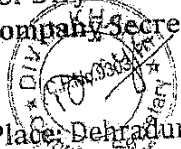
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3. Shri. Purushottam Singh and Shri. Bhagwati Prasad Pandey (Independent Director) were appointed as directors w.e.f 15<sup>th</sup> March, 2018 and 6<sup>th</sup> March, 2018 respectively.
4. Shri. B. C.K Mishra ceased to be the director of the Company w.e.f 7<sup>th</sup> April, 2017.
5. IND AS is applicable on company since 1<sup>st</sup> April 2016.

For Divya Khare  
 Company Secretaries



Place: Dehradun  
 Date: 11.06.2018



# K G GOYAL & ASSOCIATES

## COST ACCOUNTANTS

4A, Pocket 2, MHS,  
Mayur Vihar-III  
New Delhi - 110096  
Mobile 9829373503  
goyaldelhi@yahoo.co.in

### Cost Audit Report

We *M/s K.G.Goyal & Associates* have been appointed as Cost Auditor(s) under Section 148(3) of the Companies Act, 2013 (18 of 2013) of *M/s UJVN LIMITED* having its registered office at "Ujjwal" Maharani Bagh, GMS Road, Dehradun (Uttarakhand) have audited the Cost Records maintained under section 148 of the said Act, in compliance with the cost auditing standards, in respect of "Electricity Generation" for the year ended 31st March 2018 maintained by the company and report, in addition to our observation and suggestions in para 2.

- 1.(i) We have obtained all the information and explanations , which to the best of our knowledge and belief were necessary for the purpose of this audit.
- (ii) In our opinion, proper cost records, as per Rule 5 of the Companies (Cost Records and Audit) Rules, 2014 have been maintained by the company in respect of product/service under reference.
- (iii) In our opinion , proper returns adequate for the purpose of the Cost Audit have been received from the branches not visited by us.
- (iv) In our opinion and to the best of our information, the said books and records give the information required by the Companies Act 2013 , In the manner so required.
- (v) In our opinion, company has adequate system of internal audit of cost records which to our opinion is commensurate to its nature and size of its business.
- (vi) In our opinion, information, statements, in the annexure to this cost audit report gives true and fair view of cost of production/rendering of service, cost of sales, margin and other information relating to the product(s)/service(s) under reference.
- (vii) Detailed unit-wise and product/activity-wise cost statements and schedules there to in respect of the product under reference of the company duly audited and certified by us are kept in the company.

2 *Observations and suggestions , if any , of the Cost Auditor, relevant to the cost audit.:*  
*Observation and suggestions has been made in performance appraisal report. After discussion all the points raised by us has been resolved to our satisfaction.*

Dated: 14.09.18  
Place : Delhi

For K G Goyal & Associates  
(FRN : 000024)



*(Handwritten signature)*  
(Rajesh Goyal)  
Partner  
M-10884