

11th Annual Report

*Gujarat Narmada Flyash
Company Limited*

BOARD OF DIRECTORS : B. K. MISHRA
Chairman & Managing Director

C. R. PATEL
Director

HARIYANT SHELAT
Director

AUDITORS : Mandaowara & Associates
Chartered Accountants
19-Teachers Colony, Jhabua,
Dist. Jhabua, Madhya Pradesh.

BANKERS : Charotar Nagarik Sahakari Bank Ltd.,
Syndicate Bank

REGISTERED OFFICE : 202/A-B, Vyavasae, 2nd Floor,
Near Verai Mata Temple, Urmi-Dinesh Mill Road,
Akota, Vadodara - 390 007

WORKS : Block No. 521, Village-Tundav,
Taluka-Savli,
Dist : Baroda,
Pin Code : 391770.

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NOTICE

Notice is hereby given that the 11th Annual General Meeting of the members of the Company will be held on Tuesday 20th, July, 2004 at 2.30 p.m. at the Vasu Niwas, Alkapuri Club Road, Alkapuri, Vadodara-390005 to transact the following business;

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2004 and Profit and Loss Account for the period ended on that date, together with Directors' Report and Auditors' Report thereon.
2. To appoint a director in place of Mr. C.R. Patel who retires by rotation and being eligible offers himself for reappointment.
3. To appoint auditor and to fix their remuneration.

Regd. Office:
202/A-B, Vyavasae, 2nd Floor,
Near Verai Mata Temple, Urmi-Dinesh Mill Road,
Akota, Vadodara-390007

For and on behalf of the Board

B. K. MISHRA
Chairman & Managing Director

Date : 10th June, 2004
Place : Vadodara

Notes:

1. A Member entitled to Attend and vote at the meeting is entitled to appoint and Proxies to attend and vote instead of himself on a poll and that a Proxy need not be a Member of the Company. Proxies in order to be effective must be received at the Registered office of the Company not less than 48 hours before the commencements of the meeting.
2. The Register of Members and share Transfer Book of the Company will remain closed from Friday, the 16th July, 2004 to Tuesday, the 20th July, 2004 (both days inclusive).
3. Members desiring any question as regards to the accounts are requested to write to the company atleast seven days in advance the day of Annual General Meeting so as enable company to keep the information ready.
4. Members are requested to bring their copy of Annual Report at the Meeting.
5. The members are requested to intimate to the Company, change in their Address if any at the earliest.
6. The equity shares of the Company are listed at Vadodara Stock Exchange Ltd. Fortune Tower, Sayajigunj, Vadodara-390005, The Stock Exchange, Ahmedabad, Kamdhenu Complex, Opp. Sahjanand College, Panjarapole, Ahmedabad-380 015 and The Stock Exchange Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001.

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C.R. Patel

Director

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting the 11th Annual Report together with the Audited Annual Accounts for the year ended 31-3-2004 of your Company.

Following figures summarise the Financial Results.

1. FINANCIAL RESULTS :

(Rs. in Lacs)

| | 2003-2004 | 2002-2003 |
|--------------------------------|-----------|-----------|
| Sales/Income from Operations | 535.12 | 355.45 |
| Other Income | 573.00 | 0.22 |
| Gross Profit/(Loss) | 83.77 | 83.77 |
| Interest | 44.67 | 37.01 |
| Depreciation | 5.70 | 5.70 |
| Net Profit/(Loss) for the year | 626.45 | 41.06 |
| Loss carried to Balance Sheet | 72.94 | (553.51) |

2. OPERATION :

The Performance of the Company, during the period under review was quite satisfactory as the Company could increase its turnover to remarkable extent, however there has been reduction of profit on owing to steep rise in cost of goods, manufacturing expenses and advent atrative expenses.

All out offers are bing made to control the expenses to generate the surplus adequately. During the year the Company incurred a profit of Rs. 626.45 lacs and with the aggregate loss of previous years, the total Profit went up to Rs. 72.94 lacs which is carried to next year's balance sheet.

The Board hopes for revival of Economy and resumption of manufacturing operations. At present its strives to cut down the expenditure to the extent possible, so as to minimize the operational/accumulated losses.

Now at present company is having good order from the market our dealer and distributor is heaving good demand from market

Over and above in the running year company having 1050 lacs order, we believe company will come out within two year in good position.

3. DIVIDEND :

With a view to conserve cash resources, your directors do not recommend payment of any dividend to the shareholders.

4. DIRECTORATE :

Shri C. R. Patel retires by rotation and being eligible offers himself for re-appointment.

5. DIRECTORS' RESPONSIBILITY STATEMENT :

In terms of Section 217(2AA) of the Companies Act, 1956, the Directors would like to state that : -

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii. The Directors have selected search accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the company for the year under review.

- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The Directors have prepared annual accounts on a going concern basis.

6. AUDIT COMMITTEE :

In compliance of Section 292A of the Companies Act, 1956 an Audit Committee has been constituted, comprising of Shri B.K.Mishra, Shri Chimanbhai Patel and Shri Hariyant Shelat, as Directors to perform inter alia various functions as required to be performed in terms of the said provisions.

7. CORPORATE GOVERNANCE :

The Guidelines issued by SEBI in respect of corporate governance are applicable to the Company. necessary steps being taken to comply with the governance.

8. DEMATERIALISATION OF SHARES :

Necessary steps are being taken by the Company to dematerialize its Equity Shares.

9. ENERGY, TECHNOLOGY & FOREIGN EXCHANGE :

Information in accordance with the provisions of the Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earning and outgo is not given as the company did not carry manufacturing activities during the year under review.

10. PARTICULARS OF EMPLOYEES :

As required under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 information is not furnished as no employee is covered under the said provision.

11. PUBLIC DEPOSITS :

There has been no unclaimed/unpaid deposits during the year under review.

12. AUDITORS :

M/s. Mandaowara & Associates, Chartered Accountants the Auditors of the company retire at the conclusion of this Annual General Meeting and being eligible offer themselves for appointment.

With regards to the auditors observation your directors would like to clarify that the necessary explanations have been furnished in notes on accounts. Yours directors are taking all possible step to streamline certain procedures to avoid such remarks in future.

13. ACKNOWLEDGEMENT :

The Board places on record its deep appreciations for the continued support received from Bank, Staff and Employees for furthering interest of the Company.

By Order of the Board

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Date : 10th June, 2004
Place : Vadodara

(R Patel)

Director

B. K. MISHRA
Chairman & Managing Director

AUDITOR'S REPORT

TO
SHAREHOLDERS,
GUJARAT NARMADA FLYASH COMPANY LIMITED
VADODARA-390 007

We have audited the attached Balance Sheet of GUJARAT NARMADA FLYASH COMPANY LIMITED, as at 31st March, 2004 and also the annexed Profit & Loss Account of the company for the year ended on 31st March, 2004 alongwith the notes thereon. These financial statement are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides reasonable basis for our opinion.
2. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the said order.
3. Further to and in terms of the above, we also report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of accounts, as required by law have been kept by the Company so far as appears from our examination of those books.
 - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account; except attention is invited to note no. A-V of schedule 19 attached with the accounts.
 - (d) In our opinion, the attached Balance Sheet and Profit and Loss Account comply with the Accounting Standards referred to in Section 211(3c) of the Companies Act, 1956, subject to notes thereon.
 - (e) In our opinion and to the best of our information and according to the explanations given to us, the said statements of account, subject following:
 - i) No provision has been made for the diminution in the value of quoted investments. The company has invested in shares of Somani Strips Ltd.

In absence of the market quotation for the Investment made we are unable to report on the provisions required to be made for diminution in the value of quoted investment. On the basis of information provided by the management. We are of the opinion that the market value above the investment made be treated as nil. Because of the loss of the company for the year ended on 31st March, 2004 is lower by Rs. 1,07,500/-.
 - ii) The sundry debtors of Rs. 14,05,417/- and Rs. 21,988/- are due from Shree Krishana Polysters Ltd. and Mewad Enterprises respectively. These dues are outstanding since long. The repayment of these dues are delayed because of certain financial constraints currently being faced by the companies. The company, however, is confident of recovering the dues shortly.
 - iii) Other advances includes Rs. 2,00,000/- and Rs. 52,039.26/- from Hemix Enterprises and Gujarat Transformers Pvt. Ltd. respectively. These balances are outstanding since long. The repayment of these dues are delayed because of certain financial constraints currently being faced by the companies. The company however, is confident of recovering the dues shortly.
 - iv) Share application money of Rs. 5,00,000/- given to Sheetal Securities. These balances are outstanding since long. The allotment of shares are pending. In absence of information regarding the investee companies, we are unable to comment on the same.

- v) Advances to suppliers includes Rs. 12,67,945/- given to Power Control Equipments. This amount is outstanding since long. In absence of relevant information, we are unable to comment.
- vi) The company has taken land on lease from The Gujarat Narmada valley Fertilizers Co. Ltd. the company has not provided the lease rent for the year ended on 31st March, 2004. Hence the loss of the year.
- vii) The company has not charge interest on loans and or advances given in nature of loan.
- viii) The Board of Directors of the Company has certified the quality of the raw materials lying with the company since long. The Company has not transacted any manufacturing activity during the year. In absence of relevant information we are unable to report on the valuation of inventories. And read with the notes on account give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
- ix) The company has not complied with the provisions of section 301 and 372 of the Companies Act, 1956.

And read with notes thereon and attached thereto, give the information required by the Companies Act, 1956 in the manner so required and give a true & fair view :-

- a) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2004 , and
 - b) In the case of Profit and Loss Account , of the profit of the Company for the year ended on that date.
- (f) On the basis of representation received from the Directors, we report that none of the Directors is disqualified to be appointed as Director under Section 274(1)(g) of the Companies Act, 1956.

For **MANDAOWARA & ASSOCIATES**
Chartered Accountants

Place : Jhabua
Date : 10th June, 2004

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(C. H. MANDAOWARA)
Partner

C. R. Patel

Director

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF GUJARAT NARMADA FLYASH COMPANY LIMITED ON ACCOUNTS AS AT AND FOR THE YEAR ENDED ON 31ST MARCH, 2004.

1. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. These assets have been physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification. The company is updating the fixed assets register on the basis of physical verification.
2. None of the Fixed Assets has been revalued during the year.
3. The Stocks of Raw Materials have been physically verified during the year by the Management. The frequency of verification is reasonable.
4. The procedure of Physical Verification of Stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of it's business.
5. The discrepancies noticed on verification between the physical stocks and the books records were not material.
6. On the basis of our examination of stock records, the valuation of stocks is fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the preceding year.

The Board of Directors of the Company has certified the quality of the raw materials lying with the company since long. The Company has not transacted any manufacturing activity during the year. The company should obtain the certification from the experts regarding the useability of materials lying in stock. In absence of relevant information we are unable to report on the valuation of inventories.

7. In respect of loans from companies listed in the register maintained under Section 301 of the Companies Act, 1956 and from Companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956 . The rate of interest and other terms and conditions are not prima facie prejudicial to the interests of the company.
8. In respect of loans given to Companies listed in a register maintained under section 301 and /or to the companies under the same management as defined under sub-section (1B) of section 37 of the Companies Act, 1956, the rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the company . The above includes interest free loans. Attention is invited to note no. A-V of schedule 19 to the accounts. In our opinion having regard to the long term involvement with this companies and considering the explanations given to us in this regard.
9. In respect of outstanding loans and advances in nature of loans given by the company to parties other than to the companies mentioned above, where stipulated they are generally repaying the principal amount as stipulated and are also generally regular in the payment of interest , where is applicable. This includes interest free loans in the nature of advances.
10. There are adequate Internal Control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of stores, raw materials including components, plant and machinery, equipments and other assets and with regard to the sales of goods.
11. The transactions of purchase of goods and materials made in pursuance of contracts or arrangements is being entered in the register maintained under Section 301 and in respect of contract aggregating during the year Rs. 50,000/- or more in respect of each party , on providing inadequate information we are unable to comment on that whether they have been made at prices which are reasonable having regard to prevailing market prices for such goods or materials or the prices at which transactions for similar goods or materials have been made with other parties.
12. The Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods, adequate provision has been made in the accounts for the loss arising on the items so determined. We are of the opinion that the management should obtain the certificate for the quality of above materials lying at factory regarding their usability .
13. The Company has not accepted deposit from public.
14. The Company has maintained a reasonable records for the sale and disposal of scrap. The company does not have any realisable by product.
15. In our opinion , the Company has an adequate internal audit system commensurate with the size and the nature of its business.