

**BOARD OF DIRECTORS**

Aswinikumar Singh : Director  
Rameshchandra Parwal : Director  
Bimleshkumar Mishra : Chairman & Managing Director

**REGISTERED OFFICE:**

G - 4, Vyavsaya Building,  
Near Varai Mata Temple,  
Urmi - Dinesh Mill Road,  
Vadodara - 390007.

**ANNUAL GENERAL MEETING**

Venue : Regd. Office Address  
Date : Sept. 30, 2010  
Time : 11.00 a.m.

**AUDITORS**

Sirish Dalal & Associates

**BANKERS**

Charotar Nagarik Sahakari Bank Ltd.  
Syndicate Bank

**BOOK CLOSURE**

28.09.2010 to 30.09.2010

**NOTICE**

NOTICE is hereby given that the 18th Annual General Meeting of the members of Gujarat Narmada Flyash Company Ltd. will be held at its Registered Office, on 30<sup>th</sup> September 2010 at 11.00 a.m. to transact the following business:-

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2010 and the P&L a/c. for the year ended that date together with the Reports of Auditor's and Director's thereon.
2. To appoint a Director in place of Bimleshkumar Mishra, who retires by rotation and being eligible, offers for re-appointment.
3. To appoint the Auditors to hold the office from the conclusion of AGM until the conclusion of next AGM of the Company and to fix their remuneration.

**NOTES**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. The Proxy form should be deposited at the registered office of the Company not less than forty eight hours before the meeting.
3. Share Holders are requested to intimate change in their address, if any, immediately.
4. The Registered of Members and Share Transfer Book of the Company will remain closed from 28-09-2010 to 30-09-2010.
5. The equity shares of the company are listed at the Vadodara Stock Exchange Ltd., the Stock Exchange Ahmedabad, and the Stock Exchange Mumbai.

Place : Gujarat  
Date : 01-09-2010

By order of the Board  
For Gujarat Narmada Flyash Co Ltd  
SD/-  
(B. K. Mishra)  
Chairman & Managing Director

**Directors Report**

To,  
The Members,  
Gujarat Narmada Flyash Co Ltd  
Gujarat, Vadodara.

Your Directors have pleasure in presenting before you the 18<sup>th</sup> ANNUAL REPORT of the Company together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March,2010

| <b>FINANCIAL RESULTS</b> | <b>31<sup>st</sup> March 2010</b> | <b>31<sup>st</sup> March 2009</b> |
|--------------------------|-----------------------------------|-----------------------------------|
| Turn Over                | 602,560                           | 599,400                           |
| Profit (Loss) Before Tax | 14,515                            | 6,355                             |
| Provision for Taxation   | NIL                               | NIL                               |
| Profit (Loss) After Tax  | 14,515                            | 6,355                             |

**OPERATIONAL HIGHLIGHTS**

Due to the performance of the Company during the Period under review was not as projected, however Directors are confident of posting the higher of growth in the operation in the coming years, thereby recovering the losses incurred in the previous years.

**DIVIDEND**

In view of loss, your directors do not recommend payment of any dividend to the shareholder.

**DIRECTORS**

Bimleshkumar Mishra, Director of the company retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.

**AUDITORS**

M/s. Sirish Dalal & Associates, Chartered Accountants, Ahmedabad, the Auditors of the Company retire at the conclusion of this Annual General Meeting. They are eligible for reappointment and indicated their willingness to act as an Auditor, if appointed and the appointment shall be in the limits prescribed under the provision of the Companies Act, 1956.

**PARTICULARS OF EMPLOYEES**

There was no employee in the Company whose particulars are required to be furnished as per section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended upto date.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING/OUTGO.**

The information under section 217(1) (e) of the Companies Act, 1956 on Conservation of Energy, Technology Absorption as required to be disclosed is not applicable to the company during the year under review the Company has no foreign exchange earnings and outgo.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors hereby report that :

- (a) in the preparation of annual accounts, the applicable accounting standards have been followed;
- (b) Appropriate accounting policies have been selected and applied consistently and judgements and estimates made that are responsible 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 ended 31<sup>st</sup> March 2010;
- (c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities:
- (d) Annual accounts have been prepared on a going concern basis.

**CORPORATE GOVERNANCE AND COMPLIANCE**

A report on corporate governance along with Management Discussion and Analysis is annexed to this report. A certificate from Statutory Auditors with regards to the compliance of the corporate governance, as stipulated in Clause 49 of the Listing Agreement, by the company is annexed to this report.

The company has fully complied with all mandatory requirements prescribed under Clause 49 of the listing agreement. In addition, the company has also implemented some of the non mandatory provisions of Clause 49.

**ACKNOWLEDGEMENT**

The Board of Directors take the opportunity to thank the Bankers and Government for the Co-operations and support by them from time to time in the operation of the company during the year. The Board also place on record its deep appreciation for the contribution made by the employees at all levels.

Place : Gujarat  
Date : 01-09-2010

By order of the Board  
For Gujarat Narmada Flyash Co Ltd  
SD/-  
(B. K. Mishra)  
Chairman & Managing Director

**ANNEXURE –A to the Director’s Report for the year ended 31<sup>st</sup> March, 2010.****REPORT ON CORPORATE GOVERNANCE****1. COMPANY’S PHILOSOPHY**

The Company firmly believes that corporate governance and compliance practices are of paramount importance in order to maintain the trust and confidence of the stakeholders, clients, the good reputation of the Company and the unquestioned integrity of all personnel involved in the Company. To ensure transparency, fairness and objectivity in an organisation’s functioning, the Company has proactively adopted best practices with regard to corporate governance and compliance, which are ahead of regulatory requirements. The Company’s policy on compliance with external regulatory requirements is backed by stringent internal policies and principles to ensure, inter alia, priority to clients’ interest over proprietary interest, maintenance of confidentiality of client information and prevention of insider trading.

**2. BOARD OF DIRECTORS**

The Board of Directors of the Company consists of Three Directors including the Executive Chairman. Out of 3, 2 directors are non-executive directors. The Company does not have any pecuniary relation or transaction with Non-Executive Independent Directors during the year under review.

**Board procedure**

A detailed Agenda folder was sent to each Director in advance (generally before 7 to 10 days) of Board and committee meetings. To enable the Board to discharge its responsibilities effectively, the Managing Director briefed the Board at every meeting on the financial performance of the Company up to last completed month as against the budget/revised budget of the year. Presentations are made by the Managing Director about the financial, operational performance and market scenario. The Board also reviewed:

- Strategy and business plans
- Annual operating and capital expenditure budgets
- Investment plans of the company
- Compliance with statutory/regulatory requirements and review of major legal issues.
- Adoption of quarterly / half yearly / annual results (after recommendation of Audit Committee where required).
- Significant labour problems
- Major accounting provisions and write-offs.
- Details of joint venture or Collaboration Agreement

**Composition, Category of Directors and their other directorship and Membership / Chairmanship of Committees.**

| Sr. No | Name Of Director      | Category        | Name of Others |                  |                        |
|--------|-----------------------|-----------------|----------------|------------------|------------------------|
|        |                       |                 | Directorship   | Committee M.ship | Committee Chairmanship |
| 1      | Ashwinikumar Singh    | Director        | -              | -                | -                      |
| 2      | Ramesh Chandra Parwal | Director        | -              | -                | -                      |
| 3      | Bimleshkumar Mishra   | Chairman & M.D. | -              | -                | -                      |

During the year 5 Board Meetings were held on 28-04-09, 15-06-09, 28-07-09, 28-10-09 and 28-01-2010. The Board was present with the relevant and necessary information. None of the Director is a member of more than 10 committees or acting as Chairman of more than 5 committees across all companies in which he is a director. The attendance at the Board Meeting during the year and at the last Annual General Meeting was as follows:

| Sr.No | Name Of Director      | No. Of Board Meeting Attended | Attendance at the AGM Held on 30-09-2010 |
|-------|-----------------------|-------------------------------|--|
| 1     | Ashwinikumar Singh    | 5                             | YES                                      |
| 2     | Ramesh Chandra Parwal | 5                             | YES                                      |
| 3     | Bimleshkumar Mishra   | 5                             | YES                                      |

**3. AUDIT COMMITTEE**

The Board constituted an Audit Committee consisting of 3 Directors. All members of Audit Committee are financially literate and 2 Directors out of 3 has financial management expertise as required for member of Audit Committee. The Details of Audit Committee meetings held during the year April 2009 to March 2010 and the attendance of the Audit Committee Members are as under:

| Sr.No | Name Of Director      | Category         | No Of Meeting |          |
|-------|-----------------------|------------------|---------------|----------|
|       |                       |                  | Held          | Attended |
| 1     | Ashwinikumar Singh    | Director         | 5             | 5        |
| 2     | Ramesh Chandra Parwal | Director         | 5             | 5        |
| 3     | Bimleshkumar Mishra   | Chairman. & M.D. | 5             | 5        |

**Terms of Reference:-**

The terms of reference for the audit committee as laid down by the Board include the following:-

- (i) Overseeing the Company's Financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- (ii) Recommending the appointment and removal of statutory auditor, fixation of audit fee and also approval for payment for any other services.
- (iii) Reviewing with management, the quarterly, half yearly and annual financial statements before submission to the Board, focusing primarily on any changes in accounting policies and practices; major accounting entries based on exercise of judgement by management; qualifications in draft audit report; significant adjustments arising out of audit; the going concern assumption; compliance with accounting standards; compliance with stock exchange and legal requirements' concerning financial statements; any related party transaction i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of Company at large.
- (iv) Reviewing with the management, statutory and internal auditors, the adequacy of internal control system and ensuring compliance therewith.
- (v) Discussions with statutory auditors before the commencement of the audit about the nature and scope of audit as well as have post-audit discussion to ascertain any areas of concern.
- (vi) Reviewing the Company's financial and risk management policies.
- (vii) To review the functioning of the Whistle Blower Policy adopted by the Company.
- (viii) To review report on Management Discussion & Analysis of Financial Condition and Results of operation, to be included in the Company's Annual Report to its Shareholders.

**4. REMUNERATION COMMITTEE**

This is a non-mandatory requirement. The company has constituted a Remuneration Committee to decide and fix payment of remuneration and sitting fees to the Directors of the Company.

The Remuneration Committee consists of B. K. Mishra, Managing Director & Chairman of the committee, Mr. Aswinikumar Singh, Director, Mr. Rameshchandra Parwal, Director. Two meeting of the committee held during the year under review.

**5. SHARE HOLDER'S GRIEVANCE AND SHARE TRANSFER COMMITTEE****Composition:-**

The said committee comprises of B. K. Mishra, Director & Chairman of the said committee, Aswinikumar Singh , Director and Rameshchandra Parwal, Director. There are 5 meetings during the year.

The Committee has delegated the authority to an officer of the Company who attends to share transfer formalities at least once in a fortnight.

**Terms of reference:-**

To look into the redressal of the share holders complaints in respect of any matter including transfer of shares non receipt of annual report, non receipt of declared dividend etc.

**Compliance Officer:-**

The company has designated Mr. B. K. Mishra as Compliance Officer.

**Summary of Investors' Complaints:-**

During the year no complaints were received from the share holders.

**Annual General Meeting :-**

The Annual General Meeting (AGMs) of the company have been held at the following places in the last three years.

| YEAR      | DATE       | TIME      | VENUE  |
|-----------|------------|-----------|--|
| 2006 - 07 | 28-09-2007 | 11.00 A.M | <b>REGD. OFFICE</b> – G - 4, Vyavasaya Building, Near Verei Mata Temple, Urmi Dinesh Mill Road, Vadodara – 390007. |
| 2007 - 08 | 30-09-2008 | 11.00 A.M | <b>REGD. OFFICE</b> – G – 4, Vyavsaya Building, Near Verei Mata Temple, Urmi Dinesh Mill Road, Vadodara – 390007   |
| 2008 - 09 | 30-09-2009 | 11.00 A.M | <b>REGD. OFFICE</b> – G – 4, Vyavsaya Building, Near Verei Mata Temple, Urmi Dinesh Mill Road, Vadodara – 390007   |

No special resolution passed through postal ballot during the year.

No special resolution on matters requiring postal ballot are placed for share holders approval at this meeting.

**6. DISCLOSURES REGARDING RELATED PARTY TRANSACTIONS:-**

There were no transaction by the company of material significance with related parties i.e. its Promoters, Directors of Companies or the Management or their relatives during the year which may have potential conflict with interest of the Company at large.

**7. MEANS OF COMMUNICATION:**

- (i) The periodical unaudited / audited financial results are published in Free Press Journal (English) and (Hindi) as required under the Listing Agreement. All financial and other vital information is promptly communicated to the stock exchanges on which company's shares are listed.
- (ii) The Management Discussion and Analysis report prepared by the management and forming part of the Annual Report is separately attached.



**8. GENERAL INFORMATION FOR SHAREHOLDERS:**

**(a) Regd. Office:-** The Address has been given above

**(b) Date, Time, Venue of Annual General Meeting:-**

30<sup>th</sup> September, 2010 at 11.00 AM at the Regd. Office.

**(c) Financial Reporting for the quarter ending:-**

|          |               |
|----------|---------------|
| JUNE 30  | : END JULY    |
| SEPT 30  | : END OCTOBER |
| DEC 31   | : END JANUARY |
| MARCH 31 | : END APRIL   |

**(d) Date of Book Closure :**

28.09.2010 to 30.09.2010

**(e) Listing Details :**

|  |                     |
|--|---------------------|
| Ahemadabad Stock Exchange, Gujarat.    | : No Stock Code     |
| Bombay Stock Exchange Limited , Mumbai | : Scrip Code 526598 |
| Vadodara Stock Exchange, Gujarat       | : No Stock Code     |

**(f) Market price data:**

During the year ended 31-3-2010 the equity share have not been traded due to suspension of trading of the company's shares .

**(g) Registrar And Transfer Agent:**

The company is under the process of finalizing the Registrar & Transfer agents for carrying out the share transfer works.

**(h) Share Transfer System:**

The Company has a Share holders/ Investors grievance Committee who looks after share transfer job by meeting at regular intervals depending upon the receipt of the shares for transfer.

**(i) Investor Services:**

The Company has not received any complaints from the shareholders/investors during the year.

**(i) DEMATERIALISATION OF SHARES AND LIQUIDITY :**

The Company is the process of appointing a registrar & share transfer agent for electronic connectivity.

**DISPOSAL OF INVESTOR GRIEVANCES**

The average time required by the Company for the redressal of routine investor grievances is estimated to be seven working days from the date of receipt of the complaint. In case of non-receipt routine complaints and where external agencies are involved. The Company will strive to redress these complaints as expeditiously as possible.

**CERTIFICATION WITH RESPECT TO FINANCIAL STATEMENT**

The Managing director of the Company has furnished a certificate to the Board of Directors of the Company with respect to accuracy of financial statements and adequacy of internal controls and compliance of Clause 49 as required under Clause 49 of the listing agreement.

**WHISTLE BLOWER POLICY**

Recently, the Security & Exchange Board of India has also prescribed the adoption by all listed companies, of a Whistle Blower Policy as a non-mandatory requirement. The company has adopted a Whistle Blower Policy, which affords protection and confidentiality to Whistle blowers. The Audit Committee Chairman is authorized to receive Protected Disclosures under this Policy. The Audit Committee is also authorized to supervise the conduct of investigations of any disclosures made whistle blowers in accordance with policy.

**CODE OF CONDUCT**

The Company's Board of Directors has adopted the code of conduct which govern the conduct of all directors /employees. All Directors and senior management personnel have affirmed compliance with respective codes for the year ended on 31<sup>st</sup> March 2010.

**MANAGEMENT DISCUSSION AND ANALYSIS**

The Company is in the business of financial activity. The key issues of the Management Discussion and Analysis are given below.

**(a) Industry Structure and Developments**

The company is engaged in manufacture and trading of flyash but presently the said business is not giving any substantial earning to the Company hence Company is in the process of diversifying to other business areas.

**(b) Strength**

The strength of the company is known from its reputation which the company has earned due to its quality business and cordial relation with its clients and presently the company's financial position is sound..

**( c ) Comment on Current year's performance**

|                    |   |
|--------------------|---|
| Receipts           | : company maintained the average business turnover of last years during the year.               |
| Operating Expenses | : The operating Expenses are well under control.  |
| Operating Profits  | : The Operating Profits are up to industry mark.  |
| Indirect Expenses  | : The Indirect Expenses are under control.  |
| Depreciation       | : Reasonable amount of Depreciation is provided.  |
| Profit before tax  | :The loss is reduced during the year  |
| Taxation           | : Taxation is Provided as per Income Tax Act.   |
| Debtor/Sales       | : Debtors are reasonable and realization period has decreased due to the policy of the Company. |
| Creditors/Purchase | : The Company has an established credit.  |

**d) Opportunities and Threats**

The impact of boom in capital market and real estate market due to government support has provided a boost to the economy and it is set to grow at 20% to 25% supported by a smart growth in manufacturing and services sectors. The Company is planning to take up the growth opportunity by diversifying into other suitable areas of business. Outlook for the year 2011 is positive. While the overall demand outlook for the year 2010 remains good, the Company expects the pressure on quality customers to continue due to competition.

**(e) Segment wise performance**

The business of the Company falls under a single segment i.e. Share broking, Investment and trading in shares and derivatives for the purpose of Accounting Standard AS-17.

**(f) Outlook**

The Company is making all efforts to accelerate growth of its business. It expects to improve its position in the market by focusing on technologically advanced and more profitable products/market segments and working aggressively in the areas of productivity, efficiency and cost reductions.

**(g) Risk and concerns**

Stiff competition from other manufactures of the products of the Company and price competition creates risk of losing the market share of the Company. However company is very optimistic to continue its dominance in market by way of aggressive marketing maintaining quality of the product.

**(h) Internal control system**

Internal audit and other controls have been found to be adequate. These are reviewed periodically by the Audit Committee and found the performance satisfactory.

**CEO / CFO Certification**

To  
The Board of Director  
Gujarat Narmada Flyash Co Ltd  
Gujarat, Vadodara.

We certify that ;

1. We have reviewed the financial statement and cash flow statement of Gujarat Narmada Flyash Co Ltd, for the year ended 31<sup>st</sup> March 2010 and to the best of our knowledge and belief ;
  - i these statement do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading ;
  - ii these statement together present a true and fair view of the company affairs and are in compliance with existing accounting standard, applicable law and regulation.
2. To the best of our knowledge and belief, these are, no transaction entered into by the company during the year, which are fraudulent, illegal or violating the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls over financial reporting and we have evaluated the effectiveness of internal control systems of the company over financial reporting and we have disclosed to the auditors and audit committee, deficiencies in the design or operation of internal control over financial reporting, if any, of which we are aware and the steps we have taken, propose to take, to rectify these deficiencies. In our opinion, these are adequate internal controls over financial reporting.
4. We have indicated to the auditors and the audit committee that there are
  - i significant improvement in internal controls over financial reporting during the year
  - ii changes in accounting policies made during the year as have been disclosed in the notes to the financial statement.
  - iii no instance of fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company internal control system on financial reporting.

Date : 01/09/2010

Place : Vadodara

Sd/-  
Bimleshkumar Mishra

Managing Director/CEO

**AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members

Gujarat Narmada Flyash Company Limited,

We have examined the compliance of condition of corporate governance by Gujarat Narmada Flyash Company Limited for the year ended on 31<sup>st</sup> March 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the institute of Chartered Accountants of India, we have to state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

PLACE : VADODARA  
DATE : 15-06-2010

For Shirish Dalal & Associates  
CHARTERED ACCOUNTANTS

Sd/-  
Shirish Dalal  
PROPRIETOR

**AUDITOR'S REPORT**

To,  
SHAREHOLDERS,  
M/S. GUJARAT NARMADA FLYASH COMPANY LIMITED

1. We have audited the attached balance sheet of GUJARAT NARMADA FLYASH COMPANY LIMITED as at 31<sup>st</sup> March, 2010 and the profit and loss account for the period ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the 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, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used in significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.
3. In our opinion and according to the information and explanations given to us, the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, is not applicable to the Company.
4. Further to our comments in the Annexure referred to above, we report that:
  - a. We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account 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 and with the audited returns from the branches;
  - d. In our opinion, the balance sheet and profit and loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - e. On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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;

- i. In the case of the balance sheet, of the state of affairs of the company as at 31<sup>st</sup> March,2010 and
- ii. In the case of profit and loss account, of the loss for the year ended on that date.

For Shirish Dalal & Associates

**Sd/-**  
**Chartered Accountants**  
**(Shirish Dalal)**

**Place:** Ahmedabad  
**Date:** 15/06/2010

**ANNEXURE TO THE AUDITORS REPORT****TO THE MEMBERS OF M/S . GUJARAT NARMADA FLYASH COMPANY LIMITED**

(REFERRED TO IN PARAGRAPH 3 there of )

- (1)
  - (a) The company has maintained generally proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) As explained to us, the Management has physically verified the Company's fixed assets during the year and no material discrepancies were noticed on such verification.
  - (c) During the year, the company has not disposed off a major part of the fixed assets.
- (2)
  - (a) The Inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of company and the nature of its business.
  - (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (3)
  - (a) According to the information and explanations given to us, the company has not granted and taken loans and advances from companies, firms or other parties listed in the registers maintained under section 301 and the companies under the same management.
  - (b) In our opinion , the rate of interest and other terms and conditions on which loans have been taken from / granted to companies, firms or other parties listed in the registers maintained under Section 301 are not , prima facie prejudicial to the company, if any.
  - (c) The company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest wherever applicable. The parties have repaid principal amounts as stipulated and have been regular in payment of interest wherever applicable, if any.
  - (d) There is no overdue amount of loans taken from or granted by the companies, firms or other parties listed in the register maintained under Section of 301 of the Companies Act , 1956.
- (4) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventories, fixed assets and with regard to the sale of goods, if any.
- (5)
  - (a) According to the information and explanations given to us, We are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
  - (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been



made at prices which are reasonable having regard to prevailing market price at relevant time.

- (6) The company has not accepted deposit from public coming under the purview of section 58 A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rule, 1975.
- (7) In Our Opinion The company has an internal Audit System Commensurate with the size of the company and its nature of business.
- (8) The Central Government has not prescribed maintenance of the cost records under Section 209 (1) (d) of the Companies Act, 1956 in respect of the products manufactured by the company.
- (9) In our opinion, the accumulated losses at the end of the year more than fifty percent of its net worth and has incurred cash losses during the financial year covered by our audit.
- (10) The company has made defaulted in repayment of dues to financial institutions, Financial institute for the recovery of dues with honorable Debt recovery Tribkunal has filed recovery suit.
- (11) According to the information and explanations given to us, the company has not granted any loan or advance on the basis of security by way of pledge of shares or debentures or any other securities.
- (12) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore the provisions of clause 4 (xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- (13) In our opinion, the company is not dealing in or trading shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- (14) In our opinion, the company has not given any guarantee for loans taken by others from banks or financial institutions and hence the provisions relating to clause 4 (xv) are not applicable to the Company.
- (15) Clauses is not applicable as no term loans been raised during the year.
- (16) According to the information and explanation given to us and on overall examination of balance sheet of the company, We report that no short term funds have been used for long term purposes not long term funds are used for short term purposes.
- (17) According to the information and explanation given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (18) No debentures have been issued during the year.
- (19) The company has not raised any money by public issue during the year.

- (20) According to the information and explanation give to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**For Shirish Dalal & Associates  
(Chartered Accountants)**

**Place: Ahmedabad  
Date: 15/06/2010**

**Sd/-  
Shirish Dalal  
(Proprietor)**

## Balance Sheet As at 31st March, 2010

Amount in Rupees

| Particulars                             | Sch      |            | As at<br>31/03/2010<br>Amount |            | As at<br>31/03/2009<br>Amount |
|---|----------|------------|-------------------------------|------------|-------------------------------|
| <b>Sources of Funds :</b>               |          |            |                               |            |                               |
| Share Holders Funds:                    |          |            |                               |            |                               |
| Share Capital                           | <b>1</b> |            | 63,705,000                    |            | 63,705,000                    |
| Reserves And Surplus                    |          |            | 21,489,187                    |            | 21,474,672                    |
| <b>Loan Funds :</b>                     |          |            |                               |            |                               |
| Secured Loans                           | <b>2</b> |            | 29,983,001                    |            | 29,983,001                    |
| Total :---->                            |          |            | <b>115,177,188</b>            |            | <b>115,162,673</b>            |
| <b>Application of Funds :</b>           |          |            |                               |            |                               |
| Fixed Assets                            | <b>3</b> |            |                               |            |                               |
| Gross Block                             |          | 12,533,869 |                               | 12,533,869 |                               |
| less :Depreciation                      |          | 8,588,160  |                               | 8,018,115  |                               |
| Net Block                               |          |            | 3,945,709                     |            | 4,515,754                     |
| Investments                             |          |            | 111,139,500                   |            | 110,539,500                   |
| Current Assets, Loans & Advances :      |          |            |                               |            |                               |
| Cash & Bank Balance                     | <b>4</b> | 91,979     |                               | 107,419    |                               |
|   |          | 91,979     |                               | 107,419    |                               |
| Net Current Assets                      |          |            | 91,979                        |            | 107,419                       |
| Total :---->                            |          |            | <b>115,177,188</b>            |            | <b>115,162,673</b>            |
| Accounting Policies & Notes on accounts |          |            | -                             |            | -                             |

As per our Audit Report of Even Date  
**For Shirish Dalal & Associates**  
Chartered Accountants

Sd/-

**Shirish Dalal**

Proprietor

Place : Ahmedabad

Date : 15-06-2010

For and on behalf of The Board of Directors  
**Gujarat Narmada Flyash Company Limited**

Sd/-

Director

Sd/-

Director

**Profit & Loss Account for the year ended on 31st March, 2010**

| <b>Particulars</b>                       | <b>Sch</b> | <b>As at<br/>31/03/2010<br/>Amount</b> | <b>As at<br/>31/03/2009<br/>Amount</b> |
|--|------------|--|--|
| <b>Income From Operations:</b>           |            | 602,560                                | 599,400                                |
| <b>Total Income : ----&gt;</b>           |            | <b>602,560</b>                         | <b>599,400</b>                         |
| <b>Expenditure :</b>                     |            |  |  |
| Audit Fees                               |            | 5,000                                  | 5,000                                  |
| Depreciation                             |            | 570,045                                | 570,045                                |
| Office Exp                               |            | 10,500                                 | 5,500                                  |
| Printing & Stationery                    |            | 2,500                                  | -                                      |
| Salary                                   |            | -                                      | 12,500                                 |
| <b>Total Expenditure : ---- &gt;</b>     |            | <b>588,045</b>                         | <b>593,045</b>                         |
| Profit / (Loss) Before Tax               |            | 14,515                                 | 6,355                                  |
| Tax Expenses                             |            |  |  |
| Profit / (Loss) After Tax                |            | 14,515                                 | 6,355                                  |
| Balance B/Fd. from Previous Year         |            | 21,474,672                             | 21,468,317                             |
| Profit / (Loss) carried to Balance Sheet |            | 21,489,187                             | 21,474,672                             |
| Accounting Policies & Notes on Accounts  |            |  |  |

As per our Audit Report of Even Date  
**For Shirish Dalal & Associates**  
Chartered Accountants

Sd/-

**Shirish Dalal**

Proprietor

Place : Ahmedabad

Date : 15/06/2010

For and on behalf of The Board of Directors  
**Gujarat Narmada Flyash Company Limited**

Sd/-

Sd/-

Director

Director

| <b>Grouping to the balance sheet and Profit &amp; Loss Account 2009-10</b> |   |  |  |
|--|---|--|--|
| <b>Schedule</b>  | <b>Particulars</b>  | <b>As at<br/>31/03/2010<br/>Amount</b> | <b>As at<br/>31/03/2009<br/>Amount</b> |
| Sch - 1  | <b>Share Capital</b>  |  |  |
|  | Authorised<br>7000000 Equity Shares of Rs. 10/-<br>each                           | 70000000                               | 70000000                               |
|  | Subscribed, Issued & Paid up Capital<br>6370500 Equity Shares of Rs. 10/-<br>each | 63705000                               | 63705000                               |
|  |   | 63705000                               | 63705000                               |
| Sch - 2  | <b>Loans (Liability)</b>  |  |  |
|  | <b>A)Secured Loans</b>  |  |  |
|  | Term Loan   | 29983001                               | 29983001                               |
|  |   | 29983001                               | 29983001                               |
| Sch - 3  | <b>Cash &amp; Bank Balance</b>  |  |  |
|  | Cash Balance  | 91979                                  | 107419                                 |
|  |   | 91979                                  | 107419                                 |

As per our Audit Report of Even Date

**For Shirish Dalal & Associates**

Chartered Accountants

Sd/-

**Shirish Dalal**

Proprietor

Place : Ahmedabad

Date : 15/06/2010

For and on behalf of The Board of Directors

**Gujarat Narmada Flyash Company Limited**

Sd/-

Sd/-

Director

Director

**SCHEDULE 7****SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS**

1. **Basis of Preparation of Accounts:**  
The accounts are prepared on historical cost convention in accordance with applicable mandatory accounting standards and other generally accepted accounting principles in conformity with the statutory requirements.
2. **Fixed Assets:**  
Fixed assets are stated at historical cost where cost includes all expenses directly attributable to make the asset ready for use.
3. **Depreciation:**  
Depreciation on fixed assets has been provided on Straight Line value method under Schedule XIV to the Companies Act, 1956.
4. **Revenue Recognition**  
Income and expenditure are recognized and accounted on accrual basis, except in case of significant uncertainties.
5. **INVESTMENTS:**  
Investments have been stated at cost. However, the company has not provided by way of making necessary provisions for diminution in the value of long term investments in the line with accounting standards laid down by the ICAI. However in absence of market quotation as on 31.03.2010. We are unable to comment on the adequacy of the provision for diminution in market value of shares.
6. **RETIREMENT BENEFITS:**  
As informed and explained to us that the company is not liable or retiring benefits hence not provided for the retirement benefits by way of gratuities payable to the employees on retirement in accordance with the accounting standards laid down by ICAI.
7. **AMORTISATION OF MISCELLANEOUS EXPENDITURE:**  
The preliminary expenses incurred in connection with the incorporation of the company and raising share capital are amortised over a period of 10 years.
8. **VALUATION OF INVENTORIES:**  
The closing stock has been physically taken and certified by the management including the quality of non/slow moving items and valued at historical cost.
9. **Taxes on Income:**  
Taxes on Income comprise of Current Tax and Deferred Tax in accordance with Accounting Standard (AS) 22, "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.  
Current tax is being measured at the estimated amount payable to the taxation authorities. Deferred tax is measured at rates substantively enacted by the balance sheet date.
10. **ACCOUNTING FOR EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES:**  
There is no transaction involved in foreign exchange.
11. **Earning Per Share:**  
The company reports basic and diluted earnings per share in accordance with Accounting Standard (AS) 20 – Earning per Share issued by the Institute of Chartered Accountants of India. Basic Earning per share are computed by dividing the net profit or loss for the year by the weighted average number of equity share outstanding during the year. Diluted earnings per share is computed by dividing the net profit or loss for the year by the weighted average number of Equity Shares outstanding during the year as adjusted for the effects of all dilutive potential equity share, except where the results are anti-dilutive.

**Calculation of Earning Per Share :**

The numerators and denominators used to calculate the basic and diluted EPS are as follows.

|           | <b>Particulars</b>   | <b>2009-10</b> | <b>2008-09</b> |
|-----------|--|----------------|----------------|
| <b>A.</b> | <b>Profit / (Loss) attributable to</b>                                       |                |                |
|           | <b>Profit / (-) Loss for the year</b>  | <b>14515</b>   | <b>6355</b>    |
| B.        | Basic & weighted average number of Equity Shares outstanding during the year | 6370500        | 6370500        |
| C.        | Nominal Value of Equity Share  | 10/-           | 10/-           |
| D.        | Basic Earnings / (loss) per share  | -              | -              |
| E.        | Diluted Earning per Share  | -              | -              |

[11] Deferred Tax Liability Provision not made as details not available for verification.

**NOTES FORMING PART OF ACCOUNTS**

## 1. Payment to Auditors:

|                        | <b>2009-10</b> | <b>2008-09</b> |
|------------------------|----------------|----------------|
| For Audit              | 5000           | 5000           |
| For Tax Audit          | -----          | -----          |
| For Certification work | -----          | -----          |
| <b>TOTAL</b>           | <b>5000</b>    | <b>5000</b>    |

2. Accounting Standard 19 on Leases is not applicable to the company as the lease is a cancelable lease.
3. The company is not required to disclose Diluted Earnings per Share as it falls under level 3 as per the notification by the Institute of Chartered Accountants of India regarding Applicability of Accounting Standards to SMEs.
- 4 Balances Due to or due from the parties from whom confirmations are not received are subject to adjustment on receipt of confirmations.
- 5 Contingent Liabilities: Estimated amounts of contracts remaining to be executed on capital accounts and not provided for Rs. Nil

For Shirish Dalal & Associates

**Sd/-**  
**Chartered Accountants**  
(Shirish Dalal)  
**Proprietor**

For Gujarat Narmada Flyash Company Limited

1. Sd/  
(Director)
2. Sd/-  
(Director)

Place: Ahmedabad  
Date: 15/06/2010

| <b>CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010</b> |                |           |                |           |
|--|----------------|-----------|----------------|-----------|
|  | <b>2009-10</b> |           | <b>2008-09</b> |           |
|  | <b>RS</b>      | <b>RS</b> | <b>RS</b>      | <b>RS</b> |
| <b>A . CASH FLOW FROM OPERATING ACTIVITIES &amp;</b>           |                |           |                |           |
| NET PROFIT/LOSS AFTER TAX PROVISION                            |                | 14,515    |                | 6,355     |
| ADJUSTMENT MADE FOR:   |                |           |                |           |
| MISCELLANEOUS EXPENDITURE W/O                                  | -              |           | -              |           |
| DEPRECIATION WRITTEN OFF                                       | 570,045        | -         | 570,045        |           |
| INCOME TAX PROVISION   | -              |           | -              |           |
|  | -              | 570,045   |                | 570,045   |
| OPER.PROFIT BEFORE CHANGE IN WORKING CAPITAL                   |                | 584,560   |                | 576,400   |
| ADJUSTMENTS MADE FOR:  |                |           |                |           |
| TRADE PAYABLES   | -              |           | -              | -         |
| SUNDRY DEBTORS   | -              | -         | -              |           |
| CASH GENERATED FROM OPERATIONS                                 |                | 584,560   |                | 576,400   |
| INTEREST PAID  | -              |           | -              |           |
| SERVICE TAX PROVISION  | -              | -         | -              | -         |
| NET CASH FLOW FROM OPERATING ACTIVITIES                        |                | 584,560   |                | 576,400   |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>                |                |           |                |           |
| SALE/PURCHASE OF INVESTMENTS                                   | (600,000)      |           | (500,000)      |           |
| PURCHASE OF COMPUTER   | -              |           | -              |           |
|  | (600,000)      |           |                | (500,000) |
| NET CASH FLOW FROM INVESTING ACTIVITIES                        |                | (15,440)  |                | 76,400    |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>                |                |           |                |           |
| Investments  | -              |           | -              |           |
| PROCEEDS FROM LOAN & ADVANCES                                  |                |           |                |           |
| NET CASH FLOW FROM FINANCING ACTIVITIES                        |                | -         |                | -         |



|   |  |          |  |         |
|---|--|----------|--|---------|
| NET INCREASE IN CASH OR CASH EQUI.<br>CASH & CASH EQUI. AT THE BEGINNING OF<br>THE YEAR |  | (15,440) |  | 76,400  |
| CASH & CASH EQUI. AT THE CLOSE OF THE<br>YEAR   |  | 107,419  |  | 31,019  |
|   |  | 91,979   |  | 107,419 |
| NET INCREASE IN CASH OR CASH EQUI.  |  | (15,440) |  | 76,400  |

**Shirish Dalal & Associates**  
CHARTERED ACCOUNTANTS

**For & on Behalf of Board**  
**For** Gujarat Narmada Flyash Company Limited

**Sd/-**  
**Shirish Dalal**  
PROPRIETOR

Sd/-  
Director

Sd/-  
Director

Place : Ahmedabad  
Date : 01/09/2010

**AUDITORS' CERTIFICATE**

To,

The Board of Directors

**Gujarat Narmada Flyash Company Ltd**

We have examined the attached Cash Flow Statement of **M/S. Gujarat Narmada Flyash Company Ltd.** for the year ended on 31-3-2010. The Statement has been prepared by the Company in accordance with the requirement of Listing Agreement Clause 32 with Mumbai Stock Exchange limited and is based on in agreement with corresponding Profit & Loss Account and Balance Sheet of the Company for 2009-10

**Shirish Dalal & Associates.  
Chartered Accountants**

**Place :MUMBAI  
Date : 01-09-2010**

**SD/-  
(Shirish Dalal)  
Proprietor**

Additional information as required under part IV of Schedule VI of the Companies Act, 1956. Balance Sheet Abstracts and Company's General Business Profile:

**Registration Details**

|                    |   |            |
|--------------------|---|------------|
| Registration No.   | : | 19126      |
| State Code         | : | 04         |
| Balance Sheet Date | : | 31/03/2010 |

**Capital Raised during the year****(Amount in Rs. Thousand)**

|              |   |     |
|--------------|---|-----|
| Public Issue | : | NIL |
| Rights Issue | : | NIL |
| Bonus Issue  | : | NIL |

**Position of Mobilisation and Deployment of Funds****(Amount in Rs. Thousand)****Sources of Funds**

|                    |   |       |
|--------------------|---|-------|
| Paid- up capital   | : | 63705 |
| Reserves & Surplus | : | 21489 |
| Secured Loans      | : | 29983 |
| Unsecured Loans    | : | NIL   |

**Application of Funds**

|                       |   |        |
|-----------------------|---|--------|
| Net Fixed Assets      | : | 3945   |
| Investments           | : | 111140 |
| Net Current Assets    | : | 92     |
| Misc. Expenditure     | : | NIL    |
| Profit & Loss Account | : | NIL    |

**Performance of company****(Amount in Rs. Thousand)**

|                   |   |     |
|-------------------|---|-----|
| Turnover / income | : | 602 |
| Total Expenditure | : | 588 |
| Profit            | : | 14  |

|                   |   |     |
|-------------------|---|-----|
| Dividend Rate (%) | : | NIL |
|-------------------|---|-----|

Generic Names of Principal Products / Services of the company (As per monetary terms)

Item Code No. :-

Product Description:- Trading Activity

**GUJARAT NARMADA FLYASH COMPANY LTD**  
**G-4, Vyavsaya Building, Dinesh Mill Urmi Road, Vadodara-390007**

**PROXY FORM**

I/We \_\_\_\_\_  
 Of \_\_\_\_\_ Being  
 ing a member/members of above named Company hereby appoint of  
 \_\_\_\_\_ or failing him / her  
 \_\_\_\_\_ of \_\_\_\_\_  
 as may / our proxy attend and vote on my / our behalf at Annual General Meeting of the  
 Company to be held on 30<sup>th</sup> September 2010 or at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010

Affix Rupee One  
 Revenue Stamp

Here

Note : This instrument of proxy shall be deposited at the Registered Office of the Company.

=====

**GUJARAT NARMADA FLYASH COMPANY LTD**  
**G-4, Vyavsaya Building, Dinesh Mill Urmi Road, VAdodara-390007**

**ATTENDANCE SLIP**

PLEASE COMPLETE THIS ATTENDENCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

1. Name of the attending Member \_\_\_\_\_
2. Member's Folio Number \_\_\_\_\_
3. Name of the Proxy (In Block Letters) \_\_\_\_\_  
 (To be filled in if the Proxy attends instead of the Member)  
 (No. of Shares held: \_\_\_\_\_).

I hereby record my presence at the Annual General Meeting at the registered Office on 30<sup>th</sup> Sept, 2010 or at any adjournment thereof.

Member's / Proxy Signature