

## DIRECTORS' REPORT

To,  
The Members,

Your Directors are pleased to present the **FIRST ANNUAL REPORT** together with Audited Accounts for the First Financial Year commencing from 15th September, 2003 to 31st March, 2004.

### PERFORMANCE OF THE COMPANY

Your Company was incorporated on 15th September, 2003 and the Certificate of Commencement of Business was obtained on 15h October, 2003. The Company has not commenced its commercial operations during the year under review.

### POWER REFORM

The Electricity Act, 2003 and the Gujarat Electricity Industry (Re-Organization & Regulation) Act, 2003 have introduced competition by way of Open Access both in the Transmission and Distribution areas. The said Acts also provide for reorganization of the State Electricity Boards through appropriate Transfer Schemes being formulated by the State Governments. The Government of Gujarat has already reorganized the Gujarat Electricity Board [GEB] into a Generation Company, a Transmission Company and four Distribution Companies.

The aforesaid Enactments have paved the way for comprehensive reforms and restructuring of the State Electricity Board with an aim to restructure the Electricity Industry in the manner that will ensure the long term viability and sustainability of the Power Sector. As a part of Reform Process, it has been envisaged to disaggregate GEB, the Promoting Body into separate entities with functional responsibilities for generation, transmission and distribution respectively with complete autonomous operations.

### DIRECTORS

Smt. Vijaylaxmi Joshi, IAS, Shri Jyotendra B. Shah and Shri Murlidharan K. Iyer were the First Directors of the Company in terms of the Article 57 of the Articles of Association of the Company.

The Board of Directors at its meeting held on 5<sup>th</sup> December, 2003 appointed Dr. Manjula Subramaniam, IAS as an Additional Director and also as the Chairperson cum Managing Director of the Company. She resigned as the Chairperson cum Managing Director with effect from 25<sup>th</sup> March, 2004. However, she continues to be a Director. Your Directors place on record their deep appreciation of the valued services rendered during her tenure as Chairperson cum Managing Director.

Shri Vinayak M. Shah was, appointed as an Additional Director and also as the Vice President and to hold additional charge of the Joint Managing Director of the Company without any remuneration at a Board Meeting held on 5<sup>th</sup> December, 2003. He resigned as the Vice President and Joint Managing Director with effect from 7<sup>th</sup> February, 2004. However, he continues to be a Director. Your Directors place on record their deep appreciation of the valued services rendered by him during his tenure as Vice President and Joint Managing Director.

Smt. Vijaylaxmi Joshi, IAS and Shri Jyotendra B. Shah, first Directors, resigned from the directorship with effect from 5<sup>th</sup> December, 2003. Your Directors place on record their deep appreciation of the valued services rendered by Smt. Vijaylaxmi Joshi, IAS and Shri Jyotendra B. Shah during their tenure.

Shri Ishwarbhai M. Bhavsar was appointed as an Additional Director and also as the Vice President and to hold additional charge of the Joint Managing Director of the Company without any remuneration with effect from 7<sup>th</sup> February, 2004.

The Board in its Meeting held on 25th March, 2004 appointed Dr. Joy I. Cheenath, IAS as an Additional Director and also as the Chairman cum Managing Director of the Company with effect from 25th March, 2004.

According to the provisions of Section 256 of the Companies Act 1956, Shri M.K. Iyer, being first Director of the Company, retires at the ensuing Annual General Meeting and being eligible, offers himself for appointment.

Dr Manjula Subramaniam, IAS, Shri Vinayak M. Shah, Shri I. M. Bhavsar, and Dr. Joy I. Cheenath, IAS, being Additional Directors appointed pursuant to the provisions of Section 260 of the Companies Act, 1956, hold their office as such up to the date of ensuing Annual General Meeting.

Notices under Section 257 of the Companies Act, 1956 have been received from some of the members signifying their intention to propose Shri M. K. Iyer, Dr Manjula Subramaniam, IAS, Shri Vinayak M. Shah, Shri I. M. Bhavsar, and Dr. Joy I. Cheenath, IAS, for appointment to the office of the Director. The Board recommends their appointment.

## **MANAGING DIRECTOR AND FUNCTIONAL DIRECTORS**

Dr. Manjula Subramaniam, IAS was appointed as the Chairperson cum Managing Director and Shri Vinayak M. Shah was appointed as the Vice President and to hold additional charge of the Joint Managing Director of the Company, without any remuneration in the Board Meeting held on 5th December, 2003. Dr Manjula Subramaniam, IAS resigned as the Chairperson cum Managing Director with effect from 25<sup>th</sup> March, 2004. Shri Vinayak M. Shah resigned as the Vice President and Joint Managing Director with effect from 7<sup>th</sup> February, 2004. Shri Ishwarbhai M. Bhavsar was appointed as the Vice President and to hold the additional charge of the Joint Managing Director of the Company with effect from 7th February, 2004 by the Board at its Meeting held on 7<sup>th</sup> February, 2004.

Dr. Joy I. Cheenath, IAS was then appointed as the Chairman cum Managing Director of the Company, with effect from 25th March, 2004 without any remuneration in addition to his functioning as the Managing Director of Gujarat Power Corporation Limited. A specific notice under Section 316 of the Companies Act, 1956 was issued for inclusion as an Agenda Item for the Board Meeting held on 25th March, 2004. The necessary resolution was unanimously passed by all the Directors present at the said meeting.

The approval of the Shareholders have been taken in the General Meetings of the Company in respect of the aforesaid appointments and all compliances under Section 269 read with Schedule XIII of the Companies Act, 1956 have been made.

## **DISCLOSURES**

### **(a) Particulars of Employees:**

There was no employee during the year drawing remuneration in excess of the ceilings prescribed under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended.

### **(b) Energy Conservation & Technology Absorption:**

# UTTAR GUJARAT VIJ COMPANY LIMITED

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Since the Company has not commenced its commercial operations during the year, the information in this regard may be treated as NIL.

(c) **Foreign Exchange Earnings & Outgo:**

During the year under review, there was no foreign exchange earning or outgo.

## AUDITORS

The Company attracts the provisions of Section 619 -B of the Companies Act, 1956 with effect from 15th September, 2003 being the date of incorporation consequent on the allotment of Equity Shares made to Gujarat Electricity Board (GEB). The Comptroller and Auditor General of India, New Delhi vide their letter No. CA. V/COY/Gujarat\_GJUVCL(1)/634 dated 22<sup>nd</sup> December, 2003 appointed M/s Ambalal M Shah & Co., Chartered Accountants, Vadodara as the Statutory Auditors of the Company for the financial year 2003-04.

The Statutory Auditors for the current financial year 2004-05 are also to be similarly appointed by the CAG, i.e. Central Government for which a resolution is placed before the Members for their remuneration in the forthcoming Annual General Meeting.

## DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with Section 217 (2AA) of the Companies Act, 1956, the Directors state that:

1. in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
2. accounting policies have been selected and consistently applied 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 as at 31st March, 2004. The Profit and Loss Account has not been prepared as the Company has not commenced commercial operations up to the year ended on 31st March, 2004.
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provision of the Companies Act 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and
4. the annual accounts have been prepared on a going concern basis.

## ACKNOWLEDGEMENT

Your Directors place on record their appreciation of the valuable services rendered, guidance, support and assistance extended by GEB, State Bank of India, Vijaya Bank and all Government Authorities.

For and on behalf of the Board

Date : 07-07-2004  
Place : Gandhinagar

Dr. Joy I. Cheenath  
Chairman

## AUDITORS' REPORT

To  
The Members of  
**UTTAR GUJARAT VIJ COMPANY LIMITED**

We have audited the attached Balance Sheet of **UTTAR GUJARAT VIJ COMPANY LIMITED** as at 31<sup>ST</sup> March, 2004. 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.

- 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 mis-statement. 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 and significant estimates made by management as well as evaluating overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 2 As required by the Statement on Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement of the matters specified in paragraphs 4 and 5 of the said Order.
- 3 Further to our comments in the Annexure referred to in paragraph (2) above, we report:
  - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii) 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;
  - iii) The Balance Sheet dealt with by this report, is in agreement with the books of account;
  - iv) In our opinion, the Balance Sheet dealt with by this report comply with the applicable Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - v) On the basis of the written representations received from the Directors as on 31<sup>ST</sup> March, 2004 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, 2004 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 174 of the Companies Act, 1956;
  - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts and read together with other notes thereon, 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 Balance Sheet of the state of affairs of the Company as at 31<sup>ST</sup> March, 2004

For **Ambalal M. Shah & Co.**,  
Chartered Accountants

Place: Baroda  
Date: 14-05-2004

[Ashok A. Jain]  
**Partner**  
Membership No. 30389

**ANNEXURE Referred to in Paragraph 2 of our report of even date on the accounts  
for the period ended on 31<sup>st</sup> March, 2004 of  
UTTAR GUJARAT VIJ COMPANY LIMITED**

- 1) In our opinion and according to the information and explanations given to us, the nature of the Company's business / activities during the period are such that clauses (i), (ii), (iv), (v), (vi), (vii), (viii), (ix), (x), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xviii), (xix) and (xx) are not applicable to the Company.
- 2) In our opinion and according to the information and explanations given to us, the Company has neither granted nor taken any loan, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- 3) According to the records examined by us and the information and explanations given to us on an overall basis, funds raised on short term basis have prima facie not been used during the period for long term investment. There are no long term borrowings during the period.
- 4) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the period.

For **Ambalal M. Shah & Co.**,  
Chartered Accountants

Place: Baroda  
Date: 14-05-2004

[Ashok A. Jain]  
**Partner**  
Membership No. 30389

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**Comments of the Comptroller and Auditor General of India under Section 619 (4)  
read with Section 619-B of the Companies Act, 1956 on the accounts of Uttar  
Gujarat Vij Company Limited, Vadodara for the year ended 31<sup>st</sup> March, 2004**

I have to state that the Comptroller and Auditor General of India has no comments upon or supplement to the Auditors' Report under Section 619(4) read with Section 619-B of the Companies Act, 1956 on the accounts of Uttar Gujarat Vij Company Limited, Vadodara for the year ended 31<sup>st</sup> March, 2004.

Ahmedabad  
Date: 08-06-2004

Sd/-  
(A. Mukhopadhyay)  
Accountant General

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2004**

	SCHEDULE	AS AT 31-03-2004 AMOUNT (RS.)
<b>SOURCES OF FUNDS:</b>		
1 SHAREHOLDERS' FUNDS		
Share Capital	A	500700
2 LOAN FUNDS		
Unsecured Loans	B	77744
	<b>TOTAL</b>	<b>578444</b>
<b>APPLICATION OF FUNDS:</b>		
1 CURRENT ASSETS, LOANS & ADVANCES		
(a) Cash & Bank Balances	C	500700
(b) Other Current Assets	D	1356
		502056
(c) Less: Current Liabilities & Provisions	E	11286
(d) NET CURRENT ASSETS		490770
2 DEFERRED TAX	F	486
3 MISCELLANEOUS EXPENDITURE (to the extent not written off)		
- Preliminary Expenses	G	41784
- Preoperative Expenses (in the nature of Deferred Revenue Expenditure)	H	45404
	<b>TOTAL</b>	<b>578444</b>
Significant Accounting Policies and Notes forming part of Accounts	I	

As per our report attached  
For Ambalal M. Shah & Co.  
*Chartered Accountants*

(Ashok Jain)  
Partner

For and on behalf of the Board  
For Uttar Gujarat Vij Company Limited

Director Dr Manjula Subramaniam, IAS

Director M K Iyer

Vice President  
& I/c Jt Mg  
Director I M Bhavsar

Company  
Secretary N M Joshi

Place: Baroda  
Date: 14-05-2004

Place : Ahmedabad  
Date : 13-05-2004

**SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2004**

SCHEDULES	AS AT 31-03-2004 AMOUNT (RS.)
<b>SCHEDULE - A: SHARE CAPITAL</b>	
Authorized Share Capital 1,00,000 Equity Shares of Rs. 10/- each	1000000
Issued, Subscribed and Paid-up Capital 50,070 Equity Shares of Rs. 10/- each fully paid-up	500700
<b>TOTAL</b>	<b>500700</b>
<b>SCHEDULE - B: UNSECURED LOANS</b>	
Amount due to Gujarat Electricity Board	77744
<b>TOTAL</b>	<b>77744</b>
<b>SCHEDULE - C: CASH AND BANK BALANCES</b>	
Balance with Banks - Current Account	50700
Fixed Deposit with Scheduled Bank	450000
<b>TOTAL</b>	<b>500700</b>
<b>SCHEDULE - D: OTHER CURRENT ASSETS</b>	
Interest accrued but not due on Fixed Deposit	1356
<b>TOTAL</b>	<b>1356</b>
<b>SCHEDULE - E: CURRENT LIABILITIES &amp; PROVISIONS</b>	
<b>PROVISIONS</b>	
Expenses	10800
Taxation	486
<b>TOTAL</b>	<b>11286</b>

<b>SCHEDULE - F: DEFERRED TAX</b>			
PARTICULRS	Deferred Tax Asset/ (Liability) as at commencement	(Charge)/Credit during the year	Deferred Tax Asset/ Liability) as at 31-03-2004
<b>DEFERRED TAX ASSET</b> emerging out of: Interest earned during Pre- operative period having impact on Profit & Loss Account of future years	0	486	486
	<b>0</b>	<b>486</b>	<b>486</b>

<b>SCHEDULE - G: PRELIMINARY EXPENSES</b>	<b>AS AT 31-03-2004 AMOUNT (RS.)</b>
Stamp Duty	2840
Company Registration / Filing Fees	29200
Printing & Stationery	4570
Professional Fees	4050
Miscellaneous	1124
<b>TOTAL</b>	<b>41784</b>
<b>SCHEDULE - H: PREOPERATIVE EXPENSES</b>	
(in the nature of Deferred Revenue Expenditure)	
Books & Periodicals	1676
Audit & Certification Fees	10800
Consultancy Charges	28080
Registration & Filing Fees	3600
Miscellaneous Expenses	2604
	<b>46760</b>
Interest on Term Deposit	1356
Less: Current Tax	486
	<b>45890</b>
Less: Deferred Tax	486
<b>TOTAL</b>	<b>45404</b>

### SCHEDULE - I:

#### Significant Accounting Policies and Notes on Accounts

##### A. Significant Accounting Policies:

###### 1) Basis of preparation

The financial statements are prepared under the historical cost convention on the accrual basis of accounting and comply in all material respects with the mandatory accounting standards issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 1956.

###### 2) Preliminary Expenses

Preliminary expenses will be amortized over a period of three to five years once the Company commences its commercial activities.

###### 3) Taxation

A provision is made for the current tax based on the tax liability computed in accordance with relevant tax rates and tax laws.

The Company has followed the Accounting Standard 22 "Accounting for Taxes on Income" issued by ICAI, and accordingly provision is made for the deferred tax for all timing differences arising between taxable income and accounting at currently enacted tax rates.



# UTTAR GUJARAT VIJ COMPANY LIMITED

## B. Notes on Accounts:

- 1) Amounts due to Small Scale Industrial Undertaking : Nil
- 2) There are no contingent liabilities against the Company as reported by the management.
- 3) The Company has not commenced its commercial activities and hence, no profit & loss Account has been prepared for the period ended 31st March, 2004. The expenditure amounting to Rs. 45,404 incurred during the period has been debited to Pre-operative Expenditure and has been disclosed under the head "Miscellaneous Expenditure to the extent not written off or adjusted." (Schedule H) in the Balance sheet.
- 4) Provision for taxation has been made on interest earned on bank deposit. Current tax and Deferred Tax is included in Pre-operative Expenses under the head "Miscellaneous Expenditure".
- 5) Information pursuant to the provision 3 of the Part II of schedule VI of the Companies Act, 1956 is not given as the Company has not commenced its commercial activities during the period.
- 6) Information pursuant to Para 4 D of Part II of schedule VI to the Companies Act has not been given as it is either Nil or not applicable.
- 7) Auditors remuneration
  - i. Audit Fees : Rs. 10,800/-
  - ii. Others : NIL
- 8) Remuneration to Directors: NIL
- 9) This being the first Balance Sheet of the Company corresponding figures for the previous year are not furnished.

## Schedules 'A' to 'I'

As per our report attached  
For Ambalal M. Shah & Co.  
*Chartered Accountants*

(Ashok Jain)  
Partner

For and on behalf of the Board

For Uttar Gujarat Vij Company Limited

Director Dr Manjula Subramaniam, IAS

Director M K Iyer

Vice President  
& I/c Jt Mg

Director I M Bhavsar

Company  
Secretary N M Joshi

Place: Baroda  
Date: 14-05-2004

Place : Ahmedabad  
Date : 13-05-2004

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

Additional information pursuant to the provisions of Part IV of Schedule VI to the Companies Act, 1956

**I. Registration Details**

Registration No. U40102GJ2003 PLC 42906 State Code 04  
 Balance Sheet Date 31-03-2004

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

Public Issue NIL Right Issue NIL  
 Bonus Issue NIL Other 500700

**III. Position of Mobilization and Development of Funds. (Amount in Rs. )**

Total Liabilities. 578444 Total Assets 578444.

**SOURCES OF FUNDS**

Paid up Capital 500700 Reserves & Surplus. NIL  
 Secured Loans NIL Unsecured Loan 77744

**APPLICATION OF FUNDS**

Net Fixed Assets. NIL Investments NIL  
 Net Current Assets 490770 Misc.Expenditure 87188  
 Deferred Tax 486

**IV. Performance of the Company. (Amount in Rs. )**

Turnover NIL Total Expenditure NIL  
 Profit/Loss before tax. NIL Profit/Loss after tax NIL  
 Earning per share in Rs. N.A. Dividend rate % N.A.

**V. Generic Names of Three principal products/services of the Company (as per monetary terms)**

Item code No.(ITC code) NA  
 Product Description: Distribution of Energy.

For and on behalf of the Board  
 For Uttar Gujarat Vij Company Limited  
 Director Dr Manjula Subramaniam, IAS  
 Director M K Iyer  
 Vice President  
 & I/c Jt Mg  
 Director I M Bhavsar  
 Company  
 Secretary N M Joshi

Place : Ahmedabad  
 Date : 13-05-2004