



24th Annual Report 2008-2009

TWENTY FOURTH ANNUAL GENERAL MEETING

DAY : FRIDAY, 11TH SEPTEMBER, 2009

TIME : 11.00 A. M.

PLACE : REGISTERED OFFICE
P.O. PETROCHEMICAL - 391 346,
DIST. VADODARA

GUJARAT INDUSTRIES POWER COMPANY LIMITED

P.O. PETROCHEMICAL - 391 346, DIST. VADODARA (GUJARAT)



Gujarat Industries Power Company Limited

Contents.....

Board of Directors	3
Notice	5
Directors' Report	10
Management Discussion and Analysis Report	18
Report on Corporate Governance	24
Auditors' Report	39
Balance Sheet	42
Profit & Loss Account	43
Cash Flow Statement	44
Schedules	46
Balance Sheet Abstract	62
Attendance Slip & Proxy Form	63



24th Annual Report 2008-2009

Board of Directors

Shri S. Jagadeesan, IAS	Chairman
Shri A.K. Joti, IAS	Director
Prof. Shekhar Chaudhuri	Director
Dr. P.K. Das, IAS (Retd.)	Director
Prof. Kirankumar M. Joshi	Director
Shri G.P. Mohapatra, IAS	Director
Shri P.H. Rana	Director
Shri H.V. Patel, IAS	Director
Shri G.A. Tadas	Director
Shri L. Chuaungo, IAS	Managing Director

Senior Executives

Shri D.G. Naik	Executive Director (Technical)
Shri S.L. Bose	Executive Director (SLPP)
Shri A.N. Shah	General Manager (Baroda Operations)
Shri P.N. Trivedi	General Manager (Commercial & HR&A)
Shri S.P. Desai	Chief Finance Officer
Shri Gora Koley	General Manager (Mines-SLPP)
Shri K. K. Shah	Addl. General Manager (Finance-SLPP)
Shri D.K. Roy	Addl. General Manager (O&M – SLPP)

Company Secretary

Shri C.H. Patni

Bankers

Vadodara Stations

Central Bank of India
Dena Bank
Punjab National Bank
State Bank of India
Bank of Baroda
Oriental Bank of Commerce

Surat Lignite Power Plant

Syndicate Bank
State Bank of India
Oriental Bank of Commerce
Indian Overseas Bank
Vijaya Bank
ING Vysya Bank
The Karur Vysya Bank Ltd.

Auditors

M/s K.C. Mehta & Co., Chartered Accountants, Vadodara

Cost Auditors

M/s K.G. Goyal & Co., Cost Accountants, Jaipur

Registrar & Transfer Agent

Link Intime India Private Limited
(Formerly Intime Spectrum Registry Limited)
308, Jaldhara Complex, 1st Floor,
Opp. Manisha Society, Off. Old Padra Road,
Vadodara – 390 015, Gujarat, India
(Tel) (0265) 2250241, 3249857
(Fax) (0265) 2250246
Email – vadodara@linkintime.com

Registered Office & Works

*P.O. Petrochemical – 391 346, Dist. Vadodara, Gujarat, India
(Tel.) (0265) 2232768, 2230420, 2230159
(Fax) (0265) 2231207, 2230473
Email : - genbaroda@gipcl.com

* w.e.f. 15.01.2004 P O Petrofils has been merged with P O Petrochemical – 391 346, District Vadodara.

Surat Lignite Power Plant

At & Post Nani Naroli, Taluka Mangrol,
Dist. Surat – 394 110, Gujarat, India
(Tel.) (02629) 261063 to 261072
(Fax) (02629) 261073 & 261074
Email : - genslpp@gipcl.com



Gujarat Industries Power Company Limited

ATTENTION

1. Pursuant to Section 154 of the Companies Act, 1956, the Register of Members and Share Transfer Books of the Company shall remain closed from Monday, the 31st August, 2009 to Wednesday, the 9th September, 2009 (both days inclusive).
 2. (a) Members, who hold shares in physical form are advised to address all correspondence quoting their Ledger Folio Number (LF No.) and to immediately notify their change of address, change of Bank details, Deletion / Transmission of shares, Loss of share certificate etc. details, if any, to the Company or its Registrar and Transfer Agents viz. Link Intime India Private. Limited (Formerly Intime Spectrum Registry Limited), 308, Jaldhara Complex, Opp. Manisha Society, Off Old Padra Road, Vasna Road, Vadodara – 390 015, Gujarat, India. Members may also send in their queries etc. by e-mail at investors@gipcl.com or vadodara@linkintime.com.

(b) Members, who holds shares in demat form are advised to address all correspondence in respect of Change of Address, Change of Bank Details, Deletion / Transmission of shares, to their DP (Depository Participant) only by quoting their Client ID & DP ID No. immediately.
 3. Members who have not received or have not encashed their Dividend Warrant(s) are requested to write to us or to the Company's Registrar and Transfer Agents.
 4. Members holding shares in physical form and are holding more than one Share Certificate in the same name under different folios are requested to apply for consolidation of such folios into one folio and send relevant Share Certificates to the Company to make necessary endorsements.
 5. Members are advised to hold Shares jointly to simplify the procedure of transmission in the event of death of any holder OR avail the facility of nomination. The nominee shall be the person to whom all rights of transfer and/or amount payable in respect of the shares shall vest in the event of death of Shareholder(s). A minor can also be a nominee provided the name of guardian is given in Nomination Form. The facility of nomination is not available to non-individual shareholding such as Bodies Corporate, Institutional Investors, Kartas of Hindu Undivided Families, holders of Power of Attorney etc. In case If any assistance is required please contact Mr. C.H. Patni, Company Secretary at the Registered Office of the Company or Link Intime India Private. Limited (Formerly Intime Spectrum Registry Limited), the Registrar and Share Transfer Agents of the Company.
 6. Members may note that the Company's Securities are listed on the following Stock Exchanges:

Vadodara Stock Exchange Limited
3rd Floor, Fortune Tower, Sayajiganj,
Vadodara – 390 005.

Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers, Dalal Street,
Fort, Mumbai – 400 001.

National Stock Exchange of India Limited,
Exchange Plaza, 5th Floor, Plot No. C/1,
G Block, Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051.

The Calcutta Stock Exchange Association Limited,
7, Lyons Range, Kolkata – 700 001.
(Application for delisting is pending with them)
- W.e.f. 26-06-2000, Equity Shares of the Company are compulsorily traded in dematerialised (demat) form as mandated by Securities and Exchange Board of India (SEBI). Therefore, those members who hold shares in physical form are advised to get their shares dematerialized (i.e. conversion of physical shares into electronic form) at the earliest.
- Members may note that the Company's equity shares are available for dematerialisation with National Securities Depository Ltd. (NSDL), Trade World, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 and with Central Depository Services (India) Ltd. (CDSL), 28th Floor, Sir P.J. Tower, Dalal Street, Fort, Mumbai – 400 001. The Demat ISIN Numbers in NSDL & CDSL for Equity Shares is INE162A01010.
7. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Company at least fifteen days before the date of the meeting so that the information required by the members may be made available at the meeting.
 8. Members attending the meeting are requested to bring with them the Attendance Slip and hand over the same at the entrance of the meeting hall, failing which admission to the meeting may not be permitted.
 9. As a measure of economy, the Company does not distribute copies of Annual Report at the venue of Annual General Meeting. Therefore, members desirous of attending the Meeting are requested to bring along their copies.



24th Annual Report 2008-2009

NOTICE TO THE MEMBERS

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the Members of Gujarat Industries Power Company Limited will be held on Friday, the 11th day of September, 2009 at 11.00 A.M. at the Registered Office of the Company at P.O. Petrochemical – 391 346, Dist. Vadodara to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and Profit & Loss Account for the year ended on that date and the reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Prof. Shekhar Chuadhuri, who retires by rotation at this meeting and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri H.V. Patel, IAS who retires by rotation at this meeting and being eligible offers himself for re-appointment.
4. To declare dividend on Equity Shares for F.Y. 2008-2009,
5. To appoint M/s. K.C. Mehta & Co., Chartered Accountants, Vadodara as Statutory Auditors to hold the office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

6. **To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.**

“RESOLVED THAT in supercession of the ordinary resolution passed by the Members in Extra Ordinary General Meeting held on 4th December, 2004, pursuant to the provisions of section 293 (1) (d) of the Companies Act, 1956, the Company hereby accords its consent to Board of Directors to borrow any sum or sums of money from time to time from any one or more of the Company's bankers and / or from any one or more persons, firms, bodies corporate or financial Institutions, Foreign Financial Institutions, OCBs, Mutual Funds, bilateral agencies, infrastructure funds, NBFCs, whether by way of cash credit, advances or deposits, loans or bill, mortgage, charge, hypothecation or lien or pledge of the Companies assets and properties whether leased out or given to various clients on hire purchase, whether movable or stock in trade (including raw materials, stores, spare parts and components in stock or in transit) and all or any of the undertaking of the Company notwithstanding that the money to be borrowed together with the money (s) already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers /other entities in the ordinary course of business) will or may exceed the aggregate of the paid up capital of the Company and its free reserves, that to say, reserves not set apart for any specific purpose, but, so, however that the total amount upto which the money may be borrowed by the board of directors and outstanding at any time , over and above the paid up capital

and free reserves , shall not exceed the sum of Rs. 4000 Crores (Rupees Four Thousand Crores Only) exclusive of interest and directors are hereby further authorized to execute such deeds of mortgage, charge, hypothecation, lien, promissory notes, deposit receipts and other deeds and instruments or writings as they may think fit and containing such conditions and covenants as the directors deem fit and proper."

7. **To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.**

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), to the mortgages/charges created/to be created by the Company, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of present and future and/or the whole or any part of the undertaking(s) of the Company together with the power to take over the management of the business and concern of the Company in certain events of default, in favor of the Lender(s), Agent(s) and Trustee(s), for securing the borrowings of the Company availed by way of loans(in foreign currency/rupee currency) and Securities/ comprising of fully/partly paid Convertible Debentures and/ or Non Convertible Debentures with or without detachable or non-detachable warrants and/or secured premium notes and/or floating rate notes/bonds, issued/ to be issued by the Company, from time to time, subject to the limits approved under Section 293(1)(d) of the Companies Act, 1956, together with interest at the respective agreed rates, additional interest, compound interest, in case of default, accumulated interest, liquidated damages, commitment charges, premia on prepayment, remuneration of the Agent(s) / Trustee(s), premium, if any, on redemption, all other costs, charges and expenses, including any increases as result of devaluation/revaluation/fluctuation in the rates of exchange and all other monies payable by the Company in terms of the Loan Agreement(s), Debenture Trust Deed(s) or any other documents, entered into/to be entered into between the Company and the Lender(s), Agent(s) and Trustee(s), in respect of the said loans / borrowings / debentures and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or Committee thereof and the Lender(s) / Agents / Trustee(s).



Gujarat Industries Power Company Limited

"FURTHER RESOLVED THAT the Board of Directors of the Company, be and is hereby authorized to finalize, settle and execute such documents / deeds / writings / papers / agreements as may be required and do all such acts, deeds matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgages/charges as aforesaid."

8. to consider, and if thought fit, to pass with or without modification(s) the following resolution as Special Resolution.

"RESOLVED THAT the Authorized Preference Share Capital (15% Cumulative Redeemable) of the Company consisting of 1,61,00,000 (One Crore Sixty One Lacs) of Rs100/- (Rupees One Hundred only) each aggregating to Rs 161.00 Crores (Rupees One Hundred Sixty One Crores only) be and is hereby cancelled by reclassifying the same as 61,00,000 (Sixty One Lacs) 15% Preference Share Capital (15% Cumulative Redeemable) of Rs100/- (Rupees One Hundred only) each aggregating to Rs 61.00 Crores (Rupees Sixty One Crores only) and Equity Share Capital divided into 32,50,00,000 (Thirty Two Crores Fifty Lacs) Equity Shares of Rs.10/- (Rupees Ten only) each aggregating to Rs.325.00 Crores (Rupees Three Hundred Twenty Five Crores only)."

9. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to Section 16 and all other applicable provisions, if any, of Companies Act, 1956, the existing Clause V of Memorandum of Association of the Company, relating to Share Capital be and is hereby altered by deleting the same and substituting in its place and stead the following as new Clause V:

CLAUSE V:

The Authorized Capital of the Company shall be Rs. 386 Crores (Rupees Three Hundred Eighty Six Crores only) divided into 32,50,00,000 (Thirty Two Crores Fifty Lacs) Equity Shares of Rs.10/- (Rupees Ten only) each aggregating to Rs. 325.00 Crores (Rupees Three Hundred Twenty Five Crores only) and 61,00,000 (Sixty One Lacs) 15% Preference Shares of Rs. 100/- (Rupees Hundred Only) each aggregating to Rs. 61.00 Crores (Rupees Sixty One Crores Only) with power to the Company to increase or reduce such capital and to issue any part of the capital, original or increased, with the rights, privileges and conditions attached thereto as may be provided by the Articles of Association of the Company for the time being or by the terms of issue thereof with power to increase or reduce the capital of Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such

preferential, deferred, guaranteed, qualified or special rights, privileges and conditions as may be determined by or in accordance with the Articles of Association of the Company or the terms of issue and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of Association of the Company, subject always to the provisions of the Companies Act, 1956."

10. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the existing Article 3 of the Articles of Association of the Company be and is hereby altered by deleting the same and substituting in its place and stead the following as new Article 3:

"ARTICLE 3 :

The Authorized Capital of the Company shall be Rs. 386 Crores (Rupees Three Hundred Eighty Six Crores only) divided into 32,50,00,000 (Thirty Two Crores Fifty Lacs) Equity Shares of Rs.10/- (Rupees Ten only) each aggregating to Rs. 325.00 Crores (Rupees Three Hundred Twenty Five Crores only) and 61,00,000 (Sixty One Lacs) 15% Preference Shares of Rs.100/- (Rupees Hundred Only) each aggregating to Rs. 61.00 Crores (Rupees Sixty One Crores Only) with power to the Company to increase or reduce such capital and to issue any part of the capital, original or increased, with the rights, privileges and conditions attached thereto as may be provided by the Articles of Association of the Company for the time being or by the terms of issue thereof with power to increase or reduce the capital of Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, guaranteed, qualified or special rights, privileges and conditions as may be determined by or in accordance with the Articles of Association of the Company or the terms of issue and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of Association of the Company, subject always to the provisions of the Companies Act, 1956."

By Order of the Board

For Gujarat Industries Power Company Ltd.

Registered Office :
P.O. Petrochemical – 391 346,
Dist. Vadodara.
Date: 22nd June, 2009.

Sd/-
C.H. Patni
Company Secretary



24th Annual Report 2008-2009

NOTES:

THE MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE MEETING.

The Explanatory Statement setting out the material facts concerning the special business mentioned under Item nos. 06 and 10 of the notice as required under Section 173 of The Companies Act, 1956 are annexed hereto.

Corporate Members are kindly requested to send a duly certified copy of the Board Resolution authorising their representative to attend and vote at the Meeting.

Relevancy of questions and the order of the speakers at the meeting will be decided by the Chairman.

ANNEXURE TO NOTICE :

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956 :

In conformity with the provisions of the Section 173 of the Companies Act, 1956, the following Explanatory Statement sets out all the material facts relating to the Special Business mentioned in the accompanying notice and should be taken as forming the part of Notice.

Item No. 02 (Brief Resume of Prof. Shekhar Chaudhuri) :

The brief resume of Prof. Shekhar Chaudhuri read thus :- Prof. Shekhar Chaudhuri was appointed as an Additional Director of the Company w.e.f. 18th May, 2004. He has been inducted on the Board of Directors of the Company with a view to further strengthen the Board of Directors and to avail the benefit of his expertise in the field of Joint Ventures and strategic alliances and corporate matters.

Prof. Shekhar Chaudhuri, currently the Director, Indian Institute of Management (IIM), Kolkatta. He is Graduate Engineer (Mechanical Engineering) from Indian Institute of Technology, Khargpur and did his doctoral program from Indian Institute of Management (IIM), Ahmedabad. He has to his credit very rich experience of more than 37 years in various fields of management including the corporate experience at very senior positions. Prof. Shekhar Chaudhuri's exposure encompasses through various key business management areas like – Strategic Management, International Management and Management of Technology and Innovation etc. Besides the corporate experience he is consultant to several Organizations including the World Bank.

Prof. Shekhar Chaudhuri is also a Director in the following Companies:

Sr.	Name of the Company	Nature of Interest
1	Gujarat Industries Power Company Ltd. (GIPCL) P.O. Petrochemical, 391346 Dist. Vadodara, Gujarat	Director
2	Gontermann-Peiper (India) Ltd. P.O. Pailon, Diamond Harbour road, Dist. 24 Parganas (South) - Pin-743512, West Bengal.	Director
3.	West Bengal Electronics Industry Development Corporation Limited. (WEBEL), Webel Bhavan, Block EP & GP , Sector V, Bidhan Nagar, Salt Lake , Kolkatta -700091.	Director

Prof. Shekhar Chaudhuri also holds Membership in Committee as shown below.

Sr. No.	Name of the Company	Name of the Committee	Position held
1.	Gujarat Industries Power Company Ltd.	Audit Committee	Member

Your Directors recommend the passing of the resolution at Item No. 2 appointing Prof. Shekhar Chaudhuri as Director of the Company.

None of the Directors except Prof. Shekhar Chaudhuri, is in any manner interested or concerned in the said resolution.

ITEM No. 3 (Brief Resume of Shri H. V. Patel, IAS):

The brief resume of Shri H. V. Patel, IAS reads thus :- Shri H. V. Patel, IAS was appointed as Director to fill up the casual vacancy caused due to withdrawal of nomination of Shri P.K. Taneja, IAS by Gujarat State Fertilizers and Chemicals Ltd. w.e.f. 13th May, 2008 to hold office till the date upto which Shri P.K. Taneja, IAS would have continued, had the nomination been not withdrawn by Gujarat State Fertilizers and Chemicals Ltd.

Shri H. V. Patel is a Senior IAS Officer of 1982 batch in the rank of Principal Secretary to the Govt. of Gujarat. He is a Bachelor of Commerce with Advance Accountancy. He has held various key positions in the Public Administration like Collector and DDO as Sr. Officer in Gujarat. He has also remained as Addl. Industries Commissioner, Joint Secretary (Industries), Secretary (Information), Secretary (Transport)- Home Department, Commissioner and Principal Secretary (Land Reforms) – Revenue Department.

Over and above this, he possesses rich experience as the Managing Director of Gujarat State Export Corporation, Gujarat Land Development Bank and Gujarat Power Corporation Ltd.



Gujarat Industries Power Company Limited

and as Vice Chairman & Managing Director of Gujarat Industrial Development Corporation. Apart from that he is on the Board of the following companies :-

Shri H.V. Patel, IAS

Sr No	Name of the Company	Nature of Interest
1.	Gujarat Green Revolution Co. Ltd.	Director
2.	The Fertilizer Association of India	Director
3.	Tunisian Indian Fertilizers S.A. (TIFERT) .	Director
4.	Gujarat Industries Power Co. Ltd.	Director
5.	Gujarat Narmada Valley Fertilizers Co.Ltd	Director
6.	Indian Potash Ltd.	Director
7.	Gujarat Chemical Port Terminal Co. Ltd.	Director
8.	GSPC Gas Co. Ltd.	Director
9.	Bhavnagar Energy Company Ltd.	Director
10	Gujarat State Fertilizers & Chemicals Ltd.	Managing Director

Shri H.V. Patel, IAS also holds Membership / Chairmanship of the various Committees as shown below.

Sr. No.	Name of the Company	Name of the Committee	Position held
1.	Gujarat Industries Power Company Ltd.	Project Committee	Member
2.	Gujarat Industries Power Company Ltd.	Personnel Committee	Member
3.	Gujarat Industries Power Company Ltd.	Audit Committee	Member
4.	Gujarat Industries Power Company Ltd.	Shares / Debentures Transfers & Investors' Grievance Committee	Member

Your Directors recommend the passing of the resolution at Item No. 3 appointing Shri H.V. Patel, IAS as Director of the Company.

None of the Directors except Shri H.V. Patel, IAS, is in any manner interested or concerned in the said resolution.

Item No. 6 & 7.

The Company is contemplating expansion of its 500 MW Power Generation Project for enhancing the capacities at Surat Lignite Power Project, SLPP (inclusive of Mining). The estimated Project Cost is approximately Rs. 4,000 Crores. The Power Project would be funded in the Debt- equity Ratio of 70:30/75:25.

Applying the judicious mix of Debt and Equity for the said Power Project, the resources mobilization for the same may call for debt raising exceeding Rs 3000 Crores.

The Company will take necessary steps to achieve the financial closure in time and appropriate agencies will be appointed for the same in due course of time.

In view of the above your Directors recommend the resolutions at Sr. 6 and 7 for your approval.

None of the Directors are concerned or interested in the said resolutions.

Item No. 8, 9 and 10.

The Company is contemplating expansion of its 500 MW Power Generation Project for enhancing the capacities at Surat Lignite Power Project, SLPP (inclusive of Mining). The estimated Project Cost is approximately Rs. 4,000 Crores. The Power Project would be funded in the Debt- equity Ratio of 70:30/ 75:25.

Applying the judicious mix of Debt and Equity for the said Power Project, the resources mobilization for the same may call for debt raising exceeding Rs 3000 Crores.

The Company will take necessary steps to achieve the financial closure in time and appropriate agencies will be appointed for the same in due course of time.

The borrowings of the Company are in general required to be secured by suitable mortgage or charge on all or any of the movable or immovable properties of the Company in such form, manner and ranking as may be determined by the Board of Directors of the Company from time to time, in consultation with Lenders.

The Authorized Share Capital of the Company is presently made up of equity Shares of Rs 10/- each aggregating to Rs 225 crores and 1,61,00,000 Cumulative Redeemable Preference Shares (with dividend not exceeding 15% p.a.) of Rs 100/- each aggregating to Rs 161 crores. However, in order to enable the Company to raise funds as mentioned above, the Authorized Share Capital of the Company needs to be altered suitably by reclassifying the same as proposed. The said alteration will have to be effected in the Capital Clause (Clause V) of Memorandum of Association and also the Article 3 of the Articles of Association of the Company.

Accordingly, Resolutions at item Nos 8, 9 and 10 respectively are placed before the members for their approval.

In view of the above your Directors recommend the resolutions at Item nos 8,9 and 10 respectively for your approval.

None of the Directors are concerned or interested in the said resolutions.

By Order of the Board
For Gujarat Industries Power Company Ltd.

Registered Office :
P.O. Petrochemical – 391 346,
Dist. Vadodara.
Date: 22nd June, 2009

Sd/-
C.H. Patni
Company Secretary



24th Annual Report 2008-2009

FOR THE INFORMATION OF MEMBERS

With the commencement of the Companies (Amendment) Act, 1999, effective from 31st October, 1998, the members are advised that the Companies are now not required to transfer its unpaid/unclaimed dividend after the expiry of 3 years to the General Revenue Account of the Central Government, but the same will be transferred after the expiry of the 7 years from the date from which they become due for payment to the special fund called " Investors Education and Protection Fund (Fund)". No claims will lie for the amounts so transferred. The Members may please note that the unpaid/unclaimed dividends of Financial Years 1992-93, 1993-94, 1994-95, 1995-96, 1996-97, 1997-1998 & 1998-99, 1999-2000 have been transferred to the General Revenue Account of the Central Government / Investor Education and Protection Fund and the Dividend declared in respect of financial year 2003-04 is due for transfer at the expiry of 7 years to the fund on 04/11/2011. Members are requested to take note of the same.

Those Members who have not yet encashed / claimed dividend warrants in respect of dividends declared during the Financial Years 2003-2004, 2004-2005, 2005-2006, Interim Dividend for F. Y. 2006-2007, final dividend F.Y. 2006-2007 and F.Y. 2007-08 are requested to note that the said dividends

are / will be due for transfer to "Investors Education and Protection Fund (IEPF)" on the dates as given below:-

SR. NO.	PARTICULARS OF DIVIDEND	FINANCIAL YEAR	DATE OF TRANSFER TO IEPF
01.	9 th Dividend	2003-2004	04/10/2011
02.	10 th Dividend	2004-2005	04/10/2012
03.	11 th Dividend	2005-2006	04/10/2013
04.	Interim Dividend	2006-2007	29/03/2014
05.	12 th Dividend	2006-2007	04/10/2014
06.	13 th Dividend	2007-2008	25/09/2015

Members are requested to lodge their claims, if any, with the Company or to its R&T Agent, in order to enable us to send the necessary unclaimed dividend payment, subject to the confirmation from Bank regarding Paid / Unpaid Status . However, as a measure of good investor service, the Company is normally sending intimation letters to the concerned Members who have not claimed their dividend before the amount is transferred to the above referred fund(IEPF).



Gujarat Industries Power Company Limited

DIRECTORS' REPORT

**To,
The Members**

Your Directors are pleased to present the Twenty-Fourth Annual Report together with Audited Statement of Accounts of your Company for the Financial Year ended 31st March, 2009:

(A) Financial Results

	(Rs. in Lacs)	
	2008-09	2007-08
1. Net Sales	115499	93555
2. Other Receipts	1619	2660
3. Total Expenditure	94484	68227
4. Gross Profit : (1+2-3)	22634	27988
(before deducting any of the following)	2956	5132
(a) Interest	47	0
(b) Depreciation	162	308
(c) Impairment of Assets	2107	2715
(d) Provision for Deferred Tax	42	52
(f) Provision for Current Income Tax	-	721
(g) Fringe Benefit Tax		
(h) Tax adjustment of earlier years		
5. Net Profit:	8532	10229
Add : Balance brought forward from Previous Year	11432	20627
	19964	30856
6. Less: Appropriations :		
(i) General Reserve	2000	5000
(ii) Expansion Reserve	4000	10000
(iii) Proposed Dividend On Equity Shares (including Dividend Tax)	3893	4424
(iv) Carried to Balance Sheet	10071	11432
TOTAL	19964	30856

(B) Dividend

Your Directors are happy to recommend a Dividend for the year ended 31st March, 2009 @ Rs 2.20 per equity share (i.e. 22%) on the 15,12,51,188 Equity Shares. The net outgo on account of Dividend shall be Rs 3893 Lacs including Corporate Dividend Tax. The Dividend, if approved at the ensuing 24th Annual General Meeting, shall be paid to all those Members, whose names shall appear on the Register of Members of the Company on the Book Closure Date i.e. on 31st August, 2009.

(C) Operations :

➤ STATION – I (145 MW CCPP) :

The Station during the year under review generated 1061.672 Million Units at a Plant Load Factor (PLF) of 83.58% as compared to 1139.00 Million Units at a PLF of 89.45% in the preceding year. The PLF achieved was lower by 6% than the of previous year mainly due to backing down of the Plant due to lower Grid demand.

The scheduled maintenance of the Station was successfully carried out during the financial year under review. The availability factor has been maintained at 97.00% during the Financial Year under review.

➤ STATION – II (165 MW CCPP) :

During the year under review the Station generated 1118.192 Million Units at a PLF of 77.36% as compared to 1126.13 Million Units at a PLF of 79.71% (165 MW) in the preceding year. The Station has undergone scheduled overhaul during the financial year under review. The Station has operated on Gas during the year under review with the availability factor of 95.13%. The reduced PLF is mainly due to backing down of the Plant due to Grid demand.

Your Directors are pleased to inform that your Company has been making all possible efforts to tie up adequate supply of gas for the gas based Power Stations at Vadodara. Currently out of the total gas requirements of 1.55 to 1.60 MMSCMD for both the Vadodara Station I & Station II, 1.01 MMSCMD is tied up with M/s. GAIL (India) Ltd on firm basis. Long term Agreement for supply of R-LNG has been renewed with M/s. GAIL (India) Ltd for a period of 20 years. On maturity of GSPC – Niko Gas Supply Agreement, this supply got terminated by M/s GSPC but additional supply has been arranged from M/s. Gujarat State Petroleum Corporation Ltd. (GSPC) for supply of Spot Gas on fall back basis. In addition to this your Company has also tied up a Gas Supply Contract with M/S Reliance Gas for supply of 2.70 M³ KG-D6 Gas.



24th Annual Report 2008-2009

Your Directors are happy to inform that during the financial year under review major energy conservation and efficiency improvement measures by way of modification in various auxiliaries and redefining operational parameters have been successfully implemented.

Safety Performance :

Your Directors are happy to inform that your Company has completed 10 years of accident free operations as on 23rd July, 2008 at Vadodara Plant. Constant efforts are made to maintain accident free operations at all the locations. Your Company's Vadodara Plant has been awarded a Certificate of Appreciation by Gujarat Safety Council for the year 2007.

SURAT LIGNITE POWER PLANT (SLPP):

The Station achieved a Plant Load Factor (PLF) of 79.79% with Generation of 1747.472 Million Units as compared to 1878.54 Million Units at a PLF of 85.54% in the preceding year. This was because the operations of the Company were affected during the month of November, 2008 due to a fire which occurred in Lignite Conveyor System at Company's 2 X 125 MW Surat Lignite Power Station necessitating total shut down of the Power Plant for a period of 25 days in Unit I and 30 days in Unit II respectively.

The Station also achieved lowest raw water consumption (2.33 M3/MWH) during the year. Constant endeavors are being made to improve the overall performance of the Station, including technology improvement and modifications.

MINING:

Performance of the Mining Division has been good in the current year i.e. 2008-09. The total quantity of Lignite and Lime stone were met from our captive Vastan Mine. Total quantity of Lignite and Lime stone mined during the financial year 2008-09 were 1.72 Million Te and 0.15 Million Te respectively.

Further to meet the additional Lignite and Lime stone requirement of Unit no 3 & 4 in the coming years, steps have been taken for sufficient overburden removal at Vastan Mine. Overburden removal in the year 2008-09 was 21.06 Million Cu M against the overburden removal of 14.86 Million Cu M in 2007-08, which is an all time record, and thereby ensuring sufficient Lignite exposure and stock. The appointment of contractor for the new mine Mangrol has also been done and it is proposed to start development of the Mangrol Mine as per the requirement of both the Stations.

Expansion Plans:

(i) SLPP Phase II : 2x125 MW (Unit-3 & 4) Expansion Project

Your directors are pleased to inform that your company is implementing 2x125 MW Expansion Project including

development of a captive mine thus increasing the generating capacity of SLPP to 500 MW. The new Mine at Mangrol is designed to produce 2.4 Million Tonnes Lignite per annum. It will not only meet the requirement of expansion Units (3 & 4) but will also supplement supply of lignite to units 1 & 2 as well.

As you are aware, the Engineering, Procurement and Construction (EPC) Contract for SLPP Phase II (Unit-3 & 4) Expansion Project has been awarded on 29.03.2006 to BHEL at a cost of Rs. 119950 Lacs. The total cost of this expansion project including development of a new captive mine, Interest During Construction (IDC), contingency, capital spares, staff, colony and other components like water supply system outside the scope of EPC contract will be approximately Rs. 163500 Lacs.

The Design, Engineering, Manufacturing & supply of Main Plant and major BOPs area have already been completed. The Major Civil works for Boiler, ESP & Turbine for both units (3 & 4) have already been completed.

Unit-3 :

The Boiler drum for Unit-3 was lifted in month of August, 2008. Boiler Hydro test for Unit-3 completed on 06.11.2008. Unit-3 refractory application work completed and refractory dry-out was completed on 21.05.2009.

The switchyard erection work completed and back charging work completed on 26.05.2009. Unit-3 Generator transformer and Unit Auxiliary transformer back charging was completed on 26.05.2009 & 28.05.2009 respectively. Unit-3 Switchgear charging activity was also completed on 28.05.2009 and equipment trial run & commissioning is under progress.

Chimney RCC shell work and flue cane erection work completed for both units. Unit-3 Cooling Tower Civil work is near completion and mechanical erection work is under progress.

The Commissioning activities of Unit-3 are under progress. Unit-3 Turbine box-up activities are under progress.

Unit-4 :

The Boiler Drum for Unit-4 was lifted in month of November, 2008. Boiler Hydro test for Unit-4 was also completed on 07.03.2009. Unit-4 Boiler non-pressure parts erection work & refractory application work and Turbine erection work are under progress.

The estimated overall progress of the Project is about 81%. The total fund Utilised up to 31.05.2009 is Rs. 124303 Lacs. The project is expected to start commercial operation in the 3rd Quarter / 4th Quarter of 2009.



Gujarat Industries Power Company Limited

(ii) SLPP Station –II : 2x250 MW + 20% Power Project

Your directors are pleased to inform that your Company is also in process of developing SLPP Station -II 2x250 MW + 20% thermal Power Project based on Circulating Fluidised Bed Combustion(CFBC) technology including development of a captive lignite mine thus increasing the generating capacity of SLPP to 1000 MW Plus.

The pre-award activities for SLPP Station-II are under progress. M/s. National Environmental Engineering Research Institute (NEERI), Nagpur has been appointed as Consultant for Rapid Environmental Impact Assessment (EIA), Environment Management Plan (EMP) Studies / report. M/s. TCE Consulting Engineers, Bangalore has been appointed as consultant for preparation of Pre-Feasibility Report (PFR), Detailed Project Report (DPR) and Basic & detailed design & engineering, inspection & expediting, Project Management & Construction Supervision work.

The Plant Site selection work, geo-technical & soil investigation work and Site survey work have been completed. The identification of Blocks for Power Plant land has been completed. The proposal for acquiring land has been submitted to office of the District Collector, Surat and the same is under scrutiny.

The PFR has been finalised and. Draft DPR preparation work has been completed. The preparation of Expression of Interest (EOI) for Pre-Qualification Requirements (PQR) is under progress.

The data collection for Rapid EIA and EMP Report work has been completed. The application for the Environment clearance & approval of Terms of Reference (TOR) is already submitted to MoEF.

The application for the drawl of water & Power Evacuation has already been made to concerned authorities.

➤ ACCREDITATION FOR QUALITY MANAGEMENT SYSTEM UNDER ISO CERTIFICATIONS:

Your Directors are pleased to inform that during the year under review your Company has got renewal of ISO:9001:2000, ISO:14001:2004 and OHSAS 18001:1999 certification for Quality Management System (QMS), Environment Management System (EMS) and Occupational Health and Safety Assessment Series (OHSAS) for its Power Stations at Vadodara and SLPP from M/s TUV India Ltd. OHSAS 18001:2007 for upgraded EOHSM is in advanced stage of implementation.

(D) Financing of SLPP Expansion Project: 2x 125 MW (Units 3&4)

Your Directors are pleased to inform that entire debt portion aggregating to Rs.122500 Lacs for the project at competitive

interest rates was tied up and thus the financial closure for the project was achieved. It is further informed that the expansion project is funded in the Debt: Equity ratio of 75:25. You may be aware that your Company has already raised the Equity of Rs. 27500 Lacs through follow on public issue of equity and the balance equity requirements of about Rs 13500 Lacs will be met from internal resources.

(E) Secured Term Loans :

During the year, the Company repaid a sum of Rs.11200 Lacs as per the schedule of repayment to the Banks and Financial Institutions who have extended term loan finance for the Vadodara Plants and SLPP.

(F) Public Deposits

An amount of Rs.10.36 lacs relating to 73 depositors was due but not claimed by the depositors for repayment as on 31st March, 2009.

(G) Depositories

Your Directors wish to state that the Equity Shares of your Company are compulsorily traded in the dematerialized form w.e.f.26/06/2000. Presently 68.08% of shares are held in electronic/dematerialized form.

(H) Insurance :

The Company's Power Plants and Mines are covered under the 'Industrial All Risk Policy', which provides a comprehensive insurance cover for fire, earthquake, and loss of profit due to fire and machinery breakdown and coverage of Terrorism for Vadodara plants.

The properties and the insurable interest of the Company including mines, buildings (including township at SLPP), Plant and Machinery and Stocks are also adequately insured.

(I) Directors :

Shri S. Jagadeesan, IAS, Principal Secretary, Energy and Petrochemical Dept., Government of Gujarat has been appointed effective 16th December, 2008 as the Non-Rotational Director and also as the Chairman by the Government vide its Resolution dated 18th December, 2008 vice Shri M.M. Srivastava, IAS.

Prof. Shekhar Chaudhuri, Director of the Company retires by rotation and being eligible offers himself for reappointment.

Shri H.V.Patel, IAS, Director of the Company retires by rotation and being eligible offers himself for re-appointment.

Shri G.A. Tadas has been nominated by IDBI Bank Ltd. (IDBI) as Nominee Director of the Company vice Shri A. Khandual effective 8th September, 2008.



24th Annual Report 2008-2009

Your Directors place on record their deep appreciation for the vision and leadership provided by Shri M.M. Srivastava, IAS during his tenure as Chairman of your Company. Your Directors also place on record the valuable contributions made by Shri A. Khandual during his tenure as Director of the Company. The appropriate resolutions for appointment / reappointment of Directors are being placed before the shareholders for approval.

(J) Human Resources :

The strength of your Company lies in its team of highly competent and highly motivated personnel at Vadodara and SLPP. This has made it possible for your Company to make significant improvement and progress in all areas of activities of the Company. The employees had taken on the challenge to improve the performance of the plants through efficiency, productivity and economy. During the year 2008-2009, the Company maintained its high standard of Safety. Your Directors place on record their sincere appreciation for the unstinting efforts and contribution put in by the employees of the Company.

The Company continued in its endeavor to impart appropriate and relevant training to its employees to upgrade skill to meet the challenges that are ahead and to enhance their performance in the best interest of the Company. The Company has also taken up an exercise on career growth & planning by identifying potentials & training needs of employees by engaging professionals in the field.

The industrial relations during the year have been cordial.

(K) Particulars of Employees :

There are no employees in the Company who are in receipt of salary of Rs. 24,00,000/- p.a. or Rs.2,00,000/- p.m., if employed for part of the year. Hence the Statement of particulars of employees as required under Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended till date is not attached.

(L) Auditors :

M/s K C Mehta & Co., Chartered Accountants, Vadodara, the Auditors of the Company, will retire at the ensuing Annual General Meeting and are eligible for reappointment. The Company has received certificate under Section 224 of the Companies Act, 1956 from them to the effect that their reappointment, if made, will be in accordance with the limits specified under Section 224(1B) of the said Act. The members are requested to appoint the Auditors and fix their remuneration.

(M) Social Responsibility and Welfare :

Being a conscientious corporate body, your Company has been actively involved in the socio-economic development and welfare of the people living around the Power Plants at Vadodara and SLPP through Society for Village Development in Petrochemicals Area (SVADES) and Urja Foundation in Vadodara and Development Efforts for Rural Economy and People (DEEP) at SLPP.

Major Social Responsibility initiatives revolve around community empowerment especially of unprivileged and poor. Focus on women issues and their role in development is placed at core include drinking water, sanitation, School Infrastructure development, Village Infrastructure development like roads, culverts, check dam, water tanks, panchayat house, milk dairy co-operative society building, drainage etc. environment up gradation in surrounding Villages.

A special focused project namely Integrated Development in Mineral Bearing Villages (IDMBV) aims at poverty alleviation, strengthening health & education efforts of Government and addressing livelihood issues by way of self employment related training and opportunities.

(N) Environmental Protection :

The Company recognizes Environment Management as an integral function of the operation. Towards this end the Company installed appropriate technology for control of pollutants at source. Circulating Fluidised Bed Combustion Boilers for SO₂ and NO_x control and Electrostatic Precipitators for control of particulate emission in the lignite based Power Plant at Mangrol are some of the actions taken by the Company in this direction.

Though your Company has open cast mine to feed lignite to its Power Plant, due care has been taken to ensure that such operations do not result in creation of wastelands by preserving the fertile top soils and spreading them over the back-filled portion of the mine. This enabled restoration of the lands for productive agricultural use and for development of plantations.

The Company Installed oil mist eliminator in Station-I Gas Turbine #3 to reduce oil vapor discharge in atmosphere.

(O) Energy Management and Energy Audit

Energy Management

Energy Management Cell has been established under the leadership of Energy Managers and it is in operation. Energy Audit by an External expert agency authorized by Bureau of Energy Efficiency India has been conducted and its compliance activities are undertaken in the current financial year to comply with statutory requirement of the State and the Centre.



Gujarat Industries Power Company Limited

(P) Conservation of Energy :

Several energy conservation measures are taken at Vadodara Plants and SLPP during the year, and some of the measures which have significant results are indicated below :

At Vadodara :-

- a) Installation of high performance oil mist eliminators in Station I resulting in:
 - + Near zero oil vapor discharge in the atmosphere.
 - + Reduction in oil consumption, saving @ Rs. 9.0 Lacs/Annum.
- b) Provision of common switching arrangement for 28 no.s of 40W tube lights for the Battery Room in Station I resulting in saving of @11,000 Kwh/Annum.

At SLPP :-

Motor feeders relay of PA, SA & ID fans were replaced with new Numerical Relays in place of old static relays to increase the reliability of equipment.

The insulation of RALF motors was changed from Class-F to Class-H insulation during their rewinding after breakdown to increase the reliability of equipment.

The aluminium cable connection from JB to RALF motor was changed to flexible copper cable to increase the reliability of equipment.

High pressure water jet cleaning of cooling tower fills at around 100 kg/cm² and around 150 kg/cm² for cooling tower civil structure was carried out during annual shutdown of Units. This has led to improved performance of cooling towers.

Underground Fire line piping was converted to above ground fire line piping at Mines, LHS Conveying system, Unit-1 & 2 Boiler area to minimize leakages & thereby save auxiliary power consumption.

Back pass water washing with help of hydro jet at 250-300 kg/cm² was done which removed all the deposits in the back pass area.

(Q) Technology Absorption:

The disclosures of particulars as per Form B are given in the Annexure hereto.

(R) Foreign Exchange Earning and Outgo :

During the year there was no earning in foreign exchange. As regards outgo in foreign exchange, please refer to Item No. 05 of Schedule 21 to the Notes forming part of Accounts appended hereto.

(S) Director's Responsibility Statement :-

In terms of Section 217(2AA) of the Companies Act, 1956, in relation to financial statements for the year under reference, the Board of Directors state that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
2. Reasonable and prudent accounting policies have been used in the preparation of the financial statements, that they have been consistently applied and that reasonable and prudent judgment and estimates have been made in respect of items not concluded by the year end, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2009 and of the profit for the year ended on that date.
3. Proper and sufficient care has been taken for 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, if any.
4. The financial statements have been prepared on a going concern basis.

(T) Report on Corporate Governance and Management Discussion & Analysis Report :

Your Company has complied with all the mandatory provisions of Corporate Governance as prescribed under the Listing Agreement with Stock Exchanges, with which the Company is listed. A separate report on the Corporate Governance along with the Certificate of Practicing Company Secretary forms the part of this Annual Report. The Management Discussion and Analysis report also forms the part of this Annual Report.

(U) Acknowledgement :

Your Directors place on record their appreciation for the overwhelming co-operation and support received from the Government of Gujarat, Participating Units, Government of India, BHEL, IDBI Bank Ltd and other Financial Institutions, Banks and other agencies. The Directors' also wish to express their gratitude to investors for the faith reposed by them in the Company.

For and On behalf of the Board

Date : 22nd June, 2009.
Place : Gandhinagar

sd/-
S. Jagadeesan, IAS
Chairman



24th Annual Report 2008-2009

ANNEXURE TO DIRECTOR'S REPORT

FORM - B

Disclosure of particulars with respect to Technology Absorption

(A) Research & Development (R & D)

1. Specific area in which R&D carried out by the Company

The Company has undertaken the R&D activities on Underground Lignite (Coal) Gasification, (UCG) in Vastan area, forming a consortium with a strong capable partner M/s.Oil and Natural Gas Company Ltd (ONGC) and after having formed an MOU, number of activities in the direction has been carried out. The major activities this field of R&D are as below:-

- a. Identification and completion of Geological Survey Work at chosen Site.
- b. Application for Environment Clearance and Pilot bore forwarded to Ministry of Environment and Forest (MOEF). Terms Of Reference (TOR) issued by the Ministry.
- c. Trial Seismic Zone Report carried out by ONGC and detailed Seismic Survey for mapping of lignite deposits in the said area.
- d. Negotiations with SIM, Russia, Drilling Companies, Surface facilities design and construction activities are parallely taken up.
- e. Agreement signed with IIT, Mumbai for 3 years for process modeling of UCG process in Lab.
- f. Studies for sustained and economical viable utilization of Underground Lignite (Coal) Gasification, (UCG) taking care of environment. Option of chemical production, power and mixing of UCG with city gas are being explored.

Benefits derived as a result of the above R&D

The process is undertaken in India for the first time and Vastan is found to be only Site Suitable out of 7 Sites. If Pilot Studies are successful at this Site ,this can become a process providing a vast alternative source in the Form of low Bgs Syn-gas from an unminable lignite reserves @ 200-250 MT deposits explored (due to geological reasons mainly). This when carried out successfully shall benefit the State, Country and the Nation at large.

3. Future plan of action

After carrying out Pilot Trial, integrated commercially viable Project can be conceived and implemented with beneficial end use and by integrated of various efficient energy utilization processes. GIPCL-ONGC can form a strategic JV independently or with other suitable JV Partner for the larger scale commercial Project.

4. Capital Expenditure

Uptill now **Rs 39.04 Lacs** of expenditure (along with consortium Partner ONGC) has already been made.

5. Recurring Expenditure

During the R&D till Pilot Trial, there is no recurring expenditure.

(B) Technology absorption, adaptation & innovation

Efforts in brief, made towards technology ...

- i) Gas Turbine Control System GE Mark IV being replaced with state of the art GE MARK VI E for GT I in Station I.
- ii) Installation of new Uninterrupted Power Supply (UPS) unit with battery back up in Station –II having capacity to cater to combined emergency requirement for both Station –I & Station –II respectively.



Gujarat Industries Power Company Limited

- iii) Efforts are put to optimize the gas utilization for efficient performance of gas turbine by installation of five channels ON- LINE- CHROMETOGRAPH & APEX SOFTWARE.
- iv) Boiler feed Pump (HP) of ST II Spares have been accounted for very high cost and hence submitted by Indian manufacturer of such capacity pumps to be replaced one to one being considered on indigenously developed.
- v) Constant endeavors are being made to improve the overall performance of the Station and to improve efficiency by energy conservation measures.
 - a) Installation of single Vapor Absorption Unit replacing 30 Windows AC / Split Air Conditioners.
 - b) Motor feeders relay of PA, SA & ID fans were replaced with new Numerical Relays in place of old static relay.
 - c) The aluminium cable connection from JB to RALF motor was changed to flexible copper cable.
 - d) High pressure water jet cleaning of cooling tower fills at around 100 kg/cm² and around 150 kg/cm² for cooling tower civil structure was carried out during annual shutdown of Units.
 - e) Underground Fire line piping was converted to above ground fire line piping at Mines, LHS Conveying system, Unit-1 & 2 Boiler area to minimize leakages
- vi) SIEMENS DCS TELEPERM ME 220 EA Operating system OS220EA up gradation done from version-2 to version-4. Also I/O CONTROL MODULE & BUS INTERFACE MODULE in 04 nos. of the participant was replaced with new 6DS-1332-8RS COMBINED MODULE.
- vii) Design changes were carried out in both lignite conveyor chain links for improved reliability of system.
- viii) Stacker-reclaimer: Out plant –Siemens PLC up gradation done from S5 to S7.
- ix) AHS Allen Bradley PLC operating system stand by PC developed to ensure lesser down time.
- x) In Cyclone-1 of Unit-2 one castable retaining ring introduced in the entire circular portion of cyclone to avoid falling of entire bricks which is now introduced in Unit-IV by BHEL.
- xi) Certification under ISO 9001:2000, ISO:14001:2004 & OHSAS:18001:1999 renewed by M/s TUV.

1. Benefits derived as a result ...

- i. To improve reliability and response time for better control.
- ii. To maintain uninterrupted power supply to vital control systems for equipment safety in case of Grid/ Power failure.
- iii. With installation of a modified gas mixing scheme, utilization of natural gas from various sources to optimize plant generation made possible, increasing profitability, benefiting the people of State of Gujarat.
- iv. The modification of such Pumps by Indian Manufacturer could save huge amount against costly spares & services (imported) in future and availability of spares and services has been ensured for Plant reliability.



24th Annual Report 2008-2009

- v. Energy saving measures shall result in improved efficiency, performance and reliability of machines. It will also contribute in reduction of auxiliary power consumption.
- vi. To improve reliability and response time for better control.
- vii. Design changes will help in improving the reliability of the system.
- viii. The up gradation in system is done for better availability of spares and services
- ix. Stand by PC development shall ensure lesser downtime of the system.
- x. Introduction of latest technology of Castable retaining ring shall avoid falling of entire brick .
- xi. Implementation ISO:9001:2000 on Quality Management System has helped in better operations by adherence to systems and procedures. Implementation of ISO:14001:2004 and OHSAS : 18001:1999 on EOHS Management System ensured GIPCL and Interested Parties for having safer working environment and better pollution abatement.

3. Imported Technology...

- i) CFBC Technology adopted for boilers at Surat Lignite Power Plant is of imported origin i.e from Lurgi Energie Und Entsorgung GMBH, Germany through BHEL.
- ii) HP/IP Single Casing Technology of Siemens, Germany having better efficiency adopted for the turbines at Surat Lignite Power Plant.
- iii) SLPP uses the state of the art DCS system from M/s.Siemens, Germany for control and instrumentation.
- iv) Frame IX, GE (USA) Technology has been adopted for Station-II 160 MW Vadodara through BHEL.
- v) SAP/R3 is imported software originally developed in Germany.
- vi) The Gas Chromatograph is from 'Denial" Germany, which is a well-known Company in Gas Measurement.
- vii) Upgraded DCS from TATA Honey Well.
- viii) Upgraded Gas Turbine Control System GE Mark 6E.



Gujarat Industries Power Company Limited

MANAGEMENT DISCUSSION AND ANALYSIS REPORT 2008-09

INDUSTRY OVERVIEW

Reliable power at reasonable rate is a basic infrastructure required for any meaningful socio-economic development. However, being highly capital intensive in nature, mobilizing adequate financial resources at competitive cost for developing generation, transmission and distribution infrastructure has always been a challenge for the Power Sector; and this has been a major factor that contributed to less than required generation and transmission capacity addition in the Country.

The Electricity Act, 2003 opened up the power sector and facilitated participation by the private sector, enabling infusion of the much needed funds for building the power infrastructure. The large scale participation by the private sector in the recent past, particularly in the generation sector, is a welcome sign; and the results will be seen towards the end of the 11th Plan and in the 12th Plan. This gives reason to be optimistic about the capacity of the country to add significantly higher capacities in the 11th and subsequent Plans as compared to the earlier Five Year Plans.

Electricity, is one the most important indicators of development of a Village, District, State or a region. Looking at the consumption profile of electricity across various regions of the country, direct co-relation between the per capita consumption of electricity and level of economic development can be seen. India's peak power deficit touched a ten year high of about 16.6 % in the F.Y. 2007-08 due to an exceptional spurt in demand and lower than expected capacity addition in the 10th Plan.

There has been a remarkable growth in the Power Sector after the Independence. It is worthwhile to note that generation capacity of the Nation has increased to 1,47,966 MW as on 31st March, 2009 as compared to 1750 MW at the time of inception of the Planning era. India is placed sixth in rank in terms of Electricity Generation after USA, China, Japan, Russia and Canada. However, this generation capacity falls short of the requirement due to the sheer size of consumer base and the economy.

The share in generation of the States declined from 82.5% in 1979 to 34% in March, 2009 whereas there has been increase in the share of the Central Sector from 12 % to 47 % during the same period. The share of private Sector has also gone up from 5.2 % to 19 %.

The Ministry of Power set a goal – Mission 2012: Power for all.

A comprehensive Blueprint for power Sector development has been prepared encompassing an integrated strategy for the sector development with following objectives:-

- Sufficient power to achieve GDP growth rate of 8%.

- Reliable Power
- Quality Power
- Optimum Power cost
- Commercial viability of power industry
- Power for all

Amongst the strategies framed to achieve the aforesaid objectives, the following bear significance for generation of power

Power Generation Strategy with focus on low cost generation, optimization of capacity utilization, controlling the input cost, optimization of fuel mix, Technology upgradation and utilization of Non Conventional energy sources.

Regulation Strategy is aimed at protecting Consumer interests and making the sector commercially viable whereas financing strategy aims to generate resources for required growth of power sector.

Conservation Strategy is aimed to optimize the utilization of electricity with focus on Demand Side management, Load management and Technology upgradation to provide energy efficient equipment / gadgets. Data Source : Websites of Power Ministry-GOIs

11TH PLAN – NEW VISION FOR POWER

As against the total generation capacity addition of 68,693 MW in the 8th, 9th and 10th Plan, a capacity addition Programme of 78,700 MW has been made for the 11th Plan.

Moreover, about 14,000 MW is expected from renewable energy sources and another 12,000 MW is likely to be added by way of captive Power Plants of which about 5000 MW is expected to be available to the Grid. The proposed capacity addition of 78,700 MW comprises of 36,874 MW (46.9%) in the Central Sector, 26,783 MW (34%) in the State Sector and 15,043 MW (19.11 %) in the Private Sector as has been proposed during the 11th Plan.

Projects of 12,717 MW i.e. about 16.16 % out of 78,700 MW have been commissioned and 65,983 MW i.e. about 83.84% of the proposed capacity are already under construction. the total ratio in percentage match to 75.87% of the proposed capacity addition either commissioned or is in execution stage as such.

Coal will continue to be the prime fuel requirement of the 11th Plan Projects. About 54,300 MW is on coal / lignite and over 90% of the 11th Plan coal based Projects have already got the coal linkage. Super critical technology is likely to be introduced in the country in a big way in the 11th Plan and it is expected that over 8,000 MW (15% of coal based capacity planned) would be coming up in this category. (Source: Websites of Ministry of Power-GOI).



24th Annual Report 2008-2009

MANAGEMENT DISCUSSION AND ANALYSIS REPORT 2008-09 (Contd.)

Power Sector in Gujarat

With the bifurcation of the State of Gujarat from the State of Maharashtra in the 1960, Gujarat has developed its capabilities and expertise in the Power Sector, which has contributed to the healthy industrial growth of the state. The current per capita electrical energy consumption in Gujarat is approximately 1400 units, which is double of the national average. The total installed capacity of power generation for the State as of now is approximately 11,718 MW as on 31st March, 2009. Gujarat is one of the first States in India to appoint a Regulator for the Electricity Sector. The Gujarat Electricity Regulatory Commission (GERC/the Commission) has been functional since 2000.

The Gujarat Electricity Industry (Re-organisation and Regulation) Act, 2003 was enacted for the power sector reforms in Gujarat. Corporatization of the erstwhile Gujarat Electricity Board (GEB) has been completed and all the successor entities have started independent functions since April, 2005.

Total Installed Capacity of Power Generation for Gujarat (after decommissioning of Unit I to IV and duration of Unit V and VI of Dhuvaran Stage I of GSECL)

Particulars	Installed Capacity (MW) at the end of 10 th Plan	Installed Capacity (MW) As on 28.02.2009
1. Share in Central Sector Stations	2125	2445
2. State Projects (GSECL)	5721	5447
3. Independent Power Producers (IPPs)	2459	3443
Total	10305	11335

The above table indicates that Gujarat has been successful in attracting private sector investment in power generation. Gujarat has a robust intra- state transmission and distribution system for evacuation of electricity generated from the power stations for meeting the demand of consumers across the State.

➤ INITIATIVES OF Government OF GUJARAT :

The State of Gujarat had taken initiatives in power sector reforms by passing the Gujarat Electricity Industry (Re-organisation & Regulation) Act, 2003, the key highlights of the Act are:

- ☞ Regulation of the Power industry by an independent body called Gujarat Electricity Regulatory Commission (GERC).

- ☞ Unbundling of erstwhile Gujarat Electricity Board into One Holding Company, One Generation, one Transmission and four Distribution Utilities.
- ☞ Setting up of specific benchmarks for customers' service.
- ☞ Setting up of standards of system efficiency.
- ☞ Deterrent measures for achieving reduction of power theft.

The efforts of the Govt. of Gujarat have yielded results and it has been one of the best performing states in the Power Sector during the past three years.

The passage of Gujarat Electricity (Re-organisation and Regulation) Act, 2003, by Govt. of Gujarat is a step taken in this direction. The main function of GERC encompass the regulation on purchase, transmission, distribution, supply and utilisation of electricity, the quality of service and the tariff and charges payable for the transmission, distribution or supply of electricity having regard to the interest of both the consumers and other persons availing the services and the utilities and the procedure thereof for trading of electricity.

➤ OUTLOOK, OPPORTUNITIES AND THREATS :

The per capita consumption of power in India in the year 2007-08 was 606 kWh which is low as compared to global average of around 3000 kWh and this certainly reflects the demand supply gap and prospects and opportunities for the growth of power sector.

The Gujarat Industries Power Company Ltd has the advantage of the backing of the Govt. of Gujarat (GOG) while at the same time full functional freedom is given to it. The Company is managed by a team of personnel headed by the Managing Director who is a Secretary level IAS officer and the Chairman of the Company is also a Senior IAS Officer of Principal Secretary level.

The outlook for the Company in the times to come will be more focussed on :-

- ☞ Enhancing operational efficiencies.
- ☞ Ensuring better operational flexibility with the usage / adoption of multi fuel technology.
- ☞ Further expansion of capacities based on available Lignite reserves.
- ☞ Cost efficiency to enable supply of Cheap and reliable power to customers/state.
- ☞ Environment protection and improvement.



Gujarat Industries Power Company Limited

MANAGEMENT DISCUSSION AND ANALYSIS REPORT 2008-09 (Contd.)

- ☞ Exploring the avenues in consultancy in O&M of gas based and CFBC based thermal power plants.
- ☞ Exploring the avenues and Diversification into the areas of underground gasification of unmineable lignite reserves and power distribution business.

ENERGY CONSERVATION

The Government of India has enacted the Energy Conservation Act, 2001 laying down legal framework, institutional arrangement and a regulatory mechanism both at Central and State to ensure efficient use of energy and its conservation. The Act came into effect in March, 2002. The Bureau of Energy Efficiency (BEE) was set up as a nodal statutory body in 2002 at the central level, to facilitate the implementation of the Energy Conservation Act.

Energy Policy (IEP) lays emphasis on energy conservation and efficiency there by estimating that 15% saving of energy is possible by such exercise. Short term and long term measures have also been initiated which includes pilot phase of programme for energy efficiency in Government buildings and prepare action plan for wider dissemination and implementation.

➤ NATIONAL KEY POWER STATISTICS:

⇨ POWER GENERATION:

The overall generation in the country has increased from 531.40 Billion Units (BUs) during 2002-03 to 723.556 BUs during 2008-09. The overall generation (Thermal + Nuclear +Hydro) in public utilities in the country over the years are as under:

F.Y. of Generation	Bus
2002-03	531.40
2003-04	558.30
2004-05	587.42
2005-06	617.51
2006-07	662.52
2007-08	704.45
2008-09	723.56

- The generation during the F.Y. 2008-09 has been 723.556 Billion Units at an average Plant Load Factor of 77.19%. Minimum overall 3% rate of return to each utility with immediate effect
 - Fuel Adjustment Charges (FCA) to be automatically incorporated in the tariff.
 - A package of incentives and disincentives to encourage and facilitate implementation of tariff.

- No sector shall pay less than 50% of the average cost of supply [cost of generation plus transmission and distribution].

(Source: Websites o Power Ministry –GOI)

➤ THE NATIONAL ELECTRICITY POLICY

The National Electricity Policy (NEP) was notified by the Central Government on 12th February, 2005 in furtherance of Electricity Act, 2003 which aims at achieving the following objectives :-

- Envisages total village electrification by 2009.
- Availability of Power – Power to all by 2012. Energy and peaking shortages to be overcome and adequate spinning reserve to be available.
- Supply of Reliable and Quality Power of specified standards in an efficient manner and at reasonable rates should be available to public at large.
- Per capita availability of electricity to be increased to over 1000 units by 2012.
- Minimum lifeline consumption of 1 unit/household/day as a merit good by year 2012.
- Financial Turnaround and Commercial Viability of Electricity Sector.
- Protection of consumers' interests.

ENVIRONMENT POLICY

The Company has formulated an Environment Policy to comply with and excel the statutory limits and norms of pollution prevention and control. This includes conservation of energy and water resources in the Company operations and minimizing liquid and solid waste generation and striving for fruitful utilization of waste.

Further striving for continuous improvement in protecting the environment by enhancement of technology, systems and skills in conduct of our business also form part of the Policy.

Inculcating a strong commitment for protection of environment amongst employees, vendors, contractors and other stakeholders in our business is also considered as one of the measure of the policy.

Finally, policy emphasizes on work to earn recognition from society as an environment friendly company.

Carbon Trading

Carbon trading came to India in a big way as the world was looking towards India for buying the carbon credits to meet their obligation of carbon emission mitigations. Many Indian companies are eyeing earnings up to several billion dollars by



24th Annual Report 2008-2009

MANAGEMENT DISCUSSION AND ANALYSIS REPORT 2008-09 (Contd.)

2012 by adopting projects that reduce the emission of greenhouse gases (GHGs). Ninety projects have obtained Government clearance that could reduce over 120 million tones (mt) of Certified Emission Reductions (CERs) by 2012. Each CER stands for one tonne of carbon dioxide reduction and can be traded on global exchanges. The Projects are located in cement, iron and steel, power that includes biomass cogeneration and hydro and wind energy projects according to the data submitted by project proposers to the Environment Ministry.

On the other hand Industrial units in the EU are also cutting their emission targets owing to economic recession. This impacts forward transactions because buyers are not keen for CERs purchase as there is an element of uncertainty regarding the pricing, as it may fall further in the future. So far 50 million CERs have been issued to Indian Clean Development Mechanism (CDM) projects. These projects are cleared by the CDM authority set up under the ambit of the country's Environment Ministry which deals with United Nation Framework on Climate change (UNFCCC) and all international agreements and protocol on climate change under the U.N. auspices. It is expected that Registered projects from India, till date, are expected to generate approximately 32 million CERs/ per annum. Although at current prices, Indian Companies could well lose up to Rs 1400 Crores per annum due to the depreciated CER price. It is also possible that Indian Companies, facing liquidity problems, could put clean development mechanism (CDM) projects on hold. However, once the international investment climate improves, carbon trading could come back with a bang giving a considerable slice of the carbon trade estimated to touch more than a trillion US Dollars by 2015. (Source : Enertia November, 2008).

Solar Energy Promotion

Incentives Schemes announced by the Central Government's Ministry of New and Renewable Energy in January, 2008 has inspired the interest in Solar Energy. The offer of 50 megawatts (MW) of grid-connected solar capacity generated tremendous interest, with investors offering to develop forty times more capacity than sought at 2,000 MW. The Central Government aims to promote 1 MW and larger grid-connected solar plants. It offers an incentive of up to Rupee 12/kWh for solar photovoltaic generation projects and up to Rupee 10/kWh for solar thermal projects to help bridge the gap between conventional and solar power plant costs. But the scheme restricts the incentive to only 5 MW of capacity for any one developers and maximum of 10 MW for any one State.

As such this interest in solar power reflects concern about increasing greenhouse gas emissions in capacity in an electricity sector dominated by coal-fired generation.

Some Indian States are beginning to offer large-scale generation projects to investors, thereby showing their keen interest to develop solar energy.

As against the same, some States have very high solar insolation and vast tracts of waste land ideal for solar plants. For example, as per Gujarat Energy Development Agency (GEDA) quotes that just 1% utilization of about 45,000 square kilometers of the waste land available in the Kutchh region of Gujarat can help generate 10,000 MW of solar power. An incentive scheme announced by the State to promote solar energy has resulted in offers for the development of about 4,000 MW of solar energy from more than 50 investors.

Here unlike the Central Government scheme which stipulates a minimum capacity of 1 MW, the Gujarat Scheme prescribes a minimum project size of 5 MW. If the benefits of clean development mechanism registration are available to an investor, half of the benefit will be passed on to the distribution licensee who buys the electricity.

According to the Central Electricity Authority (CEA), it will shortly bring out a draft report about the role of solar and other forms of renewable energy during 2012-2017 five year plan period. (source : Enertia, March, 2009)

Rural Electrification

Rural Electrification is a vital programme for socio-economic development of rural areas. The objectives are to trigger economic development and generate employment by providing electricity as an input for productive uses in agriculture and rural industries, and improve the quality of life of the rural people by supplying electricity for lighting homes, shops, community centers and public places in all villages.

Rural Electricity involves supply of energy for two types of programmes:-

- Production oriented activities like minor irrigation, rural industries etc.
- Electrification of villages.

The definition of Village was reviewed in consultation with Government's and State Electricity Boards meaning a village will be deemed to be electrified if electricity is used in the inhabitation within the revenue boundary of the village for any purpose whatsoever. Further it has been decided to revise the definition of village electrification so as to include the basic infrastructure such as distribution transformer and or distribution line available in the inhabited locality within the revenue boundary of the village where at least one hamlet/ Dalit Basti as applicable and any of the public places like Schools, Panchayat Office, Health Centers and community centers etc. Avail power supply on demand etc. (Source: www.powermin.nic.in)



Gujarat Industries Power Company Limited

MANAGEMENT DISCUSSION AND ANALYSIS REPORT 2008-09 (Contd.)

➤ RISKS & CONCERNS :

GIPCL is dependent on the domestic market for its business and revenues. The company's power generating and distribution facilities are located in Gujarat and virtually all of the company's revenues are derived from the domestic market. These factors may potentially expose the company to any risk of a significant shock to the national economy and any adverse changes in the policies and regulations related to the power sector.

However, the Government of India has been pursuing progressive policies on economic liberalization and reforms in the power sector including considerable reduction in Government interference. In addition, the company closely monitors the Government policy measures to identify and mitigate any possible business risks.

Generation of Power at the company's power stations can be affected due to various factors including non-availability of fuel, grid disturbances and such other factors in load management in the grid. The Company has entered into agreements with gas suppliers for adequate supply of fuel for its gas-based stations at Baroda, thus, mitigating the fuel availability risk. To remain unaffected by the grid differences the Company has developed systems to island its power stations from the grid.

The Company endeavors to achieve the highest efficiency in its operations and has been implementing cost reduction measures in order to enhance its competitiveness and maintain profitability.

Power projects are highly capital intensive. Such highly capital-intensive projects run the risks of –

- (i) Longer development period due to statutory clearances, financial and infrastructural requirements.
- (ii) Delay in completion of project
- (iii) Performance risk and
- (iv) Cost over-runs. GIPCL is currently implementing 250 MW power generation project at its Surat Lignite Power Plant in Nani Naroli, Dist. Surat.

➤ INTERNAL CONTROL SYSTEM & ITS ADEQUACY :

The Company has adequate internal control systems and procedures commensurate with the size of the Company, which include internal audit and review by external firm of Chartered Accountants and pre-audit of payments by internal team of Accountants. All major payments and statutory payments pass through the strict scrutiny by pre-audit team before release of the same to parties. The internal

control measures such as defining the various levels of the authority through delegation of powers, well laid down purchase procedures, checks and balances in the financial system to safeguard the Company's assets, budgetary controls and variance analysis are in place.

The procurement and operational maintenance activities are planned well in advance to avoid any possible risk of late delivery of materials, delay in attending to maintenance needs etc. The Company stores and maintains all the relevant data and information as a back up, to avoid any possible risk of losing important business data.

The qualified and independent Audit Committee of the board periodically reviews the internal audit reports and the status of implementation of actions recommended.

⇒ FINANCIAL REVIEW:

The financial statements are prepared under historical cost convention, on accrual basis, in accordance with the generally accepted accounting principles in India and the provisions of Companies Act, 1956 and comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006

GIPCL'S total income for the year ended 31st March, 2009 increased to Rs 117118 Lacs compared to Rs 96244 Lacs in the previous year. The total income includes earnings from sale of electrical energy at Rs. 115499 Lacs as compared to Rs.93554 Lacs recorded last year.

The net profit of Rs 8532 Lacs has been arrived at after taking into account the provision for current Income Tax Rs 2107 Lacs, Deferred Tax Liability of Rs 162 Lacs and Fringe Benefit Tax Rs 42 Lacs.

The fuel cost increased from Rs5970 Lacs to Rs.84866 Lacs on account of increase in the gas price. Interest expenditure has reduced to Rs.2956 Lacs as compared to Rs. 5132 Lacs.

The 165 MW Station-II at Baroda and 250 MW Surat Lignite Power Plant (SLPP) Phase – I at Surat are eligible for the tax holiday under Section 80IA of the Income Tax Act, 1961 for a period up to Assessment Year 2012-13 (in case of 165 MW Baroda Station II) and Assessment Year 2015-16 (in case of 250 MW SLPP Phase I) and hence the effective tax rate for the Company as a whole is 19.43% of profit.

The Corporate Tax Liability for the year was Rs. 2107 Lacs compared to Rs 2715 Lacs in the previous year.

The total dividend pay out for the year at Rs 2.20 per Equity Share i.e. (22%) is Rs 3893 Lacs including dividend tax.



24th Annual Report 2008-2009

MANAGEMENT DISCUSSION AND ANALYSIS REPORT 2008-09 (Contd.)

Expenditure on 250 MW expansions Project at SLPP uptill now is Rs 117575 Lacs.

As on 31st March 2009, the net worth of the Company stood at Rs 117062 Lacs.

➤ HUMAN RESOURCE & INDUSTRIAL RELATIONS

Please refer the relevant para of the Directors' Report to Shareholders, which forms the part of this Annual Report.

⇒ SEGMENT WISE GROWTH :

The Company has no separate segments and hence there is no reporting on the segment wise growth.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis in the Directors' Report, describing the objectives , projections, estimates , expectation and predictions of the Company may be "Forward Looking" statements within the meaning of applicable security regulations and laws. These statements are based on certain assumption and expectation of future events.

Actual results could differ substantially or materially from those expressed or implied from what the Directors envisage in terms

of future performance and outlook. Important developments that could affect the financial conditions and Operations of the Company include a downtrend in the industry – global or domestic or both , significant changes in political and economic environment in India, tax laws, litigation, labour relations and interest costs.

The Management of Gujarat Industries Power Company Limited ("GIPCL" or "the company") accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgements used therein. These estimates and judgements relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the state of affairs and profits for the year.

Data Source: Websites of Power Ministry-GOI.

For and On behalf of the Board

Date : 22nd June, 2009.
Place : Gandhinagar

sd/-
S. Jagadeesan, IAS
Chairman



Gujarat Industries Power Company Limited

REPORT ON CORPORATE GOVERNANCE

1. THE BASIC PHILOSOPHY OF CODE OF CORPORATE GOVERNANCE :

The Philosophy :

Corporate Governance is aimed primarily to present the management with tools essential for the business practices required for legal and ethical conduct and fair financial reporting in tune with committed corporate response based on transparency, accountability and integrity. It involves necessarily a creative, generative and positive thinking activity adding ethical value to various stakeholders which are served as end customers of the Corporate entity.

It is about how to manage an organization, that is to say, how to manage its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders. Proper, accurate and timely disclosure of information regarding the affairs of the company, its financial position, performance, ownership and governance is an integral part of the philosophy of Corporate Governance. The enhancement of the shareholders' value was, is and will remain Company's topmost priority and to substantiate this, the company's Mission Statement contains this as one of the end results of all its economic activities.

Our perspective:

The Company's Corporate Governance Philosophy is based on following principles:

1. Follow the laws of land, not only in letter, but in spirit too.
2. Transparent, truthful and complete disclosure of information.
3. Distinguish between personal conveniences and company's resources and properties.
4. Management is not the owner; it is the trustee of its stakeholders.

The Company's Corporate Governance Policy emanates from the very basics of the Shareholders' own institution (a Company) which they own, needless to say the number of shares they hold. The apex governing body of the Company viz. the Board of Directors believes that there should be proper admixture of responsibility and accountability of the Board and it is vital for all the constituents like Consumers, Investors, Employees and regulatory authorities.

The Company believes and proclaims that the shareholders are the cause of and ultimate beneficiaries of our business.

Our endeavor:

Your Board of Directors is proud to assert that much before the Code of Corporate Governance, in its present state, was thought of, GIPCL was following it in strict as well as literal sense. The Company's Board formally adopted the recommendations of good Governance as enunciated by CII long back.

The Company is managed and controlled through a professional Board. The Board consists as such of entirely independent Directors, even the Chairman and Managing Director is independent since they are nominated by the Govt. of Gujarat. The Company's Board comprises of eminent persons with considerable vision, expertise and experience in their relevant fields.

All Committees of the Board like Share/Debt Transfer and Investors' Grievance Committee, Audit Committee, etc. that is required under the Code of Corporate Governance have been constituted since long and are meeting regularly.

2. CODE OF BUSINESS CONDUCT AND ETHICS:

The Code of Conduct generally encompasses acceptable pattern of behavior expected of Directors and senior management team with a view to maintain high standards of professionalism and ethics. Inter alia, the code should include honesty and integrity in transactions affecting the Company, conflict of interest, insider trading, acceptance of gifts and donations, protection of assets, communication, whistle blower policy. The code cannot remain static and will have to be modified as per moral, cultural and ethical sense of values encountered from time to time by the Company.

➤ Code of Conduct for Corporate Governance:

The Board of Directors of the Company has formally adopted the Code of Conduct at its meeting held on 25th January, 2006. The code has been made applicable to the Board and also to the senior officers of the Company in the rank of Additional General Manager and above and Company Secretary of the Company.



24th Annual Report 2008-2009

REPORT ON CORPORATE GOVERNANCE (Contd.)

The Directors and senior management team shall self certify their adherence and compliance of the code of conduct at the end of each financial year.

The declarations with regard to the compliance to the Code of Conduct have been received for the Financial Year 2008-2009. The Board of Directors have noted the adherence to the code of conduct.

The Company's Code of Conduct is available on the company's website at www.gipcl.com.

➤ Code for Prohibition of Insider Trading:

The Company has a comprehensive code of conduct for its Directors, Management, and designated employees for prevention of insider trading and procedure to deal in securities. The code was formally adopted by the Board of Directors at its meeting held on 28th September, 2002.

The code lays down guidelines and procedures to be followed and disclosures to be made while dealing with securities of the Company. The purpose of the code is also to guide Company's transactions and dissemination of price sensitive information to outside agencies and to ensure timely and adequate disclosures thereof to regulatory authorities on a continuous basis. The company management has identified designated employees and related persons as 'Insider' who are expected to strictly adhere to the Code for prohibition of Insider Trading. All Directors are also identified as 'Insiders' for the purpose.

Securities and Exchange Board of India (SEBI) has vide its Notification dated 19th November, 2008 had amended the SEBI (Prohibition of Insider Trading) Regulations, 1992 and brought into force amended regulations called SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2008. The Board of Directors of the Company have approved and adopted the amended Code of Conduct at its meeting held on 21st March, 2009.

For the year under review, all the Directors and senior management personnel of the Company have confirmed their adherence to the provisions of the said Code.

3. BOARD OF DIRECTORS : (Composition and Category of Directors)

DIRECTORS AS ON 31/03/2009:

Sr.	Name of Directors & Qualifications	Category (Designation)	*No. of Board Mtgs. Held during F.Y. 2008-09.	No. of Meetings attended	No. of Membership on the Board of other Companies	Whether attended last AGM held on 20/09/08
1	**Shri S Jagadeesan, IAS B.A., M.A. (Economics) (Nominated by Govt. of Gujarat)	Chairman (Non Executive)	02	02	14	NA
2	Shri A K Joti, IAS M.Sc. (Chemistry) (Nominated by Govt. of Gujarat)	Director (Independent)	09	00	01	NO
3	Prof. Shekhar Chaudhuri M.E.(IIT – Kharagpur)	Director (Independent)	09	04	02	NO
4	Prof. Kirankumar Joshi B.Com., M.A., Ph.D.	Director (Independent)	09	09	01	YES
5	Dr. P. K. Das, IAS (Retd.) M.A., LLB., MPA, Ph.D.	Director (Independent)	09	08	01	YES



Gujarat Industries Power Company Limited

REPORT ON CORPORATE GOVERNANCE *(Contd.)*

Sr.	Name of Directors & Qualifications	Category (Designation)	*No. of Board Mtgs. Held during F.Y. 2008-09.	No. of Meetings attended	No. of Membership on the Board of other Companies	Whether attended last AGM held on 20/09/08
6	Shri G.P. Mohapatra, IAS (Nominated by Gujarat Alkalies & Chemicals Ltd.)	Director (Non Executive)	09	05	08	YES
7	Shri P.H. Rana (Nominated by Gujarat Urja Vikas Nigam Ltd.)	Director (Non Executive)	09	09	07	YES
8	Shri H V Patel, IAS B.com(Advanced Accountancy) (Nominated by Gujarat State Fertilizers & Chemicals Ltd.)	Director (Non Executive)	09	04	08	NO
9	***Shri G A Tadas B.A, MA, MBA & CAIIB (Nominated by IDBI Ltd.)	IDBI Nominee Director (Independent)	04	03	None	YES
10	Shri L. Chuauungo, IAS B.A.	Managing Director (Executive)	09	09	14	YES

* No. of Meetings held since date of appointment.

** Shri S. Jagadeesan, IAS has been appointed as Chairman by Government of Gujarat w.e.f. 18th December, 2008 vice Shri M M Srivastava, IAS, who was transferred by Govt of Gujarat.

*** Shri A. Khandual ceased as Director w.e.f. 20.09.2008 consequent upon withdrawal of his nomination by IDBI Ltd. (Industrial Development Bank of India). Shri G. A. Tadas has been nominated by IDBI Ltd. in his place w.e.f 20th September, 2008.

- None of the Directors hold any shares in the Company.
- Smt. V L Joshi, IAS, Shri M M Srivastava, IAS and Shri A Khandual ceased to be Directors on the Board of the Company during F Y 2008-09.
- **BRIEF RESUME OF THE DIRECTORS UNDER APPOINTMENT / RE-APPOINTMENT :**

For resume of Prof. Shekhar Chaudhuri & Shri H V Patel, IAS it is requested to refer to the explanatory statement annexed to the notice convening the 24th Annual General Meeting of the Company, which forms part of this Annual Report.

RESUME OF SHRI S. JAGADEESAN, IAS, CHAIRMAN

Shri S. Jagadeesan, IAS (Chairman of the Company) was appointed as Director vide Resolution No. GUV-1108-1336-K dated 16th December, 2008 issued by, Energy and Petrochemical Dept, Government of Gujarat vice Shri M M Srivastava, IAS.

Brief resume of Shri S. Jagadeesan, IAS reads as below –

He is aged about 56 years, and a Senior IAS Officer of 1980 batch. Shri S. Jagadeesan, IAS on the academic front holds Masters Degree in Arts (with Economics) and is presently functioning as Principal Secretary, Energy and Petrochemical Department, Government of Gujarat since 16th December, 2008. He has to his credit rich experience of holding key positions in different departments in Govt. of Gujarat and Govt. of India. Prior to the above he has remained as Minister (Economic), Joint secretary equivalent at the High Commission of India at London (U.K.) from November, 2005 to November, 2008.

He has long stint of experience of more than 28 years in development and regulatory administration as District Development Officer and also as Collector at various places including as Municipal Commissioner, Land Revenue Management, Joint Managing Director at Industries and Managing Director at Consumer Affairs, Food & PD Civil Supplies and at reputed Govt. Corporate etc.



24th Annual Report 2008-2009

REPORT ON CORPORATE GOVERNANCE (Contd.)

Apart from that he is also a Director in the following Companies:

Sr. No.	Name of the Company	Position held
1.	Gujarat Urja Vikas Nigam Ltd.(GUVNL)	Chairman
2.	Gujarat State Electricity Corporation Ltd. (GSECL)	Chairman
3.	Gujarat Energy Transmission Corporation Ltd. (GETCO)	Chairman
4.	GSPC Pipavav Power Company Ltd.	Chairman
5.	Gujarat Power Corporation Ltd.(GPCL)	Chairman
6.	Gujarat State Energy Generation Ltd	Chairman
7.	GSPC Gas Company Ltd.	Chairman
8.	Gujarat State Petroleum Corporation Ltd	Director
9.	Gujarat Alkalies and Chemicals Ltd.(GACL)	Director
10.	Torrent Power Ltd.	Director
11.	Gujarat Narmada Valley Fertilizers and Chemicals Ltd. (GNFC)	Director
12.	Gujarat State Fertilizers and Chemicals Ltd. (GSFC)	Director
13.	Gujarat State Petronet Ltd.	Director
14.	Mahaguj Collieries Ltd.	Director

Shri Jagadeesan, IAS does not hold Membership / Chairmanship of any Committees of the above Companies.

RESUME OF SHRI G A TADAS, IDBI NOMINEE DIRECTOR

Shri G A Tadas was appointed as Nominee Director on behalf of IDBI Ltd. in place of Shri A Khandual, whose nomination was withdrawn.

The brief resume of Shri G A Tadas is as follows:

Shri G A Tadas aged about 59 years, presently holds the post of General Manager (Corporate Strategy & Planning), IDBI Ltd. On academic front he is Bachelor of Arts (Economics, Statistics & Mathematics-Gold Medalist), Master of Arts [Economics (Econometrics) – Gold Medalist], Master of Business Administration(Finance) and CAIIB. He possesses over 24 years of professional experience in Project Finance, Infrastructure Finance, Restructuring & Recovery, Financial and economic analysis. Prior to joining IDBI Ltd. he has served with Government Bodies like Research & Information System for Non-aligned & Other Developing Countries (RIS), New Delhi and Fertilizer Association of India, New Delhi.

Shri G A Tadas is member of the Audit Committee of the Company. However, he presently does not hold directorship in any other Company.

4. BOARD MEETINGS:

➤ MEETINGS OF BOARD OF DIRECTORS HELD DURING F.Y.2008-09:

Sr. No.	Dates of Board meeting
01.	13/05/2008
02.	10/06/2008
03.	23/07/2008
04.	12/08/2008
05.	04/09/2008
06.	20/09/2008
07.	24/10/2008
08.	30/01/2009
09.	21/03/2009



Gujarat Industries Power Company Limited

REPORT ON CORPORATE GOVERNANCE (Contd.)

➤ AVAILABILITY OF INFORMATION TO THE BOARD OF DIRECTORS

The Board of Directors of the Company are made abreast with all relevant and significant information and developments in the functioning of the Company which facilitates them to take the Corporate decisions. The Company has also appointed M/s. Nitin S. Parikh & Co., Chartered Accountants as internal auditors whose reports are put up to the Audit Committee. There are comprehensive management reporting systems involving preparation of operating results by divisions and their review by senior management and by the Board at every Board Meeting.

The Board of Directors have complete access to any information within the Company and to any of its employees. At meetings of the Board, senior executives of the Company, and if required managers who can provide additional insights into the agenda items being considered at Board Meetings, are required to remain present.

Apart from the matters which mandatorily require Board's approval, following is regularly put up to the Board for information:

1. Quarterly and Annual Operating Performance, plans, budgets and updates.
2. Minutes of Meetings of Audit Committee, Investor Grievance Committee, Project Committee, as well as abstracts of circular resolutions passed and confirmed since the date of last Board Meeting.
3. General Notice of Interest.
4. Information on recruitment and remuneration of senior officers just below the Board level and also Company Secretary, including their appointment or removal, if any.
5. Information on the position of receivables, statutory payments, short term loan, inter corporate deposits or borrowings from the date of last Board meeting.
6. Materially important litigations, show cause notices, demand, prosecution and penalty notices.
7. Fatal or serious accidents or dangerous occurrences having bearing on the safety and welfare of employees and property of the Company.
8. Future expansion plans, their progress and action plan for achievement thereof.
9. A certificate of compliance with all the applicable laws to the Company is being put up to the Board on annual basis.
10. Report on Risk Management on quarterly basis.

➤ DETAILS OF THE MEMBERSHIP OF AUDIT COMMITTEE AND INVESTORS' GRIEVANCE COMMITTEE :

SR. NO.	NAME OF DIRECTORS	AS MEMBER OF THE COMMITTEE(S)	AS CHAIRMAN OF THE COMMITTEE(S)
01.	*Shri S Jagadeesan, IAS	00	00
02.	Shri A K Joti, IAS	00	00
03.	Prof. Shekhar Chaudhuri	01	00
04.	Prof. Kirankumar Joshi	01	01
05.	Dr. P K Das, IAS (Retd.)	00	02
06.	Shri P H Rana	04	00
07.	Shri G P Mohapatra, IAS	02	01
08.	Shri H V Patel, IAS	01	01
09.	**Shri G A Tadas	01	00
10.	Shri L. Chuaungo, IAS	04	00

* Shri S. Jagadeesan, IAS is appointed as Chairman by Government of Gujarat w.e.f. 18th December, 2008 vice Shri M M Srivastava, IAS, who was transferred by Govt. of Gujarat.

** Shri G. A. Tadas has been nominated by IDBI Ltd. in place of Shri A Khandual consequent upon withdrawal of his nomination w.e.f. 20th September, 2008.

None of the Directors hold the membership of more than 10 committees and Chairmanship of more than 05 Committees across all the Companies in which they are Directors.



24th Annual Report 2008-2009

REPORT ON CORPORATE GOVERNANCE (Contd.)

5. AUDIT COMMITTEE :

⇒ Purview :

As measure of good Corporate Governance and to provide the assistance to the Board of Directors in fulfilling the Board's responsibilities, an Audit Committee is in existence since February, 1990 and its first meeting was held in August 1991 and the scope of the Audit Committee was strengthened in the light of Corporate Governance provisions in April 2001. The Audit Committee consists of Independent Directors and the main function of the Audit Committee encompasses the following main areas:

- Review of the adequacy of internal control systems and Internal Audit reports and their Compliance thereof.
- Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- To review the financial statements with the Management before they are put up to the Board.

⇒ **COMPOSITION OF & ATTENDANCE AT AUDIT COMMITTEE :**

During financial year 2008-2009 the Audit Committee met 06 times as follows:

Sr. No.	Dates of Audit Committee
01.	13/05/2008
02.	10/06/2008
03.	23/07/2008
04.	24/10/2008
05.	30/01/2009
06.	21/03/2009

The present composition of Audit Committee and attendance details for same are as follows:

Sr.	Name of Director		No. of meetings attended*
1.	**Dr. P K Das, IAS(Retd.)	Chairman of Audit Committee is Independent Director	05
2.	Shri G A Tadas	Independent Director	02
3.	Prof. Shekhar Chaudhuri	Independent Director	03
4.	Prof. Kirankumar Joshi	Independent Director	06
5.	Shri H V Patel, IAS	Non Executive Director	00

* No. of meetings held since date of appointment as member of Committee.

** Dr. P K Das, IAS(Retd), Independent Director is appointed as Chairman of the Audit Committee in place of Shri A Khandual w.e.f. 20.9.2008 consequent upon withdrawal of his nomination by IDBI Ltd.

The Chairman of Audit Committee Dr. P K Das, IAS (Retd.), attended the 23rd Annual General Meeting held on 20/9/2008. The Company Secretary acts Secretary to the Audit Committee.

The meetings of the Audit Committee are also attended by Managing Director (as Special Invitee), Chief Finance Officer, Internal Auditors viz. M/s. Nitin S Parikh & Co., Chartered Accountants, Statutory Auditors viz. M/s. K C Mehta & Co., Chartered Accountants and Company Secretary.

➤ **Subsidiary Company :**

The Company does not have any Subsidiary Company.

➤ **Accounting Treatment Related Disclosure:**

Since the Company has followed uniform accounting practices and have adhered to the applicable accounting standards no explanation by the management is therefore warranted from any deviations thereof.



Gujarat Industries Power Company Limited

REPORT ON CORPORATE GOVERNANCE (Contd.)

The details of utilization of funds mobilized through Public Issue is given in note No.13 of Schedule 19 (Notes forming part of Accounts) of the Audited Accounts for the year 2008-2009.

6. REMUNERATION COMMITTEE:

Since the Company does not have any Whole time Director except the Managing Director, whose terms of appointment as to remuneration, prerequisites etc. is fixed by the State Government, and the constitution of the Remuneration Committee being Non-Mandatory requirement, the said committee is not constituted. The Company during F.Y. 2008-2009, has paid remuneration to MD, Shri L Chuaungo, IAS as per following details:

Sr. No.	Component of Remuneration	Amount (Rs.)
01.	Salary	-
02.	Dearness Allowance	-
03.	Furnished Accommodation	72379.00
04.	Free Electricity	73655.00
05.	Car Perquisites	--
06.	LTC	--
07.	Tax on Perquisites	16245.00
08.	Pension contribution	--
09.	Leave Salary	--
	Total Perks (Sr. 2 to 9)	162279.00
	Total Remuneration	162279.00

In case of Non-Executive Directors, Sitting Fees @ Rs.3500/- per meeting and Incidental expenses @ Rs.1500/- per day is paid by Company. Sitting Fees in respect of IAS Directors is deposited with the Government Treasury. Mileage Allowance at fixed rate per Kilometer is reimbursed to the Directors, if they use their vehicle for attending the Board and/or Committee Meetings. No sitting fees is payable to the Managing Director.

7. SHARE/DEBENTURE TRANSFER & INVESTORS' GRIEVANCE COMMITTEE :

As a measure of good Corporate Governance and accepting the shareholders as their esteemed customers the Company has well designed investors' grievance redressal system where the average time taken for grievance redressal is quite less and the Committee monitors the investors' grievance redressal periodically. There are no major complaints pending which are not redressed to the satisfaction of the shareholders. There are no Shares transfers pending except under sellers' notice/court cases under injunction order, if any.

This Committee consists of the following independent Directors:

1. *Shri H V Patel, IAS - Non Executive Director-Chairman of Committee
2. Shri G P Mohapatra, IAS - Non Executive Director
3. Shri L Chuaungo, IAS - Managing Director(Executive Director)

* Shri H V Patel, IAS Chairman of Committee was appointed as Director vice Shri P.K. Taneja, IAS who ceased to be a Director of the Company w.e.f. 13.05.2008 consequent upon withdrawal of his nomination by M/s Gujarat State Fertilizers and Chemicals Ltd. (GSFC).

With a view to facilitate and ensure timely transfer, transmission, issue of duplicate shares etc. the Board of Directors has constituted a sub-committee comprising of following with a power to consider such requests involving upto 1000 Equity shares per request for transfer, transmission, duplicate shares etc.:

1. Managing Director
2. Chief Finance Officer
3. Company Secretary



24th Annual Report 2008-2009

REPORT ON CORPORATE GOVERNANCE (Contd.)

The jurisdiction of the Committee and sub- committee encompasses the following areas:

- Timely transfer of Shares and Debentures,
- Dematerialisation and/or Rematerialisation of shares,
- Transmission of Shares / Deletion of Name in case of death of the shareholder/s
- Issue of Duplicate shares/debentures in case of lost/misplaced/torn/mutilated ones.
- Timely redressal of complaints pertaining to the non-receipt of dividends, interests on debentures, redemption amount of Non Convertible Debentures / Partly Convertible Debentures redeemed.
- Any other related issue/s.

Mr. C. H. Patni, Company Secretary is the Compliance Officer of the Company for the purpose. The shares received for transfer are being processed and dispatched within the period not exceeding one month and a Certificate from a Practicing Company Secretary to that effect is being obtained once in the period of six months.

During the F.Y. 2008-09, the Company has received a total 203 nos. of Complaints (out of which 8 complaints pertain to F.Y. 2007-08 and were outstanding as on 31.3.2008) and resolved 189 nos. of complaints to the satisfaction of the Shareholders. Of the 06 complaints outstanding as on 31.3.2009 all have been attended to and resolved and as on the date of this reports NO complaints pertaining to and received during the F.Y. 2008-09 are outstanding.

OTHER COMMITTEES:

● PERSONNEL COMMITTEE

The Company also has a Personnel Committee to formulate personnel policies, negotiate wage settlement, etc and it presently consists of following Directors:

Sr.	Name		Meetings held on
1.	*Dr. P K Das, IAS (Retd.)	Chairman of Committee & Non Executive Director	
2.	Prof. Kirankumar Joshi	Non Executive Director	
3.	Shri G P Mohapatra, IAS	Non Executive Director	02/07/2008, 23/07/2008,
4.	Shri H V Patel, IAS	Non Executive Director	10/10/2008, 15/12/2008
5.	Shri L Chuaungo, IAS	Managing Director (Executive Director)	

* Dr. P K Das, IAS (Retd.), was appointed as Chairman of Share Debenture Transfer & Investor's Grievance Committee w.e.f. 13.05.2008 vice Shri P.K. Taneja, IAS who ceased to be a Director consequent upon withdrawal of his nomination by M/s. Gujarat State Fertilizers and Chemicals Ltd. (GSFC).

● PROJECT COMMITTEE

In view of the expansion projects on hand, the Company had constituted a Project Committee to decide and finalize and implement the activities related to expansion projects and matters related thereto. The Committee presently consists of following Directors:

Sr.	Name		Meetings held on
1.	*Shri S Jagadeesan, IAS	Chairman of the Committee & Non Executive Director	
2.	Dr. P K Das, IAS (Retd.)	Non Executive Director	13/05/2008, 20/06/2008,
3.	Shri P H Rana	Non Executive Director	17/07/2008, 29/11/2008
4.	Shri G P Mohapatra, IAS	Non Executive Director	30/01/2009
5.	Shri H V Patel, IAS	Non Executive Director	
6.	Shri L Chuaungo, IAS	Managing Director (Executive Director)	

* Shri S. Jagadeesan, IAS, Chairman of the Committee is appointed as Chairman of the Company by Government of Gujarat w.e.f. 18th December, 2008 vice Shri M M Srivastava, IAS, who was transferred by Govt of Gujarat.



Gujarat Industries Power Company Limited

REPORT ON CORPORATE GOVERNANCE (Contd.)

● PROJECT FINANCE COMMITTEE

In view of the expansion projects on hand, the Company has constituted a Project Finance Committee consisting of following Directors to decide and finalize the activities related to financing of the expansion projects. The Committee had met on 02/8/2006 & 10/11/2006. During financial years 2007-2008 & 2008-2009, no meeting of the Committee was held.

8. GENERAL BODY MEETINGS:

☞ Date And Venue of The Last Three Annual General Meetings :

Date	Venue	Time	No. of Special Resolutions Passed
29/09/2006	Registered Office at P O Petrochemical – 391 346, District Vadodara	11.30 A.M.	01(One) Special Resolution passed
29/09/2007	Registered Office at P O Petrochemical – 391 346, District Vadodara	11.00 A.M.	No Special Resolution
20/09/2008	Registered Office at P O Petrochemical – 391 346, District Vadodara	11.00 A.M.	02(Two) Special Resolutions passed

9. DISCLOSURES:

There are no materially significant related party transactions i.e. transactions material in nature, with its promoters, Directors or the management, their subsidiaries or relatives etc. that may potentially conflict with the Company at large.

The disclosure regarding related party transactions is contained in the Annual Accounts of the Company which forms a part of this Annual Report.

There are no non compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

The Company complies with all the mandatory requirements as per Clause 49 of the Listing Agreement on Code of Corporate Governance.

10. RISK MANAGEMENT:

The Board of Directors and the Senior Management team is conscious and vigilant on the material developments taking place in the industry. There is a system of regular monitoring of various kinds of risks that are inherent to the nature of business and operations of the Company. The reporting on Risk Management is done to the Board and Board is made abreast of various steps that are taken to mitigate/minimize these risks. Such reporting is done on quarterly basis at the Board Meetings held for considering Quarterly and Annual Financial Statements.

11. MEANS OF COMMUNICATION:

Apart from furnishing the copies of the Unaudited Quarterly & Half Yearly Results and Audited Annual results to all the Stock Exchanges where the shares of the Company are listed, the Company publishes the results in one English Newspaper and one Vernacular Newspaper. The Financial Results and Shareholding Pattern of the Company are posted on the EDIFAR section of the SEBI's website regularly.

The Company's financial results are sent in time to Stock Exchanges so that they may be posted on the Stock Exchange's website. The Financial Results of the Company and other information pertaining to the Company is available on the Company's web site at www.gipcl.com. The Company also provides copies of its financial results to investors if so requisitioned for without any charge, at the same time they are available on the Company's website also and can be downloaded from there. The Management Discussion and Analysis Report will form part of the Directors' Report to shareholders.



24th Annual Report 2008-2009

REPORT ON CORPORATE GOVERNANCE (Contd.)

Quarterly Report on Corporate Governance under Clause 49 of the Listing Agreement have been submitted to Stock Exchange(s) as follows:

Quarterly Report for the quarter ended	Submitted to Stock Exchange(s) on
30/06/2008	08/07/2008
30/09/2008	06/10/2008
31/12/2008	05/01/2009
31/03/2009	04/04/2009

In view of the recent amendment in the clause 47(f) of the listing agreement the Company has designated an email account specifically for investor service and the same is disclosed on the website of the Company. Investors may send in their complaints at investors@gipcl.com

12. GENERAL INFORMATION TO SHAREHOLDERS:

- ☞ As indicated in the notice convening the 24th Annual General Meeting, the 24th AGM of the Company will be held on **Friday, the 11 September, 2009 at 11:00 A.M. at the Registered Office of the Company at P.O. Petrochemical – 391 346, Dist. Vadodara.**
- ☞ The financial year of the Company is from 1st April to 31st March.
- ☞ The Register of Members of the Company shall remain closed from **Monday, the 31st August, 2009 to Wednesday, the 9th September, 2009** (both days inclusive).
- ☞ The Equity Shares of the Company are listed at following stock exchanges:

Sr. No	Name of The Exchange (Scrip Code)	Sr. No.	Name of The Exchange (Scrip Code)
01.	Vadodara Stock Exchange Ltd. Scrip Code : 517300	02.	Bombay Stock Exchange Limited Scrip Code : 517300
03.	Calcutta Stock Exchange Association Limited	04.	National Stock Exchange of India Limited (Scrip code : GIPCL- EQ)

The Company has got its securities delisted on Ahmedabad, Madras & Delhi Stock Exchanges whereas delisting on Calcutta Stock Exchange is pending due to the delay in approval on their part. The Annual Listing Fees in respect of Vadodara Stock Exchange Limited, National Stock Exchange of India Limited and Bombay Stock Exchange Limited for the FY 2009-10 has been paid by the Company.

- ☞ The Market price data (Monthly High / Low) of Company's Equity shares traded on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) during the period April 2008 to March 2009 is given below :

Month & Year	BSE				NSE			
	PRICE (RS.)		SENSEX		PRICE (RS.)		NIFTY	
	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
APRIL 2008	109	89	17480.74	15297.96	103.5	90.45	5230.75	4628.75
MAY 2008	106.9	93.3	17735.70	16196.02	96.1	97.8	5298.85	4801.90
JUNE 2008	101.3	74.55	16632.72	13405.54	97.75	78.9	4908.80	4021.70
JULY 2008	84.5	67.5	15130.09	12514.02	78	70	4539.45	3790.20
AUG. 2008	92.7	69	15579.78	14002.43	77.15	78.5	4649.85	4201.85
SEPT. 2008	82	53.5	15107.01	12153.55	75.1	58.95	4558.00	3715.05

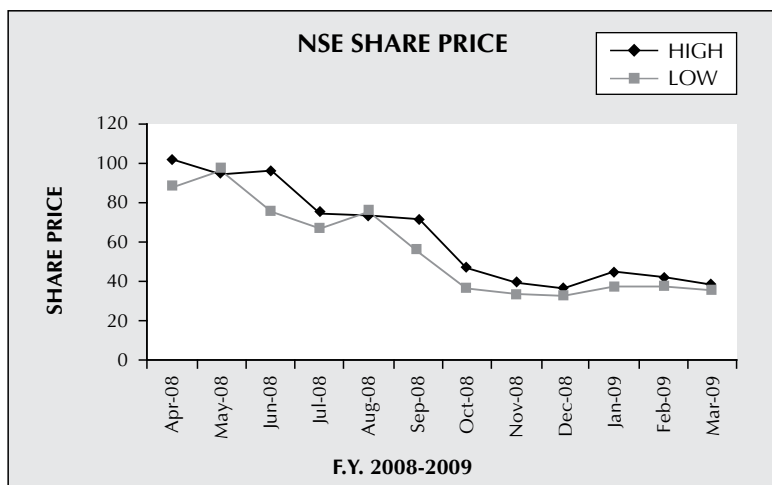
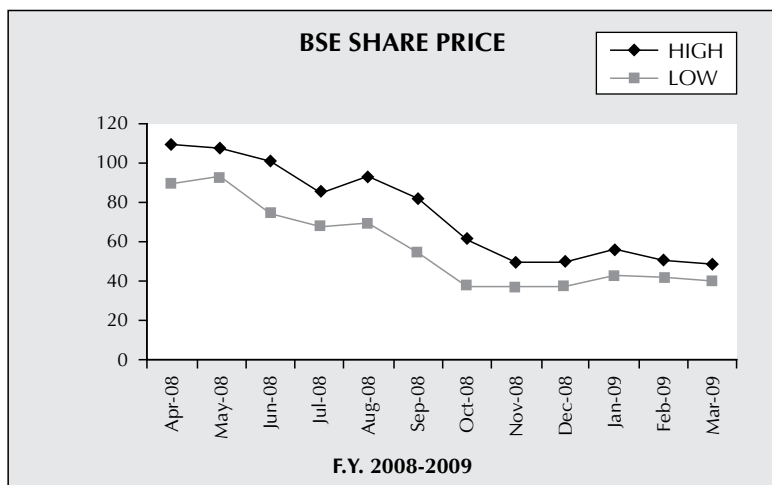


Gujarat Industries Power Company Limited

REPORT ON CORPORATE GOVERNANCE *(Contd.)*

Month & Year	BSE				NSE			
	PRICE (RS.)		SENSEX		PRICE (RS.)		NIFTY	
	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
OCT. 2008	60.8	37.1	13203.86	7697.39	51.4	41.9	4000.50	2252.75
NOV. 2008	48.95	37.35	10945.41	8316.39	45	38.65	3240.55	2502.90
DEC. 2008	48.7	37.25	10188.54	8467.43	42.4	38.4	3110.45	2570.70
JAN. 2009	56	42.8	10469.72	8631.60	49.6	43.45	3147.20	2661.65
FEB. 2009	50.2	42.05	9724.87	8619.22	47	42.8	2969.75	2677.55
MAR. 2009	47.95	40	10127.09	8047.17	44.05	40.55	3123.35	2539.45

The following graphical presentations depict the movement of monthly high low share prices of Company's Shares on BSE and NSE during the period from April 2008 to March 2009:



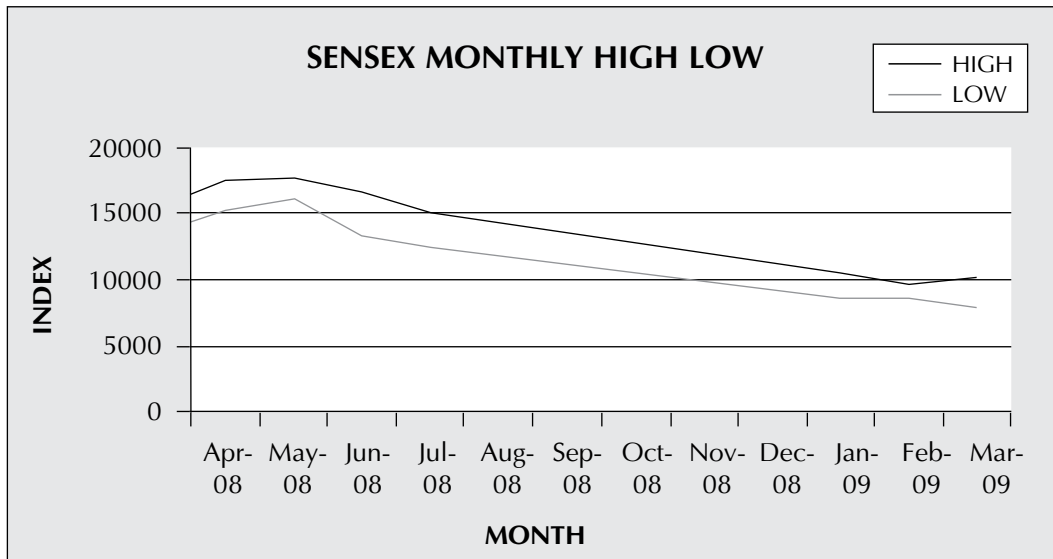
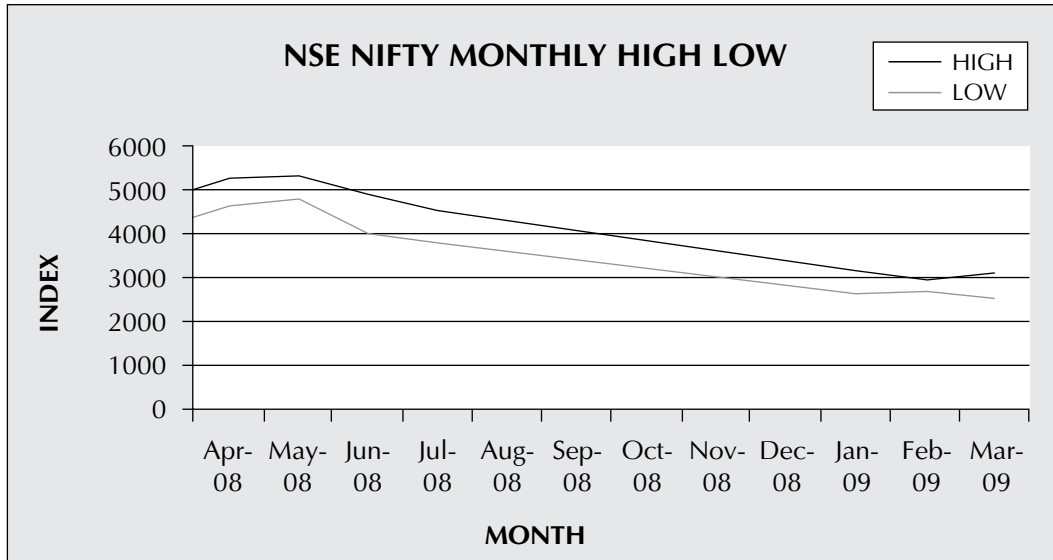
Note: The above graphs represents BSE and NSE Share prices - Monthly High/Low.



24th Annual Report 2008-2009

REPORT ON CORPORATE GOVERNANCE (Contd.)

- ☞ A graphical presentation showing monthly High/Low movement of NSE –Nifty and BSE - Sensex during the period from April 2008 to March 2009 is given below :



➤ REGISTRARS & SHARE TRANSFER AGENTS OF THE COMPANY :

The Share Registry operations of the Company are presently handled by Link Intime India Private Ltd.(name changed from Intime Spectrum Registry Ltd.) at Vadodara at 308, Jaldhara Complex, 1st Floor, Opp. Manisha Society, Off. Old Padra Road, Vasna Road, Vadodara – 390 015. The Share transfer requests received are processed by them and a Memorandum of Transfer is sent to the Company for approval. The average time taken for processing share transfer requests including dispatch of share certificates is 30 days, while it takes about 15 days for processing de-materialization requests. The Company's representatives visit the office of the Registrar and Share Transfer Agents to monitor, supervise and ensure that there are no delays or lapses in the system.



Gujarat Industries Power Company Limited

REPORT ON CORPORATE GOVERNANCE (Contd.)

The Company's distribution of the Shareholding is given below:

Distribution of Shareholding

	F.Y. ended on 31st March 2009 No. of Shares	F.Y. ended on 31st March 2008 No. of Shares
Individuals	23151737	22966056
Companies	96048008	92375851
Financial Institutions and Banks	3650	172887
Insurance Companies and LIC	7789473	7789473
Mutual Funds and UTI	7143755	9013405
Foreign Institutional Investors	4788138	6433763
Central & State Govt.	12056660	12180767
Clearing Members	269767	318986
Total	151251188	151251188

Category (No. of Shares) From To	No. of Shareholders	%	No. of Shares	%
Upto 5000 Shares	82970	92.5323	12209647	8.0724
5001 – 10000	4284	4.777	3387047	2.2394
10001 – 20000	1337	1.4911	2042853	1.3506
20001 – 30000	408	0.455	1055757	0.698
30001 – 40000	143	0.1595	510350	0.3374
40001 – 50000	157	0.1751	744298	0.4921
50001 – 00000	187	0.2086	1409005	0.9316
100001 and above	180	0.2007	129892231	85.879
TOTAL	89666	100	151251188	100

68.00% of the Equity Shares have been Dematerialised as on 31st March, 2009. The Company's Equity Shares are to be compulsorily dealt in dematerialised form since 26/06/2000 and the ISIN no. assigned to the Company by the two depositories viz. NSDL & CDSL is INE162A01010.

- The Company has paid the Annual Custody Charges to National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSIL) for the year 2009-2010.
- The Dividend @ Rs.2.20 per Equity Share (i.e.22%) is recommended by the Board of Directors of the Company which shall be paid, subject to the member's approval thereat, within 30 days from the date of the 24th Annual General Meeting.
- Number of employees - 508.

The Company's plants are located at the following places :

- Vadodara Power Stations: P.O. Petrochemical – 391 346, District Vadodara.
- Surat Lignite Power Plant: At & P O Nani Naroli, Taluka Mangrol, District Surat – 394 110.

The shareholders can address their communications at the Registered Office of the Company at the following address :

Company Secretary
Gujarat Industries Power Company Limited
 P.O. Petrochemical - 391 346, Dist. Vadodara, Gujarat, India
 Fax No. : 0265-2230473
 Email: investors@gipcl.com or genbaroda@gipcl.com Website: www.gipcl.com



24th Annual Report 2008-2009

CEO AND CFO CERTIFICATION

We, L Chuaungo, Managing Director and S.P. Desai, Chief Finance Officer, responsible for the finance function certify that :

- a) We have reviewed the financial statements for the year ended 31st March, 2009 and to the best of our knowledge and belief :
 1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations;
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2009 are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d)
 - i) There has not been any significant change in internal control over financial reporting during the year under reference;
 - ii) There has not been any significant change in accounting policies during the year requiring disclosures in the notes to the financial statements; and
 - iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

For **Gujarat Industries Power Company Limited**

S.P. Desai
Chief Finance Officer

L Chuaungo
Managing Director

Place : Gandhinagar
Date : 22/06/2009

Declaration regarding Compliance of Code of Conduct by Directors and Senior Management Personnel of the Company

This is to certify that the Board Members and the Members of Senior Management (i.e. one layer below the Board of Directors) have given declaration regarding the adherence to the Code of Conduct as enunciated by the Company for the year ended 31st March 2009 as required under Clause 49 of the Listing Agreement.

For Gujarat Industries Power Company Ltd.

L. Chuaungo
Managing Director

Place : Gandhinagar
Date : 22/06/2009.



Gujarat Industries Power Company Limited

CERTIFICATE

To the Members of Gujarat Industries Power Company Limited

We have examined the compliance of the conditions of Corporate Governance by Gujarat Industries Power Company Limited for the year ended 31st March, 2009, as stipulated in clause 49 of the Listing Agreement of the Said Company with Stock Exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given by us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2009 no investor grievances are pending against the Company, as per the records maintained by the Company and presented to the Investors / Shareholders 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.

Date : 23rd June, 2009
Place : Vadodara

Sd/-
S. Samdani
Practising Company Secretary
S. Samdani & Associates
Company Secretaries
CP No. 2863



24th Annual Report 2008-2009

AUDITORS' REPORT

TO THE MEMBERS OF GUJARAT INDUSTRIES POWER COMPANY LIMITED

1. We have audited the attached Balance Sheet of **Gujarat Industries Power Company Limited** as at 31st March, 2009 and also the Profit and Loss Account and the Cash Flow Statement for the year 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 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 and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered necessary and appropriate, and according to information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we 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 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement, dealt with by this report, comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable;
 - e. on the basis of the written representations received from the directors of the Company, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 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 read together with the 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 the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - (ii) in the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date.
 - (iii) in the case of cash flow statement, of the Cash Flow for the year ended on that date.

For **K. C. Mehta & Co.**
Chartered Accountants

Milin Mehta
Partner

Place : Vadodara
Date : 22nd June, 2009

(Membership No. 38665)



Gujarat Industries Power Company Limited

ANNEXURE TO THE AUDITORS' REPORT

(referred to in paragraph (3) thereof)

- i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) Fixed assets have been physically verified by the management during the year as per the phased programme of physical verification of fixed assets. As informed to us, the programme is such that all the fixed assets will get physically verified in three years time. In our opinion, the same is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification.
- c) The Company has not disposed off a substantial part of its fixed assets during the year and therefore, do not affect the going concern assumption.
- ii. a) The inventory has been physically verified by the management at the year end.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- c) The Company has maintained proper records of its inventories. No material discrepancies were noticed on physical verification of inventory as compared to book records.
- iii. The Company has neither granted any loans nor taken any loans, secured or unsecured, to or from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clause (iii) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items are of a special nature and their prices cannot be compared with alternative quotations, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- v. In our opinion and according to the information and explanations given to us, there are no transactions made by the company in pursuance of contracts or arrangements required to be entered in the register maintained under Section 301 of the Companies Act, 1956.
- vi. In our opinion and according to information and explanations given to us, the Company has complied with the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. As informed to us, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii. We have broadly reviewed the books of accounts and records maintained by the company pursuant to the Order made by the Central Government for the maintenance of cost records u/s 209 (1) (d) of the act and are of the opinion that prima-facie the prescribed accounts and records have been made and maintained. We have not, however made a detailed examination of the records.
- ix. a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of statutory dues were in arrears as at 31st March, 2009 for a period of more than six months from the dates they become payable.
- b) According to the information and explanations given to us, there are no dues of customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.



24th Annual Report 2008-2009

ANNEXURE TO THE AUDITORS' REPORT (Contd.)

In respect of Stamp Duty and Income tax as at 31st March, 2009 which have not been deposited on account of any dispute, the details are as under:

Particulars	Forum where the dispute is pending	Period to which the amount relates	Amount (Rs. in lakhs)
Stamp Duty	Dy. Collector, Stamp Duty Valuation Office, Vadodara	1996-97	452.60
Income Tax	Commissioner of Income Tax of Appeals, Vadodara	A.Y.2003-04	6.40
Income Tax	Commissioner of Income Tax of Appeals, Vadodara	A.Y.2000-01	9.20

- x. In our opinion, the Company has no accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and during the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institution or bank.
- xii. In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities and therefore, the provisions of clause (xii) of the Order are not applicable to the Company.
- xiii. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of the Order are not applicable to the Company.
- xiv. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities debentures and other investments. The Company is investing surplus funds in

marketable securities and bonds. According to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have made therein. The investments in marketable securities and bonds have been held by the Company in its own name.

- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institution and therefore, the provisions of clause (xv) of the Order are not applicable to the Company.
- xvi. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
- xvii. According to the information and explanations given to us and on overall examination of the Balance Sheet of the Company, we report that the funds raised on short-term basis have not been used for long term investment.
- xviii. According to the information and explanations given to us, during the period covered by our audit report, the company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. According to the information and explanations given to us, during the period of audit the Company has not issued any secured debentures.
- xx. The Company has not raised any money by public issue during the year and therefore, the provisions of clause (xx) of the Order are not applicable to the Company.
- xxi. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **K. C. Mehta & Co.**
Chartered Accountants

Milind Mehta
Partner

Place : Vadodara
Date : 22nd June, 2009

(Membership No. 38665)



Gujarat Industries Power Company Limited

BALANCE SHEET AS AT 31ST MARCH, 2009

Particulars	Schedule	AS AT 31-03-09	AS AT 31-03-08
(Rs. in Lacs)			
SOURCES OF FUNDS :			
Shareholders' Funds :			
Share Capital	1	15,125.12	15,125.12
Reserves and Surplus	2	103,213.33	98,574.61
Loan Funds :			
Secured Loans	3	79,019.80	65,555.84
Unsecured Loans	4	5,000.00	2,500.00
Deferred Tax Liability (Net)		7,960.93	7,798.72
TOTAL		210,319.18	189,554.29
APPLICATION OF FUNDS :			
Fixed Assets :			
Gross Block	5	192,802.34	191,250.78
Less : Depreciation/Impairment		112,196.32	103,376.25
Net Block		80,606.02	87,874.53
Capital Work in Progress		4.03	238.67
Expenditure on New Project	6	117,575.00	72,160.91
Mines Development Expenditure (To be amortised)	7	11,454.42	10,882.52
		209,639.47	171,156.63
Investments	8	6,221.28	14,050.50
Current Assets, Loans and Advances :			
Interest Accrued		143.72	276.77
Inventories	9	8,968.78	8,369.94
Sundry Debtors	10	17,906.45	16,712.30
Cash and Bank Balances	11	343.35	2,696.83
Loans and Advances	12	4,665.07	4,990.35
		32,027.37	33,046.19
Less : Current Liabilities and Provisions :			
Current Liabilities	13	31,995.74	22,061.31
Provisions	13	6,849.53	7,914.05
Net Current Assets		(6,817.90)	3,070.83
Miscellaneous Expenditure (To the extent not written off or adjusted)		1,276.33	1,276.33
TOTAL		210,319.18	189,554.29
Significant Accounting Policies	20		
Notes on Accounts	21		

As per our report of even date attached
For **K C. Mehta & Co.**
Chartered Accountants

L Chuaungo
Managing Director

S.Jagadeesan
Chairman

Directors
DR. P. K. Das
Prof. K. M. Joshi
P. H. Rana

Milin Mehta
Partner
Membership No. 38665

S. P. Desai
Chief Finance Officer

C.H.Patni
Company Secretary

Place : Vadodara
Date : 22nd June, 2009

Place : Gandhinagar
Date : 22nd June, 2009



24th Annual Report 2008-2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

Particulars	Schedule	For the Year ended 31-03-09	For the Year ended 31-03-08
(Rs. in Lacs)			
INCOME :			
Sale of Electrical Energy		115,499.01	93,554.57
Other Income	14	1,618.82	2,689.20
TOTAL		117,117.83	96,243.77
EXPENDITURE :			
Generation Expenses	15	90,608.48	64,630.21
Personnel Expenses	16	2,282.02	2,363.04
Administration and Other Expenses	17	1,542.52	1,263.28
Interest & Finance Charges	18	2,955.92	5,131.51
Prior Period Adjustments	19	50.41	0.00
Depreciation		8,788.25	8,830.79
Impairment of Assets		47.02	0.00
TOTAL		106,274.62	82,218.83
Profit Before Tax		10,843.21	14,024.94
Provision for Taxation			
- Current Tax		2,107.00	2,715.00
- Fringe Benefit Tax		42.24	52.06
- Deferred Tax		162.21	308.24
- Tax adjustment for earlier years		0.00	720.58
Profit After Tax		8,531.76	10,229.06
Balance brought forward from Previous Year		11,431.76	20,626.61
Balance available for Appropriation		19,963.52	30,855.67
APPROPRIATIONS :			
General Reserve		2,000.00	5,000.00
Expansion Reserve		4,000.00	10,000.00
Proposed Dividend		3,327.53	3,781.28
Corporate Dividend Tax		565.51	642.63
Balance carried to Balance Sheet		10,070.48	11,431.76
		19,963.52	30,855.67
Earning Per Share (Basic and Diluted) including prior period adjustments	Rupees	5.64	6.76
Earning Per Share (Basic and Diluted) excluding prior period adjustments	Rupees	5.67	6.76
[Face value of share Rs. 10/- each]			
Significant Accounting Policies	20		
Notes on Accounts	21		

As per our report of even date attached

For **K C. Mehta & Co.**
Chartered Accountants

L Chuaungo
Managing Director

S.Jagadeesan
Chairman

Directors
DR. P. K. Das
Prof. K. M. Joshi
P. H. Rana

Milin Mehta
Partner
Membership No. 38665

S. P. Desai
Chief Finance Officer

C.H.Patni
Company Secretary

Place : Vadodara
Date : 22nd June, 2009

Place : Gandhinagar
Date : 22nd June, 2009



Gujarat Industries Power Company Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

(Rs.in Lacs)

Sr. No.	Particulars	For the Year ended 31-03-09	For the Year ended 31-03-08
A	Cash Flow From Operating Activities :		
	Net Profit before Taxes and Extraordinary items	10843.21	14024.94
	Adjustment for :		
	Depreciation	8788.25	8830.79
	Impairment of Assets	47.02	0.00
	Interest debited to Profit & Loss Account	2955.92	5131.51
	Loss on Sale of Assets	1.28	0.86
	Profit on Sale of Assets	(0.02)	(0.96)
	Interest Received	(777.05)	(1998.16)
	Dividend	(64.12)	(11.03)
		<u>10951.28</u>	<u>11953.01</u>
	Operating Profit Before Working Capital Changes	21794.49	25977.95
	Adjustment for :		
	Trade Receivables	(1194.15)	(6002.86)
	Inventories	(598.84)	(256.79)
	Loans and Advances	(47.87)	(169.27)
	Trade Payables	2597.51	1715.43
		<u>756.65</u>	<u>(4713.49)</u>
	Cash Generated from Operations	22551.14	21264.46
	Payment of Direct Taxes	(2393.91)	(2968.78)
	Net Cash Flow from Operating Activities (Total-A)	20157.23	18295.68
B	Cash Flow from Investing Activities :		
	Purchase/Adj. of Fixed Assets including Capital Work in Progress	(1343.10)	(989.21)
	Expenditure on New Project net of project creditors	(37934.28)	(45342.28)
	Purchase of Investments	(435.60)	(12.40)
	Sale of Fixed Assets	9.72	13.26
	Mines Development Expenditure (To be amortised)	(571.90)	2592.25
	Inter Corporate Deposit	4000.00	2000.00
	Sale of Investments	4264.82	3533.70
	Proceeds from Deposits with bank matured	0.00	6500.00
	Interest Received	910.10	2403.95
	Dividend	64.12	11.03
	Net Cash Flow from Investing Activities (Total - B)	(31036.12)	(29289.70)



24th Annual Report 2008-2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

(Rs.in Lacs)

C Cash Flow from Financing Activities :		
Proceeds from Term Borrowings	30241.80	28400.61
Proceeds from other Loans	5000.00	3458.33
Repayment of Term Borrowing	(11200.78)	(15625.45)
Repayment of other loans	(8091.70)	(2310.00)
Interest Paid	(3019.43)	(5404.15)
Dividend on Equity Paid	(3761.85)	(1511.42)
Tax on Dividend Paid	(642.63)	(128.53)
Net Cash Flow from Financing Activities (Total - C)	8525.41	6879.39
Net Increase In Cash and Cash Equivalents (Total - A+B+C)	(2353.48)	(4114.63)
Opening Cash and Cash Equivalents	2696.83	6811.46
Closing Cash and Cash Equivalents (Refer Schedule 11)	343.35	2696.83
Notes:		
1. The Cash flow statement has been prepared by the indirect method as set out in the Accounting Standard-3 on "Cash Flow Statements".		
2. Cash and Cash equivalents includes :		
- Cash on hand	2.01	0.64
With Scheduled Banks :		
- Current Accounts	341.34	196.19
- Deposit Accounts	0.00	2500.00
	341.34	2696.19
TOTAL	343.35	2696.83

As per our report of even date attached
For **K. C. Mehta & Co.**
Chartered Accountants

Milin Mehta
Partner
Membership No. 38665

Place : Vadodara
Date : 22nd June, 2009

L. Chuaungo
Managing Director

S. P. Desai
Chief Finance Officer

S. Jagadeesan
Chairman

C.H.Patni
Company Secretary

Directors
DR. P. K. Das
Prof. K. M. Joshi
P. H. Rana

Place : Gandhinagar
Date : 22nd June, 2009



Gujarat Industries Power Company Limited

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

(Rs. in Lacs)

	AS AT 31-03-09	AS AT 31-03-08
SCHEDULE 1-SHARE CAPITAL		
AUTHORISED		
22,50,00,000 Equity Shares of Rs.10/-each	22,500.00	22,500.00
1,61,00,000 Cumulative Redeemable Preference Shares (With dividend not exceeding 15% p.a.) of Rs. 100/- each.	16,100.00	16,100.00
TOTAL	<u>38,600.00</u>	<u>38,600.00</u>
ISSUED, SUBSCRIBED AND PAID UP		
15,12,51,188 Equity Shares of Rs.10/-each fully paid	15,125.12	15,125.12
TOTAL	<u>15,125.12</u>	<u>15,125.12</u>

Out of the above, 3,80,22,018 Equity shares of Rs. 10 each were allotted on conversion of Debentures.

SCHEDULE 2-RESERVES AND SURPLUS

1. Capital Redemption Reserve As per last Balance Sheet	3,455.88	3,455.88
2. Expansion Reserve As per last Balance Sheet Add : Transferred from Profit and Loss Account	23,500.00 <u>4,000.00</u> 27,500.00	13,500.00 <u>10,000.00</u> 23,500.00
3. Share Premium Account As per last Balance Sheet	33,316.97	33,316.97
4. General Reserve As per last Balance Sheet Add : Transferred from Profit and Loss Account	26,870.00 <u>2,000.00</u> 28,870.00	21,870.00 <u>5,000.00</u> 26,870.00
5. Profit and Loss Account	10,070.48	11,431.76
TOTAL	<u>103,213.33</u>	<u>98,574.61</u>



24th Annual Report 2008-2009

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

(Rs. in Lacs)		
	AS AT 31-03-09	AS AT 31-03-08
SCHEDULE 3 - SECURED LOANS		
(A) From Banks		
- Term Loans	62,052.43	40,148.94
- Working Capital Loans	11,752.73	15,034.43
Interest Accrued & Due on 31st March	14.64	0.00
TOTAL - (A)	73,819.80	55,183.37
(B) From Financial Institutions		
- Term Loans	2,120.00	4,982.47
- Working Capital Loans	3,080.00	5,390.00
TOTAL - (B)	5,200.00	10,372.47
TOTAL - (A+B)	79,019.80	65,555.84

- i) The Term Loans from Banks and Financial Institutions are secured by way of first mortgage and charge created/ to be created, ranking pari passu , on all immovable properties i.e. fixed assets, both present and future, pertaining to the Company's respective Plants at Vadodara and Surat.
Of the above, certain Term loans are secured by a first charge by way of hypothecation of all the movables (save and except book debts) including tangible movable machinery, spares, tools and accessories, both present and future, ranking pari passu, subject to prior charges created/ to be created on current assets and receivables in favour of Company's Bankers for working capital arrangement.
- ii) The Working Capital Loan from financial institution is secured by way of pledge of 7700 numbers of 8.50% Non- Convertible Bonds of the face value of Rs 1 Lac each (Rs.60,000/- redeemed per bond) Series VI Option – 1 of Gujarat Urja Vikas Nigam Ltd, which are held as investment.
- iii) The Consortium of banks have sanctioned Fund Based and Non - Fund Based Working Capital facilities for Company's Plants at Vadodara and Surat. These facilities are secured by a first charge by way of hypothecation in favour of Banks on the company's current assets and receivables, both present and future, ranking pari passu inter se, the members of the consortium relating to the respective Plants.

(Rs. in Lacs)		
	AS AT 31-03-09	AS AT 31-03-08
SCHEDULE 4 - UNSECURED LOANS		
Short Term Loan from Institutions	5000.00	0.00
Short Term Loan from Banks	0.00	2500.00
TOTAL	5000.00	2500.00



Gujarat Industries Power Company Limited

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

SCHEDULE 5 - FIXED ASSETS

(Rs. in Lacs)

ASSETS	GROSS BLOCK (AT COST)			DEPRECIATION			IMPAIRMENT as on 31-03-2009	NET BLOCK		
	As at 01-04-2008	Addition/Adjustment during the year	Adjustment/Deduction during the year	As on 31-03-2009	Upto 01-04-2008	For the Year		Adjustment/Deduction during the Year	Upto 31-03-2009	As at 31-03-2009
A. TANGIBLE ASSETS										
(1) Land										
- Lease hold	609.97	0.00	0.00	609.97	105.96	6.10	0.00	112.06	497.91	504.01
- Free hold	3,746.13	28.90	0.00	3,775.03	0.00	0.00	0.00	0.00	3,775.03	3,746.13
(2) Buildings										
- Factory Buildings	15,658.61	100.37	0.00	15,758.98	4,406.99	538.36	0.00	4,945.35	10,813.63	11,251.62
-NonFactoryBuildings	4,406.41	0.00	0.00	4,406.41	735.29	71.95	0.00	807.24	3,599.17	3,671.12
(3) Plant and Machinery	160,516.25	563.13	(9.19)	161,070.19	93,884.04	7,470.12	0.00	101,354.16	59,208.08	66,171.28
(4) Capital Spares	5,120.87	831.70	0.00	5,952.57	3,024.85	613.72	0.00	3,638.57	2,314.00	2,096.02
(5) Furniture and Fixtures	252.56	3.85	(0.80)	255.61	147.43	11.99	(0.80)	158.62	96.99	105.13
(6) Office equipments	633.78	40.36	(16.19)	657.95	432.25	49.19	(14.40)	467.04	190.91	201.53
(7) Vehicles	102.04	0.03	0.00	102.07	52.10	7.84	0.00	59.94	42.13	49.94
Sub Total - A	191,046.62	1,568.34	(26.18)	192,588.78	102,788.91	8,769.27	(15.20)	111,542.98	80,537.85	87,796.78
B. INTANGIBLE ASSETS										
(8) Computer Software	98.82	9.40	0.00	108.22	21.07	18.98	0.00	40.05	68.17	77.75
(9) Technical Know-How Fees	105.34	0.00	0.00	105.34	105.34	0.00	0.00	105.34	0.00	0.00
Sub Total - B	204.16	9.40	0.00	213.56	126.41	18.98	0.00	145.39	68.17	77.75
TOTAL (A+B)	191,250.78	1,577.74	(26.18)	192,802.34	102,915.32	8,788.25	(15.20)	111,688.37	80,606.02	87,874.53
Previous year	190,326.02	948.87	(24.11)	191,250.78	94,095.48	8,830.79	(10.95)	102,915.32	87,874.53	95,769.61
(10) Capital Work-in-Progress									4.03	238.67

Note : Leasehold land is obtained as a permitted transferee as per agreement with GIDC/ IPCL.



24th Annual Report 2008-2009

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

	AS AT 31-03-09	AS AT 31-03-08
(Rs. in Lacs)		
SCHEDULE - 6 - EXPENDITURE ON NEW PROJECT		
(A) SURAT LIGNITE POWER PROJECT		
Capital Work In Progress (including Advances)	105,400.56	66,331.94
Interest and Finance Charges	4,926.71	1,133.11
Preoperative Expenditure for Project (Pending allocation)	1,310.09	781.63
TOTAL - (A)	<u>111,637.36</u>	<u>68,246.68</u>
(B) MINING PROJECT		
Capital Work In Progress (including Advances)	4,905.75	3,520.06
Interest and Finance Charges	565.07	125.90
Preoperative Expenditure for Project (Pending allocation)	466.82	268.27
TOTAL - (B)	<u>5,937.64</u>	<u>3,914.23</u>
TOTAL - (A + B)	<u>117,575.00</u>	<u>72,160.91</u>
SCHEDULE 7 - MINES DEVELOPMENT EXPENDITURE (To be amortised)		
Initial Development Expenses	7,412.12	8,299.24
Overburden Removal Cost	4,042.30	2,583.28
TOTAL	<u>11,454.42</u>	<u>10,882.52</u>
SCHEDULE 8 - INVESTMENTS		
LONG TERM (Trade - unless otherwise specified)		
QUOTED		
6.75% Tax free US 64 Bond of Rs.100/- each of Unit Trust of India (Non Trade) (Previous year 7,23,115 Bond)	0.00	723.12
11,03,360 Equity Shares of Gujarat Alkalies and Chemicals Limited of Rs. 10/- each (Fully paid)	<u>551.68</u>	<u>551.68</u>
	551.68	1,274.80



Gujarat Industries Power Company Limited

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

		(Rs. in Lacs)	
		AS AT 31-03-09	AS AT 31-03-08
UNQUOTED			
	Gujarat Urja Vikas Nigam Limited Bonds : (a Company under the same management)		
11,779	8.50% Bond of Rs. 1,00,000/ each (Rs.60,000/- (previous year Rs. 30,000/-) redeemed per bond)	4711.60	8,245.30
0	11.00% Bond of Rs. 1,00,000/ each (Previous year 08 Bonds)	0.00	8.00
72,54,545	Equity Shares of Gujarat State Energy Generation Limited of Rs. 10 each (Fully paid) (Previous year 50,00,000 Shares)	748.00	500.00
1,00,000	Equity Shares of GSPC Gas Company Limited of Rs. 10 each (Fully paid)	10.00	10.00
20,00,000	Equity Shares of Bhavanagar Energy Company Limited of Rs. 10 each (Fully paid)(Previous year 1,24,000 Shares)	200.00	12.40
	Balance of unutilised money from Public Issue Inter Corporate Deposit with Gujarat Urja Vikas Nigam Limited (a Company under the same management)	5,669.60	8,775.70
	TOTAL	6,221.28	14,050.50
	Aggregate cost of Quoted Investments	551.68	1,274.80
	Market value of Quoted Investments	650.98	2,370.44
	Aggregate cost of Unquoted Investments	5,669.60	12,775.70
SCHEDULE 9- INVENTORIES			
	Stores and Spares	8,322.94	7,946.35
	Raw Materials (Fuel)	645.84	423.59
	TOTAL	8,968.78	8,369.94
SCHEDULE 10 - SUNDRY DEBTORS			
	(Unsecured - Considered Good)		
	Over Six Months	0.00	0.00
	Others	17,906.45	16,712.30
	TOTAL	17,906.45	16,712.30
	(includes Rs.14171.50 lacs (Previous year Rs.13532.08 lacs) receivable from Gujarat Urja Vikas Nigam Limited, a company under the same management).		
SCHEDULE 11 - CASH AND BANK BALANCES			
	Cash on hand	2.01	0.64
	Balances with Scheduled Banks in:		
	- Current Accounts	341.34	196.19
	- Deposit Accounts	0.00	2,500.00
	TOTAL	343.35	2,696.83



24th Annual Report 2008-2009

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

	(Rs. in Lacs)	
	AS AT 31-03-09	AS AT 31-03-08
SCHEDULE 12 - LOANS AND ADVANCES		
Secured (Considered good)		
Loan to Employees against hypothecation of Vehicles	54.93	77.06
Unsecured (Considered Good)		
Advances recoverable in cash or in kind or for value to be received	937.56	867.56
Advance Tax (Net of Provisions)	3,672.58	4,045.73
TOTAL	4,665.07	4,990.35
SCHEDULE 13 - CURRENT LIABILITIES & PROVISIONS :		
Current Liabilities :		
Sundry Creditors :		
Micro and Small Enterprises	13.21	57.60
Other than Micro and Small Enterprises ;		
- For Projects Supplies and Services	18,929.54	11,449.73
- Others	11,750.85	9,532.82
Security Deposits	984.43	643.65
Items covered by IEPF*		
- Unclaimed Dividends	164.64	145.21
- Unclaimed Matured Deposits	10.36	11.21
- Unclaimed Interest on Debentures/Deposits	32.29	44.66
- Unclaimed Share Application Money	0.47	0.70
Interest accrued but not due		
- On Secured Loans	109.95	175.73
Provisions for :		
Employee Benefits	807.25	723.08
Fringe Benefit Tax	42.24	52.06
Current Tax	2,107.00	2,715.00
Proposed Dividend	3,327.53	3,781.28
Corporate Dividend Tax	565.51	642.63
TOTAL	38,845.27	29,975.36

* Amounts due and outstanding to be credited to Investor Education & Protection Fund Rs. Nil
(Previous year Rs. Nil)



Gujarat Industries Power Company Limited

SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT

	(Rs. in Lacs)	
	AS AT <u>31-03-09</u>	AS AT <u>31-03-08</u>
SCHEDULE 14 - OTHER INCOME		
Interest on Deposits / Bonds (Tax deducted at source Rs.197.20 lacs Previous year Rs.499.76 Lacs)	773.96	1,992.71
Other Interest	3.09	5.45
Bad Debts Recovered	105.10	21.02
Dividend	64.12	11.03
Insurance Claims	291.41	140.38
Liquidated Damages	15.25	17.22
Miscellaneous	365.89	501.39
TOTAL	<u>1,618.82</u>	<u>2,689.20</u>
SCHEDULE 15 - GENERATION EXPENSES		
Fuel	84,865.67	59,570.07
Consumption of Stores and Spares	2,473.54	1,890.62
Water Charges	850.16	615.05
Electricity Charges	586.39	415.48
Insurance	200.17	410.87
Operation Expenses	878.04	783.53
Repairs and Maintenance to Plant and Machinery	754.51	944.59
TOTAL	<u>90,608.48</u>	<u>64,630.21</u>
SCHEDULE 16 - PERSONNEL EXPENSES		
Salary and Wages	1,389.53	1,231.84
Contribution to Provident and Pension Fund	113.33	140.50
Welfare Expenses and Other Benefits	779.16	990.70
TOTAL	<u>2,282.02</u>	<u>2,363.04</u>



24th Annual Report 2008-2009

SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT

(Rs. in Lacs)

	AS AT <u>31-03-09</u>	AS AT <u>31-03-08</u>
SCHEDULE 17 - ADMINISTRATION AND OTHER EXPENSES		
Repairs and Maintenance :		
- Buildings	258.47	246.55
- Others	86.43	54.77
Rent, Rates and Taxes	111.93	26.61
Communication Expenses	69.27	66.63
Travelling & Conveyance Expenses	132.65	137.58
Legal, Professional and Consultancy Fees	59.57	77.23
Auditors' Remuneration (including Service Tax)	7.48	7.02
Bank Charges and Commission	82.14	72.67
Social Welfare Expenses	216.99	176.11
Miscellaneous Expenses (includes membership, office, security, advertisement, software maintenance and registrar & transfer fees)	517.59	398.11
TOTAL	<u><u>1,542.52</u></u>	<u><u>1,263.28</u></u>
SCHEDULE 18 - INTEREST & FINANCE CHARGES		
Fixed Term Loans	1,070.34	2,653.23
Short Term Loan	385.13	266.80
Cash Credit / Working Capital Demand Loans	889.01	502.01
Others	110.73	1,099.35
Cash Rebate on Sales	500.71	610.12
TOTAL	<u><u>2,955.92</u></u>	<u><u>5,131.51</u></u>
SCHEDULE 19 - PRIOR PERIOD ADJUSTMENTS		
Professional Fees	1.50	0.00
Lignite Extraction Cost	48.91	0.00
TOTAL	<u><u>50.41</u></u>	<u><u>0.00</u></u>



Gujarat Industries Power Company Limited

SCHEDULE 20 : SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention on an accrual basis, in accordance with the generally accepted accounting principles in India. The applicable mandatory Accounting Standards notified under The Companies (Accounting Standard) Rules, 2006 and the requirements of the Companies Act, 1956 of India have been followed in preparation of these financial statement.

2. USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

3. FIXED ASSETS

- a. Tangible Assets are stated at cost, less accumulated depreciation and impairment loss, if any. Costs include all expenses incurred to bring the assets to its present location and condition.
- b. Intangible Assets are stated at cost less accumulated amortization.
- c. Mines Development Expenditure under Fixed Assets comprises of initial expenditure for lignite mines and expenditure for removal of overburden. Such expenditure is amortised over quantities of lignite actually extracted. Relevant stripping ratio is also considered while determining amortization of expenditure for removal of overburden.
- d. Works under erection / installation / execution including advances for capital works are shown as Capital Work-in-progress.

4. DEPRECIATION

- a. Depreciation on all fixed assets except computer software is provided on straight line method at the rates specified under Schedule XIV of the Companies Act, 1956, such rates being not lower than the rates based on management's estimate of useful economic life of the assets.
- b. Computer software is amortized on straight-line basis over a period of five years.
- c. Leasehold land is amortized over the period of lease on straight-line basis.

5. INVESTMENTS

Long term Investments are shown at cost. However, when there is a decline, other than temporary in the value of a long term investment, the carrying amount is reduced to recognize the decline.

Current Investments are stated at lower of cost and net realizable value.

6. INVENTORIES

Inventories are valued at lower of cost or net realizable value as under:

Inventories	Cost Formula
a. Raw Materials (other than Lignite)	Weighted Average Cost
b. Lignite	Absorption costing. Cost Includes Extraction Cost, Mining overheads including amortized cost as per 3(c) above.
c. Stores and Spares	Weighted Average Cost



24th Annual Report 2008-2009

7. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are accounted for at the exchange rate prevailing on the date of transactions. Monetary items denominated in foreign currency as at the balance sheet date are converted at the exchange rates prevailing on that date. Exchange differences are recognized in the profit and loss account.

8. TAXATION

- a. Provision for Current Tax is made on the basis of estimated tax payable for the year as per the applicable provisions of the Income Tax Act.
- b. Deferred tax is recognized subject to consideration of prudence, on timing differences that originate in one period and are capable of reversal in one or more subsequent periods between taxable income and accounting income.
- c. Provision for Fringe Benefit Tax is made on the estimated value of fringe benefits for the year as per the related provision of the Income Tax Act.

9. EMPLOYEE BENEFITS

a. Short -Term Employee Benefits:

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by the employees is recognised during the period when the employee render the services.

b. Long - Term Employee Benefits:

Provident Fund contributions are made to a Trust administered by the Company. The interest rate payable to the members of the Trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provision Act, 1952 and short fall, if any, shall be made good by the Company.

The Pension contributions are made to a Government administered Provident Fund towards which the Company has no further obligations beyond its monthly contributions.

The Company also provides for retirement benefits in the form of gratuity ,leave encashment and post retirement medical benefits.

Such benefits are provided for based on valuations, as at the balance sheet date, made by independent actuaries. Termination benefits are recognised as an expense as and when incurred.

10. REVENUE RECOGNITION

Revenue from sale of energy is recognized when no significant uncertainty as to the measurability or ultimate collection exists.

Other income is recognised on accrual basis except,

- a. Claims lodged with insurance company in respect of risk insured are accounted on admittance basis.
- b. Delayed payment charges under Power Purchase Agreements are recognised, on grounds of prudence, as and when recovered.

11. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

12. IMPAIRMENT OF ASSETS

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit & Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount in subsequent period.

13. BORROWING COST

Borrowing cost including interest and other financial charges which are directly attributable to the acquisition or construction of qualifying assets is capitalised as part of the cost of that asset up to the period the project is commissioned or asset is ready for use. Other borrowing costs are recognised as expenses in the period in which they incurred.



Gujarat Industries Power Company Limited

SCHEDULE 21 - NOTES FORMING PART OF THE ACCOUNTS

		(Rs. In Lacs)	
		As at 31st March,2009	As at 31st March,2008
1.	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	56044.80	58803.04
2.	Contingent Liabilities not provided for :		
a.	Claims against company pending before court (includes certain claims where the amount can not be ascertained)	3095.53	3090.00
b.	Demand for Water Reservation Charges and interest thereon from Narmada Water Resources and Water Supply Department relating to Surat Lignite Power Plant is contested and not acknowledged as debt since at the relevant time project was under implementation and regular drawl of water was not made.	1093.81	1050.35
c.	Bills of Exchange discounted with Banks in respect of Sales Invoices.	29700.00	19600.00
d.	Interest on delay in payment of Electricity Duty not recovered from participating units and hence not deposited with the Government.	Amount not ascertainable	Amount not ascertainable.
e.	Demand for difference of Stamp Duty from office of the Deputy Collector, Stamp Duty Valuation Office, Vadodara and penalty which can be levied upto 10 times the disputed amount, on Debenture Trust Deed executed on 15/10/1996 for right issue of Partly Convertible Debentures is disputed on the ground of wrong classification and not acknowledged as debt.	452.60	452.60
f.	GUVNL had filed a petition against independent power producers (IPP) with GERC for recovery of incentive paid during the period of 2000-01 to 2004-05 along with interest on deemed generation of naphtha. The IPPs have received part relief from GERC in such petition. GUVNL and IPPs are in further appeal with Appellate Authority, the orders of which would be binding upon the company.	265.95(including interest 115.58)	1200.00
g.	In respect of leasehold land of 165 MW Vadodara Power Plant and freehold land in respect of 250 MW Surat Lignite Power Plant, various claims are pending against the company/land acquisition office. Depending upon the final compensation amount determined, the cost of land may change requiring appropriate adjustment then.	Amount not ascertainable	Amount not ascertainable
h.	Demand from department of Geology & Mining, Surat for Interest on delayed Royalty Payment on lignite for the period from April 04 to March 07.	24.09	-
i.	Income Tax Demand contested in Appeal	1518.95	1107.75
3.	The particulars in respect of generation of electricity, units exported and consumption of raw materials are :		
a.	Generation and Export Details		
		2008-09	2007-08
	UOM	<u>Quantity</u>	<u>Quantity</u>
	Installed Capacity	560	557
	Units Generated	3927.336	4143.987
	Units Exported *	3687.357	3889.41

Increase of 3 MW in installed capacity is as per GERC order

* (Difference in units generated and units exported is attributed to auxiliary consumption)



24th Annual Report 2008-2009

(Rs. in Lacs)

b. Consumption of Raw Materials

	UOM	2008-09		2007-08	
		Quantity	Amount	Quantity	Amount
Consumption of Gas	000SM ³	484070.804	72047.08	506717.817	47187.30
Consumption of Lignite	MT	1695806	14375.25	1735858.850	14066.48
Consumption of HFO	KL	2199.304	624.63	1744.381	370.12

(Rs.in Lacs)

	2008-09		2007-08	
	Value	% to total Consumption	Value	% to total Consumption
Imported	-	-	-	-
Indigenous	87046.96	100	61623.90	100
TOTAL	<u>87046.96</u>	<u>100</u>	<u>61623.90</u>	<u>100</u>

(Rs. in lacs)

4. Managing Director's Remuneration:

	2008-09	2007-08
Salary (D.A. Difference)	-	0.07
Other perquisites and / or benefits in cash or in kind	1.46	1.82
TOTAL	1.46	1.89

Note: The Managing Director is also holding the post of Managing Director in Gujarat Urja Vikas Nigam Limited and draws his remuneration from there. Only perquisites payable to him are borne by GIPCL.

(Rs. in lacs)

5. C. I. F. Value of Imports

	2008-09	2007-08
Spares and Components	35.69	93.95

(Rs.in Lacs)

6. Stores and Spares Consumed

	2008-09		2007-08	
	Value	% to total Consumption	Value	% to total Consumption
Imported	106.65	4.31	110.64	5.85
Indigenous	2366.90	95.69	1779.98	94.15
TOTAL	<u>2473.55</u>	<u>100.00</u>	<u>1890.62</u>	<u>100.00</u>



Gujarat Industries Power Company Limited

		(Rs.in Lacs)	
		<u>2008-09</u>	<u>2007-08</u>
7. Payment to Auditors for other services:			
a) Tax Audit Fees		0.62	0.62
b) For Taxation, certification and other matters		2.76	1.43

		(Rs. in lacs)	
		<u>2008-09</u>	<u>2007-08</u>
8. Sale of Electrical energy is net of reversals accepted on commercial considerations as under:			
a. Re-computation of depreciation under Tariff		-	563.55
b. Interest and variable charges adjustments.		85.29	259.21
TOTAL		85.29	822.76

9. The Company has only one reportable business segment namely 'Power Generation" under AS 17.

10. In accordance with the Accounting Standard – 22 'Accounting for Taxes on Income' the company has accounted for Deferred Tax on timing differences. Major components of Deferred Tax recognized in the accounts are :-

		(Rs. in Lacs)	
Particulars		<u>2008-09</u>	<u>2007-08</u>
Deferred Tax Liability			
Depreciation		8152.59	7972.11
Others		208.65	206.34
TOTAL		8361.24	8178.45
Deferred Tax Assets			
Items u/s 43 B		266.80	245.78
Others		133.51	133.95
TOTAL		400.31	379.73
Deferred Tax Liability (Net)		7960.93	7798.72

11. Related Party Disclosures

In accordance with the Accounting Standard 18 – Related Party Disclosures the transactions with related party are given below:

Name of the Related Party	Nature of Relationship
Gujarat Urja Vikas Nigam Ltd	: Promoter (with significant shareholding / influence)
Shri L Chuaungo	: Key Management Personnel



24th Annual Report 2008-2009

Details of Transactions

		(Rs.in Lacs)			
Sr. No.	Nature of Transactions	2008-09		2007-08	
(A)	Value of transactions	With Promoters	With Key Management Personnel	With Promoters	With Key Management Personnel
1	Sales of Electrical Energy (Net of Adjustment)	91249.48		75911.35	
2	Purchase of Electrical Energy	128.69		26.98	
3	Redemption of Non-convertible Bonds	3541.70		3533.70	
4	Inter Corporate Deposit Placed	00.00		4000.00	
5	Inter Corporate Deposit Withdrawn	4000.00		6000.00	
6	Bill Discounting Charges Recovered	3041.84		1699.35	
7	Rebate on Sales	500.71		610.12	
8	Interest on Inter Corporate Deposit	132.63		481.82	
9	Interest Received on Non-convertible Bonds	701.73		1002.10	
10	Dividend Paid	959.61		191.92	
11	Salary & Perquisites		1.46		1.89
(B) Outstanding balance					
1	Equity Contribution including Share Premium	8635.52		8635.52	
2	Receivables	14171.50		13532.08	
3	Inter Corporate Deposit	00.00		4000.00	
4	Investment in Non-convertible Bonds	4711.60		8253.30	

12. In accordance with Accounting Standard 20 - Earnings Per Share under the Companies (Accounting Standards) Rules, 2006 issued by the Ministry of Corporate Affairs, the Basic and Diluted Earning Per Share (EPS) has been calculated as under :

Particulars	(Rs. in Lacs)	
	2008-09	2007-08
Net Profit after Tax	8531.76	10229.06
Prior Period Adjustments	50.41	-
Net Profit Before Prior Period Adjustments	8582.17	10229.06
Weighted Average number of Equity Shares outstanding (Nos.)	151251188	151251188
Basic and Diluted Earning Per Share of Rs. 10/- each (Rs.) including prior period adjustments	5.64	6.76
Basic and Diluted Earning Per Share of Rs. 10/- each (Rs.) excluding prior period adjustments	5.67	6.76

13. Utilisation of Funds mobilized through Public offer for 250MW expansion Project

Particulars	(Rs. in Lacs)			
	2008-09		2007-08	
Amount Mobilised through Public Offer in October, 2005	27500.00		27500.00	
Utilization				
Public Issue Expenses **	1276.33		1276.33	
Expenditure / Advance Payments for Expansion Project	26033.37		22033.37	
Finance cost	190.3	27500.00	190.30	23500.00
Inter Corporate Deposits		0.00		4000.00

** Public issue expenses shall be amortised from the date of commercial operation of the expansion project.



Gujarat Industries Power Company Limited

14. Based on the information available with the company, the balance due to Micro and Small Enterprises as defined under the “Micro, Small and Medium Enterprise Development Act, 2006” is Rs.13.21 lacs from the following parties. (Previous Year Rs.57.60 lacs.)

Ambison Industries, Chloro Tech Engineering Co., Cubic Transmission Pvt. Ltd., Narasimha Engineering Works, Nasha Automation, Switzer Instrument Ltd., Flojet Engineers (P) Ltd., Indian Engineering Co.

Further no interest during the year has been paid or is payable under the terms of the “The Micro, Small and Medium Enterprise Development Act, 2006”.

15. Post Employment Benefits:

Defined Contribution Plan

The Company makes contributions towards provident fund and pension scheme to Defined Contribution retirement benefit plan for qualifying employees.

The provident fund plan is operated by the Gujarat Industries Power Company Ltd. Provident Fund Trust(the Trust). Eligible employees receive benefits from the said trust which is a defined contribution plan. Under the plan, the Company is required to contribute a specified percentage of employee’s salary to the retirement benefit plan to fund the benefits. The Company has recognised Rs.84.95 lacs (previous year Rs.112.38 lacs) for Provident Fund contributions and Rs.26.58 lacs (previous year Rs.25.91 lacs) for Pension Scheme in the Profit and Loss Account.

The minimum interest rate payable by the trust to the beneficiaries every year is being notified by the Government. The company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate.

Defined Benefit Plan

The Company recognises the liability towards the gratuity at each Balance Sheet date.

The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation for leave encashment and Post Retirement Medical Benefits is also recognised in the same manner as gratuity.

Under Post retirement medical benefits, the company would reimburse a fixed amount towards the mediclaim policy (subject to ceiling limits) to its employees. Such payment is not dependent upon the future salary increases, inflation and medical costs trend and therefore the impact of increase / decrease in medical cost trends is not required to be ascertained.

(Rs. in lacs)

	Gratuity (Non Funded)		Post Retirement Medical Benefit Plan (Non Funded)
	2008-09	2007-08	2008-09
I. Reconciliation of opening and closing balances of the present value of the Defined Benefit obligation			
Present Value of Defined Benefit obligation at beginning of the year	338.71	214.75	-
Current Service Cost	32.11	18.80	22.29
Interest Cost	28.70	17.25	-
Actuarial (gain)/loss	(19.91)	123.64	-
Benefits paid	(24.21)	(35.74)	-
Present Value of Defined Benefit obligation at year end	355.40	338.71	22.29



24th Annual Report 2008-2009

(Rs. in Lacs)

	Gratuity (Non Funded)		Post Retirement Medical Benefit Plan (Non Funded)
	2008-09	2007-08	2008-09
II. Reconciliation of fair value of assets and obligation			
Fair value of Plan Assets as at the Beginning of the year	-	-	-
Present Value of Defined Benefit obligation as at the end of the year	355.40	338.71	22.29
Liabilities recognized in Balance Sheet	355.40	338.71	22.29

(Rs. in lacs)

	2008-09		2007-08
	2008-09	2007-08	2008-09
III. Expense recognized during the year			
Current Service Cost	32.11	18.80	22.29
Interest Cost	28.70	17.25	-
Actuarial (gain)/loss	(19.91)	123.64	-
Expected return on plan assets	-	-	-
Total Expenses/(Gain) recognized in Profit and loss account	40.90	159.69	22.29

	2008-09		2007-08
	2008-09	2007-08	2008-09
IV. Actuarial assumptions			
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	7.75%	8%	7.75%
Rate of escalation in salary (per annum)	6%	6%	6%

The estimate of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

16. The value of realizations of Current Assets, Loans and Advances in the ordinary course of business will not be less than the value at which they are stated in the Balance Sheet.
17. Confirmation of balances called from the sundry debtors and creditors are yet to be received from some parties. Debit / credit balances of such parties, so far as these have not been subsequently realized or discharged are subject to confirmation / reconciliation. Confirmation of balances to the extent received have been reconciled.
18. Figures of the previous year have been regrouped/re-cast wherever necessary.

As per our report of even date attached

For K. C. Mehta & Co.
Chartered Accountants

L. Chuaungo
Managing Director

S. Jagadeesan
Chairman

Directors
DR. P. K. Das
Prof. K. M. Joshi
P. H. Rana

Milin Mehta
Partner
Membership No. 38665

S. P. Desai
Chief Finance Officer

C.H. Patni
Company Secretary

Place : Vadodara
Date : 22nd June, 2009

Place : Gandhinagar
Date : 22nd June, 2009



Gujarat Industries Power Company Limited

PART - IV BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

a. Registration Details

Registration No. State Code No.

Balance Sheet Date
Date Month Year

b. Capital Raised during the Year [Amount in Rs. Lacs]

Public Issue Right Issue

Bonus Issue Private Issue

c. Position of Mobilisation and Deployment of Funds [Amount in Rs. Lacs]

Total Liabilities Total Assets

Sources of Funds

Paid-up Capital Reserves and Surplus

Secured Loans Unsecured Loans

Deferred Tax Liability

Application of Funds

Net Fixed Assets Investments 6221.28

Net Current Assets Misc. Expenditure

Accumulated Losses

d. Performance of Company (Amount in Rs. Lacs)

Total Turnover Total Expenditure

Profit Before Tax Profit After Tax

Earning per share of Dividend Rate [%] %
Rs. 10/- (Annualised) :

e. Generic Names of Three Principal Products/Services of Company (As Per Monetary Terms)

Item Code No.

Product Description



GUJARAT INDUSTRIES POWER COMPANY LIMITED

Registered Office: P.O. Petrochemical-391 346, Dist. Vadodara

Attendance Slip

DP. Id*	
Client I.D. No.* Folio No.	
No. of Shares held	

Name and Address of the Registered Member

I/We certify that I/we am/are registered member/proxy for the registered member of the Company. I/We hereby record my/our presence at the 24th Annual General Meeting held on Friday, the 11th day of September, 2009 at 11.00 A.M. at the Registered Office of the Company at P.O. Petrochemical-391 346, Dist. Vadodara.

Signature of the Member

Name of Proxy

Signature of the Proxy

* Applicable for investors holding shares in Electronic form.
Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall



GUJARAT INDUSTRIES POWER COMPANY LIMITED

Registered Office: P.O. Petrochemical-391 346, Dist. Vadodara

Proxy Form

I/We _____ of _____
_____ in the district of _____
being a Member/Members of **GUJARAT INDUSTRIES POWER COMPANY LIMITED** hereby appoint _____
_____ of _____ in the district of _____
_____ of failing him _____ of _____
_____ of the district of _____ as my/our Proxy in my/our absence
to attend and vote for me/us on my/our behalf, at the 24th Annual General Meeting of the Company, to be held on Friday, the 11th
day of September, 2009 at 11.00 A.M. and at any adjournment thereof.

Signed this _____ day of _____ 2009.

DP. Id*	
Client I.D. No.* Folio No.	
No. of Shares held	

Signature _____

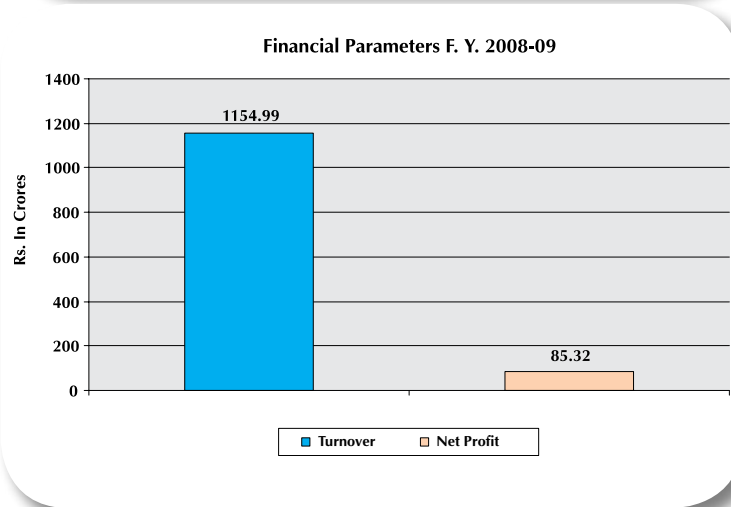
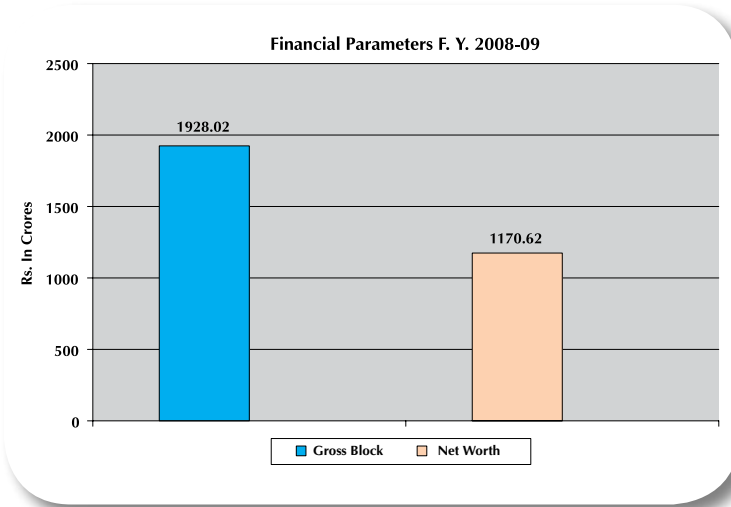
Affix revenue stamp

NOTE : THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY AT P.O. PETROCHEMICAL-391 346, DIST. VADODARA. NOT LESS THEN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

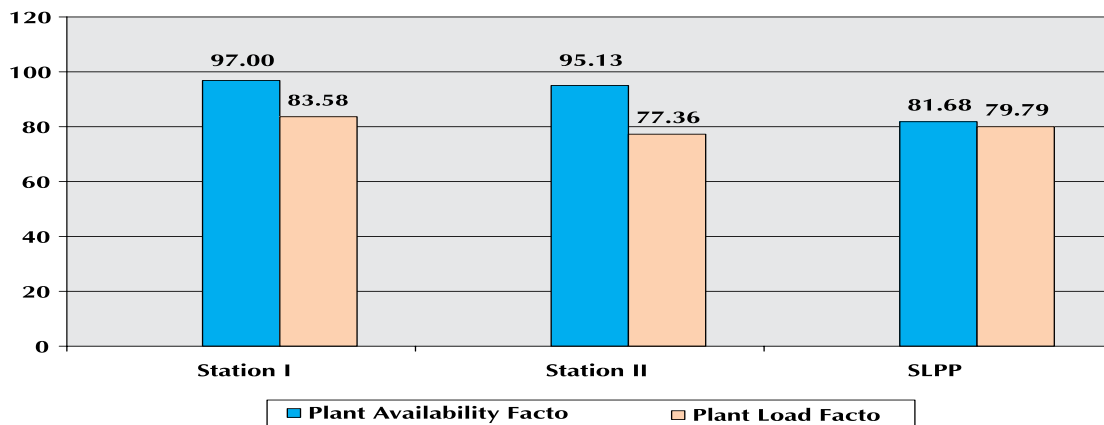
* Applicable for investors holding shares in Electronic form.



Gujarat Industries Power Company Limited



Plant Performance Parameters(%) F. Y. 2008-09





24th Annual Report 2008-2009